The Metropolitan Water District of Southern California

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

Agenda

FAM Committee
- T. Smith, Chair
- L. Dick, Vice Chair
- D. Alvarez
- J. Armstrong
- G. Bryant
- D. De Jesus
- B. Dennstedt
- L. Fong-Sakai
- M. Gold
- J. McMillan
- C. Miller
- M. Petersen
- B. Pressman
- T. Quinn
- K. Seckel

Finance and Asset Management Committee

Meeting with Board of Directors *

December 10, 2024

8:30 a.m.

Tuesday, December 10, 2024 Meeting Schedule
08:30 a.m. FAM
10:30 a.m. LEG
11:30 a.m. Break
12:00 p.m. Sp Jt Exec and BOD

Agendas, live streaming, meeting schedules, and other board materials are available here: https://mwdh2o.legistar.com/Calendar.aspx. Written public comments received by 5:00 p.m. the business days before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here: https://mwdh2o.legistar.com/Legislation.aspx.

If you have technical difficulties with the live streaming page, a listen-only phone line is available at 1-877-853-5257; enter meeting ID: 873 4767 0235.

Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via in-person or teleconference. To participate via teleconference 1-833-548-0276 and enter meeting ID: 876 9484 9772 or to join by computer click here.

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012
Teleconference Locations:
525 Via La Selva • Redondo Beach, CA 90277
Bluffton Library • 120 Palmetto Way • Bluffton, SC 29910
8700 Beverly Boulevard, Room 342 • Los Angeles, CA 90048
3008 W. 82nd Place • Inglewood, CA 90305
Conference Room 2nd Floor • 1545 Victory Blvd 2nd FL • Glendale CA 91505

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* The Metropolitan Water District's meeting of this Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to this Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to this Committee will not vote on matters before this Committee.

US2-456

1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))

**** CONSENT CALENDAR ITEMS -- ACTION ****

2. CONSENT CALENDAR OTHER ITEMS - ACTION

A. Approval of the Minutes of the Special Finance and Asset Management Committee Meeting for November 19, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) **21-4039**

Attachments: 12102024 FAM 2A (11192024) Minutes

3. CONSENT CALENDAR ITEMS - ACTION

7-4 Authorize a professional services agreement with Public Financial Management Asset Management, LLC, a subsidiary of US Bancorp Asset Management, Inc., to provide investment management services; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA **21-4040**

Attachments: 12102024 FAM 7-4 B-L

**** END OF CONSENT CALENDAR ITEMS ****

4. OTHER BOARD ITEMS - ACTION

NONE

5. BOARD INFORMATION ITEMS

NONE

6. COMMITTEE ITEMS

a. Annual Comprehensive Financial Report for fiscal year 2023/24 **21-4041**

Attachments: 12102024 FAM 6a Annual Comprehensive Financial Report for FY 23-24
12102024 FAM 6a Presentation

b. Fiscal Years 2026/27 and 2027/28 Biennial Budget Impacts **21-4086**

Attachments: 12102024 FAM 6b Presentation

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

a. Finance and Asset Management activities **21-4042**

Attachments: 12102024 FAM 7a Finance and Asset Management activities

8. SUBCOMMITTEE REPORTS AND DISCUSSION

a. Report from Subcommittee on Long-Term Regional Planning Processes and Business Modeling **21-4043**

b. Discuss and provide direction to Subcommittee on Long-Term Regional Planning Processes and Business Modeling **21-4044**

9. FOLLOW-UP ITEMS

NONE

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

NOTE: This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Committee agendas may be obtained on Metropolitan's Web site https://mwdh2o.legistar.com/Calendar.aspx. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site https://mwdh2o.legistar.com/Calendar.aspx.

Requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND ASSET MANAGEMENT COMMITTEE

November 19, 2024

Chair Smith called the meeting to order at 10:33 a.m.

Members present: Directors Alvarez, Armstrong, Bryant, De Jesus (AB 2449 just cause), Dennstedt, Dick, Fong-Sakai, McMillan, Miller, Pressman (entered after rollcall), Quinn (entered after rollcall), Seckel (AB 2449 just cause), and Smith.

Members absent: Directors Gold and Petersen.

Other Members present: Ackerman (AB 2449 just cause), Camacho, Erdman, Faessel, Goldberg, Gray, Kurtz, Lefevre, Lewitt, McCoy, Morris, and Ortega.

Committee Staff present: Beatty, Benson, Crosson, Chapman, Kasaine, Ros, Upadhyay, and Wheeler.

Director De Jesus indicated he was participating under AB 2449 “just cause” due to contagious illness. Director De Jesus appeared by audio and on camera.

Director De Jesus announced during roll call that no one was in the room with him 18 years of age or older

Director Seckel indicated he was participating under AB 2449 “just cause” due to a contagious illness. Director Seckel appeared by audio and on camera.

Director Seckel announced during roll call that no one was in the room with him 18 years of age or older

Director Ackerman indicated she was participating under AB 2449 “just cause” due to a medical procedure. Director Ackerman appeared by audio and on camera.

1. OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE COMMITTEE ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

None

2. OTHER MATTERS

5H Subject: Updated report on the list of certified assessed valuations for the fiscal year 2024/25 and tabulation of assessed valuations, percentage participation, and vote entitlement of member agencies as of November 19, 2024

Ms. Kasaine introduced the item. No presentation was requested.

CONSENT CALENDAR ITEMS -- ACTION

3. CONSENT CALENDAR OTHER ITEMS-ACTION

A. Subject: Approval of the Minutes of the Finance, Audit, Insurance, and Real Property Committee Meeting for October 8, 2024

4. CONSENT CALENDAR -ACTION

7-5. Subject: Adopt resolution for 116th Fringe Area Annexation to Eastern Municipal Water District and Metropolitan; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Motion: Adopt resolution for the 116th Fringe Area Annexation to Eastern Municipal Water District and Metropolitan

There was a correction made on the location of the annexation. The annexation area is within Moreno Valley not the City of Murrieta

No presentation was given.

Director Pressman made a motion, seconded by Director Miller, to approve the consent calendar consisting of items 3A and 7-5.

The vote was:

Ayes:	Directors Alvarez, Armstrong, Bryant, De Jesus, Dennstedt, Dick, Fong-Sakai, McMillan, Miller, Pressman, Seckel, and Smith.
Noes:	None
Abstentions:	None
Absent:	Directors Gold, Petersen, and Quinn.

Director De Jesus announced during the vote that no one was in the room with him 18 years of age or older.

Director Seckel announced during the vote that no one was in the room with him 18 years of age or older.

The motion for items 3A and 7-5 passed by a vote of 12 ayes, 0 noes, 0 abstain, and 3 absent.

END OF CONSENT CALENDAR ITEMS

5. OTHER CONSENT ITEMS – ACTION

8-3 Subject: Authorize a new lease with the Certified Federal Credit Union for up to a combined total of 1,667 square feet of office space at the Metropolitan Headquarters Building, located at 700 North Alameda Street in Los Angeles, California, and the F.E. Weymouth Water Treatment Plant, located at 700 Moreno Avenue in La Verne, California (Los Angeles County Assessor Parcel Nos. 5409-023-930 and 8381-006-906, respectively); the General Manager has determined that the proposed action is exempt or
otherwise not subject to CEQA [Conference with real property negotiators; agency negotiators: Kevin Webb and Steve Cotton; negotiating party: Hugo Sanchez for Certified Federal Credit Union; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8.]

Presented by: Steve Cotton, Real Estate Representative II

In open session, Ms. Crosson introduced the item and Mr. Cotton presented the committee with an overview of the lease agreement, site locations, and business climate.

Director Quinn entered the meeting.

In closed session, the Committee met on item 8-3 and gave its real property negotiators direction on price and terms. The Committee recommended approval according to that price and terms at the full Board meeting. There were no other reportable actions.

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

a. Subject: Quarterly Financial Report

Ms. Kasaine introduced the item and Mr. Van den Berg provided an overview of the first quarter financial results and forecast, fiscal year 24/25 expenditure reductions, fiscal year 24/25 revenue generation, and historical PAYGO expenditures.

The following Directors provided comments or asked questions:

1. Smith
2. Quinn
3. Seckel
4. Fong-Sakai
5. Ortega
6. Armstrong
7. Kurtz
8. Alvarez
9. McMillan
10. De Jesus

Staff responded to the Directors' comments and questions.

b. Subject: Quarterly Investment Activities Report

No presentation was given.

8. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

a. Subject: Financial and Asset Management Activities

Mr. Benson highlighted the finance team's hard work, which resulted in a clean audit opinion from the External Auditor for fiscal year 2023/24. The External Auditor will present the audit results at the next Audit Subcommittee of the Executive Committee on Wednesday, November 20, 2024.

9. SUBCOMMITTEE REPORTS AND DISCUSSION

a. Subject: Report from Subcommittee on Long-Term Regional Planning Processes and Business Modeling

Director Seckel updated the committee that there was not a meeting in October and the next meeting is scheduled for November 20, 2024.

b. Subject: Discuss and provide direction to Subcommittee on Long Term Regional Planning Processes and Business Modeling

No direction was given.

10. FOLLOW-UP ITEMS

Directors Smith and Alvarez requested staff to provide budget impacts for Fiscal Year 2026/27 and 2027/28.

11. FUTURE AGENDA ITEMS

None

12. ADJOURNMENT

The meeting adjourned at 12:29 p.m.

Tim Smith
Chair

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Board Action

- **Board of Directors**
  Finance and Asset Management Committee

12/10/2024 Board Meeting

7-4

Subject

Authorize a professional services agreement with Public Financial Management Asset Management LLC, a subsidiary of US Bancorp Asset Management Inc., to provide investment management services; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

In September 2024, Metropolitan issued a Request for Proposals (RFP) to firms to provide investment management services for Metropolitan's short-term liquidity, long-term core, and endowment portfolios. Three firms responded to the RFP. In coordination with the Professional Contracting Services Team, Finance staff and a representative from Engineering Services reviewed and scored the proposals. Based on evaluations of responses, Public Financial Management Asset Management LLC, a subsidiary of US Bancorp Asset Management Inc. (USBAM), was selected to provide investment management services for Metropolitan's short-term liquidity, long-term core, and endowment portfolios for a five-year period.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option #1

Option #1

Authorize a professional services agreement with Public Financial Management Asset Management LLC, a subsidiary of US Bancorp Asset Management Inc., to provide investment management services.

Fiscal Impact: The fees under the agreement will be calculated on the average balance in the liquidity, core, and endowment portfolio but will not exceed $500,000 annually. Fees under the agreement may be offset by returns realized by external management.
Business Analysis: Cost-effective management of the liquidity, core, and endowment portfolio is realized through economies of scale by an external manager.

Option #2

Do not authorize a professional services agreement.
Fiscal Impact: Additional staffing, technical training and resources, and information systems are required to manage the liquidity, core and endowment portfolios internally.
Business Analysis: This option would forego an opportunity to improve the management of the liquidity portfolio.

Alternatives Considered

Not applicable

Applicable Policy

Metropolitan Water District Administrative Code Section 5101: Investment of Surplus Funds

Metropolitan Water District Administrative Code Section 5114: Reporting Requirements of the Treasurer

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

Metropolitan Water District Administrative Code Section 8140: Competitive Procurement

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

Not applicable

Summary of Outreach Completed

Not applicable

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it will not result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. (State CEQA Guidelines Section 15378(a)).

CEQA determination for Option #2:

None required

Details and Background

Background

In 2002, Metropolitan's Board directed staff to, among other actions, bifurcate the investment portfolio into a liquidity, or short-term, portfolio and a core, or long-term, portfolio. Since 2002, the core portfolio has been managed by outside managers. The liquidity portfolio was managed internally until December 2018, when its management was taken over by PFM Asset Management LLC (PFMAM). In May 2019, the Board awarded an agreement to PFMAM to manage the liquidity portfolio for a five-year term effective July 1, 2019. In February 2021, the agreement with PFMAM was amended to include the core portfolio management. In July 2021, PFMAM was acquired by USBAM. In July 2024, the Board approved a six-month extension with USBAM.

Request for Proposals

In September 2024, Metropolitan issued an RFP to firms to provide investment management services for Metropolitan's short-term liquidity, long-term core, and endowment portfolios. Three firms responded to the RFP. In coordination with the Professional Contracting Services Team, Finance staff and a representative from Engineering Services reviewed and scored the proposals. Based on the evaluations, USBAM was selected to provide investment management services for the short-term liquidity, long-term core, and endowment portfolios for a five-year period.

USBAM would manage investments to the current Investment Policy Benchmark. The short-term liquidity portfolio benchmark is the ICE BofAML 3-Month Treasury Bill Index. The long-term core portfolio benchmark comprises 20% of the ICE BofAML 0-1 YEAR US Treasury Index and 80% of the ICE BofAML 1-5 Years AAA-A US Corporate & Government Index.

It is expected that USBAM would exceed the benchmark after accounting for fees. The fees under the agreement will depend on the average balance in the liquidity, core, and endowment portfolios but will not exceed $500,000 annually. All securities would continue to be held by Metropolitan's custodial bank, the Bank of New York.

Metropolitan uses treasury management software to monitor and report information by the portfolio as well as on a consolidated basis for management and the Board.

Treasury staff would work with the investment manager to ensure that investments comply with Metropolitan's investment policy, as that policy is amended from time to time. The Treasurer would continue to provide monthly reports and quarterly performance reviews to the Finance and Asset Management Committee.

Katano Kasaine 12/5/2024

Katano Kasaine *Date*
Assistant General Manager/
Chief Financial Officer

D N Upadhyay 12/5/2024

Deven Upadhyay *Date*
Interim General Manager

Ref# cfo12699554

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024 and 2023

MGO. Certified Public Accountants

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2024 and 2023

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THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2024 and 2023

Prepared by:

Office of the Assistant General Manager, Finance and Administration

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2024 and 2023

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Introductory Section

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THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Executive Office

November 4, 2024

To the Board of Directors of
The Metropolitan Water District of Southern California:

We are pleased to present the Annual Comprehensive Financial Report for The Metropolitan Water District of Southern California (Metropolitan) for the fiscal years ended June 30, 2024 and 2023.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable assurance, rather than absolute, that the basic financial statements are free of any material misstatements.

Macias Gini & O'Connell LLP, an independent public accounting firm, has issued an unmodified opinion on Metropolitan's basic financial statements for the fiscal year ended June 30, 2024 and 2023. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of Metropolitan

Metropolitan is a public agency that was created by an act of the state Legislature in 1928. Metropolitan's primary purpose is to provide a supplemental supply of water for domestic and municipal uses and purposes at wholesale rates to its member agencies. Most member agencies have other sources of water. Metropolitan is comprised of 26 member agencies consisting of 14 cities, 11 municipal water districts, and one county water authority, which collectively provide services in more than 300 cities and unincorporated communities. Its service area spans some 5,200 square miles, and includes all or portions of the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura.

Metropolitan has historically provided between 40 and 60 percent of the water used by nearly 19 million Southern Californians who reside within its service area. Metropolitan imports water from two principal sources, Northern California, via the Edmund G. Brown California Aqueduct of the State Water Project owned by the State of California and the Colorado River, via the Colorado River Aqueduct (CRA) owned by Metropolitan.

Metropolitan is governed by a 38-member Board of Directors (Board), with each member agency having at least one representative on the Board. Representation and voting rights are based upon the assessed valuation of real property within the jurisdictional boundary of each member agency. The Board elects the Chair and Secretary, and the Vice Chairs are appointed by the Chair.

Metropolitan's biennial budget for fiscal year 2023-24 included 1,929 regular full-time positions with approximately 1,811 positions filled at fiscal year ended June 30, 2024 with the remaining positions under recruitment or vacant. Employees are represented by the American Federation of State, County and Municipal Employees, Locals 1001 and 1902, the Association of Confidential Employees, and the Supervisors Association of Metropolitan. Metropolitan is an equal opportunity employer and encourages diversity in contracting and in the workforces of Metropolitan contractors.

Financial Policies and Highlights

Metropolitan has a comprehensive set of financial policies. These policies set forth guidelines to maintain control and accountability over revenue and expenses, maintain a reasonable balance between debt and assets in providing funding for capital assets, and ensure proper appropriation of reserves and restricted funds.

Rate Stabilization

Metropolitan's reserve policy provides for a minimum reserve requirement and target amount of unrestricted reserves at June 30 of each year. The minimum reserve requirement at June 30 of each year is equal to the portion of fixed costs estimated to be recovered by water revenues for the 18 months beginning with the immediately succeeding July. Funds representing the minimum reserve requirement are held in the Revenue Remainder Fund. Any funds in excess of the minimum reserve requirement are held in the Water Rate Stabilization Fund. The target amount of unrestricted reserves is equal to the portion of the fixed costs estimated to be recovered by water revenues during the two years immediately following the 18-month period used to calculate the minimum reserve requirement. Funds in excess of the target amount are to be utilized for capital expenditures in lieu of the issuance of additional debt, or for the redemption, defeasance or purchase of outstanding bonds or commercial paper as determined by the Board. Provided that the fixed charge coverage ratio is at or above 1.2, amounts in the Water Rate Stabilization Fund may be expended for any lawful purpose of Metropolitan, as determined by the Board.

Investment

Annually, the Board adopts an investment policy that is in compliance with the California Government Code, Sections 53600 et seq. The investment of idle funds is delegated by the Board to Metropolitan's Treasurer who assumes full responsibility for the transactions of the investment program, which includes the investment of bond proceeds and debt service reserves. Metropolitan's investments are in compliance with the adopted investment policy. Refer to Note 3 in the Notes to the Basic Financial Statements for detailed investment information.

Ad Valorem Tax

In addition to water revenues, Metropolitan is expressly empowered under the Metropolitan Water District Act to levy and collect taxes on all taxable property within its boundaries for the purpose of carrying on its operations and paying its obligations. As a result of legislation enacted in 1984, tax levies beginning in fiscal year 1990-91, other than annexation taxes, are limited to the amount needed to pay debt service on Metropolitan's general obligation bonds and Metropolitan's proportionate share of state general obligation bond debt service under the State Water Contract. However, under the terms of the 1984 legislation, the Board may, following a public hearing, suspend this restriction upon a finding that doing so is essential to Metropolitan's fiscal integrity. The Board made such a finding for fiscal years ended June 30, 2014 through 2022. In March 2022, the Board extended its applicability to fiscal years ended/ending June 30, 2023 through 2026. On April 12, 2024, the Board approved a biennial budget for fiscal years 2025 and 2026 that assumed a higher property tax rate that is essential to Metropolitan's ability to meet its forecasted expenditures.

Budget and Rates

Metropolitan's budget system incorporates features of program budgeting, management by objectives, and performance reporting, which provides for funding, analysis, review, and control. Operating budgets are prepared by each group and department biennially. Each program and its required resources are reviewed by management and, upon acceptance, are incorporated into the overall budget for approval by the Board. Costs are maintained by project and activity, and expenditures are controlled by Board-approved appropriations.

The adopted biennial budget for fiscal years 2022-23 and 2023-24 was adopted to meet the fixed charge coverage target, make progress towards meeting the revenue bond coverage target, provide increased funding from revenues for the Capital Investment Plan, and promote the long-term fiscal sustainability goals of Metropolitan. The total budgets for fiscal years 2022-23 and 2023-24 were $2.14 billion and $2.25 billion, respectively. The adopted biennial budget included an overall water rates and charges increase of 5.0% effective January 1, 2023 and an additional 5.0% on January 1, 2024.

Each month, variances between budget estimates and actual receipts and expenditures are identified and evaluated. This review is performed as one of several control measures to assure progress in meeting Metropolitan's goals and program objectives.

Metropolitan's budget is prepared and monitored on a cash basis. Cash basis accounting recognizes revenues when received and expenses when paid. Under accrual accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Metropolitan's Economic Condition

Local Economy

Metropolitan's service area has an economic base that is diversified and well-positioned to participate in U.S. and world economic growth over the next ten years. In 2023, the economy of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura counties (the "Six County Area") was larger than all but eleven nations of the world with an estimated gross domestic product ("GDP") of $1.957 trillion. In 2023, the major sectors of the economy providing employment in the Six County Area were education and health services, professional and business services, which include architecture, design, computer, research and development, advertising, legal, accounting, and internet-related and management services; government, leisure and hospitality, retail trade and manufacturing. Education and health services, transportation, warehousing and utilities, professional and business services, construction, and other services have shown the largest job growth since 2019. International trade has been a leading growth sector in the Six County Area with Los Angeles and Long Beach ports being the nation's leading port complex in terms of trade volumes reaching record levels in 2021. This growth supports jobs and economic activity in the transportation, wholesale trade and warehousing industries as the Six County Area is a gateway for U.S. trade with Pacific Rim countries.

The Six County Area had an employed labor force of approximately 9.8 million in 2023, the most recent date that employment data is available. The Six County Area had 21.7 million residents in 2023, approximately 56 percent of the State's population. Population growth in California and the Six County Area has been slowing since 2000 compared with previous decades. Population growth averaged 177,600 per year between 2000 and 2010 compared to 219,300 between 1990 and 2000. Annual population growth slowed more to an average of 92,600 between 2010 and 2020 according to the revised Department of Finance estimates, and growth turned negative in 2021, 2022, and 2023 as birth and immigration levels fell, deaths increased from the COVID-19 pandemic, and out-migration increased.

Long-term Financial Planning

Metropolitan currently has several major construction projects underway. These projects primarily involve infrastructure and system reliability, either as upgrades to existing capital assets or replacements and refurbishments of existing facilities, to ensure reliability as well as enhance operational efficiency and flexibility, and comply with water quality regulations. Metropolitan's capital investment plan for the fiscal years ending June 30, 2025 through 2029 totals approximately $5.9 billion with Pure Water Southern California (PWSC) program and $1.7 billion without the PWSC program. The $4.2 billion PWSC program has not been approved by the Board. See major initiative section.

Metropolitan's capital investment plan is regularly reviewed and updated. Implementation and construction of specific elements of the program are subject to Board approval, and the amount and timing of borrowings will depend upon, among other factors, status of construction activity and water demands within Metropolitan's service area. Major projects in the capital investment plan are highlighted below.

Funding of the capital investment plan is accomplished with bond issuance, grant funding, and internal resources such as operating revenues and unrestricted reserves. The Board has adopted an internal funding objective to fund 45 percent of capital program expenditures. The amount of internal funding is determined by the Board as part of the biennial budget process. The remainder of capital program expenditures is funded primarily through the issuance of water revenue bonds payable from net operating revenues. Additional information on Metropolitan's capital investment plan can be found in Note 11(f) of the Notes to the Basic Financial Statements.

Highlights of the Capital Investment Plan

Colorado River Aqueduct Facilities. Deliveries through the CRA began in 1941. Through annual inspections and maintenance activities, the performance and reliability of the various components of the CRA are regularly evaluated. Projects under the CRA facilities program are designed to replace or refurbish facilities and components on the CRA system in order to reliably convey water from the Colorado River to Southern California.

Distribution System - Prestressed Concrete Cylinder Pipe. Metropolitan's distribution system is comprised of approximately 830 miles of pipelines ranging in diameter from 30 inches to over 200 inches. There are 163 miles of the distribution system that is made up of prestressed concrete cylinder pipe (PCCP). In response to PCCP failures experienced by several water agencies, Metropolitan initiated a long-term capital program to rehabilitate approximately 100 miles of PCCP in five pipelines by relining with a welded steel liner. Significant projects over the next several years include relining of portions of Second Lower and Sepulveda Feeders and Allen McColloch Pipeline.

Distribution System - Refurbishments and Improvements. In addition to the long-term program to rehabilitate Metropolitan's PCCP lines, several other components of the distribution system, including dams and reservoirs, are being refurbished and/or improved. Significant projects over the next several years include retrofitting of the distribution system to improve resiliency against earthquake; rehabilitation of reservoirs; relining of pipelines; and refurbishment of pump stations, pressure control structures, hydroelectric plants, and service connections.

Drought Response and System Flexibility. In response to the ongoing historic statewide drought, several drought response projects that address decreasing water supplies both in specific parts of Metropolitan's service area and across the entire District have been added to the CIP. This is in addition to the ongoing projects to increase the system flexibility of Metropolitan's water supply and delivery infrastructure to meet service demands. Significant projects in this category include Inland Feeder-Rialto Pipeline Intertie, Inland Feeder-Foothill Pump Station Intertie, Wadsworth Pumping Plant Bypass Pipeline, Badlands Tunnel Surge Protection Facility, Sepulveda Feeder Pump Stations, Sepulveda Feeder West Area Water Supply Reliability Pipeline Improvements, Sepulveda Canyon PCS to Venice PCS Valve Replacements and Perris Valley Pipeline Tunnels.

Water Treatment Plant Improvements. Metropolitan has five water treatment facilities, which were placed in service from 1941 to 1978. These plants treat water from the CRA and/or the State Water Project and have been subsequently expanded since their original construction. Significant projects will be undertaken over the next several years to maintain the plants' reliability and improve efficiency, these include refurbishment of settling basins and strengthening of inlet channels at the Weymouth plant, rehabilitation of filtration system at the Robert B. Diemer Water Treatment Plant, second stage of electrical upgrades at the Mills plant, ozonation system upgrade at the Joseph Jensen Water Treatment Plant, and chemical system rehabilitation at the Robert A. Skinner Plant.

Major Initiatives

Metropolitan faces a number of challenges in providing adequate, reliable, and high-quality supplemental water supplies for Southern California. These challenges include population changes within Metropolitan's service area, increased competition for low-cost water supplies, variable weather conditions, including extended drought periods, increased environmental regulations, and climate change. Metropolitan's resources and strategies for meeting these long-term challenges are identified in its Integrated Water Resources Plan (IRP).

The Board-adopted IRP was developed by Metropolitan, its member agencies, sub-agencies, and groundwater basin managers with the purpose of developing a portfolio of preferred resources to meet the water supply reliability and water quality needs for the service area in a cost-effective and environmentally sound manner. On January 12, 2016, the IRP was updated enabling Metropolitan and its member agencies to manage future challenges and changes in California's water conditions and to balance investments with water reliability benefits. In February 2020 Metropolitan began the new process for the development of the 2020 IRP. The 2020 IRP is being undertaken in two phases the first phase is Regional Needs Assessment, which was adopted by the Board in April 2022. This phase presents key technical finding and examines the effectiveness of generalized portfolio categories. The second phase is Climate Adaptation Master Plan for Water (CAMP4W), which will translate the high-level portfolio analysis from Phase 1 into specific policies, programs, and projects to address the findings and mitigate potential shortages. Considering the acceleration of climate impacts and cascading effects of simultaneous and serial climate events, Metropolitan initiated the CAMP4W to more explicitly assess and incorporate climate vulnerabilities and risks into its resource plans.

Since 2010, Metropolitan has been evaluating the potential and feasibility of implementing a regional recycled water program, now referred to as Pure Water Southern California (PWSC). Chronic drought conditions have resulted in significant reductions in local surface supplies and groundwater production and have increased the need for recharge supplies to groundwater and surface water reservoirs to improve their sustainable yields and operating integrity. In September 2019, the construction of a 0.5-mgd advanced water treatment demonstration plant was completed in partnership with the Los Angeles County Sanitation District (LACSD). The objective of which is to enable the potential reuse of up to 150 million gallons per day (mgd) of cleaned wastewater effluent from LACSD's A.K. Warren Facility. Testing and operation of the plant began in October 2019 to confirm treatment costs and provide the basis for regulatory approval of the proposed treatment process. If approved, design and construction of PWSC would be expected to take approximately eight years and occur in two phases. If implemented, PWSC as proposed would have the flexibility to produce purified water suitable for Direct Potable Reuse through raw water augmentation at two of Metropolitan's treatment plants.

On November 10, 2020, Metropolitan's Board voted to begin environmental planning work on PWSC. The draft EIR is scheduled for completion in the first quarter of 2025, with an action requesting Board approval anticipated to occur at the end of 2025 or the beginning of 2026. In fiscal year 2023, Metropolitan received $80.0 million in grant funding for PWSC from the State of California. Work performed under this funding will continue into fiscal year ending 2026. Metropolitan continues to pursue additional grants to fund the PWSC program.

The Sites Reservoir is a proposed reservoir project of approximately 1.5 million acre-feet to be located in Colusa County, that is being developed by the Sites Project Authority, a joint exercise of powers authority. The water stored in the proposed project would be diverted from the Sacramento River. As currently proposed, the Sites Reservoir would have dedicated water storage and yield that would be used for fishery enhancement, water quality, and other environmental purposes. The proposed project could also provide an additional water supply that could be used for dry-year benefits. Metropolitan is a member of the Sites Reservoir Committee, a group of 22 agencies that are participating in certain planning activities in connection with the proposed development of the project, including project permitting and proposed reservoir operations. The Sites Project Authority Board, with a recommendation from the Sites Reservoir Committee, approved the Final EIR and approved the Sites Reservoir project on November 17, 2023. In April 2022, Metropolitan's Board approved $20.0 million in funding for Metropolitan's continued participation in such planning activities through the end of 2024. Metropolitan's agreement to participate in the funding of this phase of project development does not commit Metropolitan to participate in the Sites Reservoir project in the future.

On April 29, 2019, Governor Newsom issued an executive order directing identified State agencies to develop a comprehensive statewide strategy to build a climate-resilient water system, directing the State agencies to inventory and assess the current planning for modernizing conveyance through the Bay-Delta with a new single tunnel project. Consistent with the Governor's direction, in January 2020, the Department of Water Resources (DWR) commenced a formal environmental review process under CEQA for a proposed single tunnel Delta Conveyance Project. On July 27, 2022, DWR released the Delta Conveyance Project Draft EIR for public and agency comment under CEQA. DWR certified its Final EIR on December 8, 2023 and approved the Bethany Reservoir Alignment alternative on December 21, 2023. The approved conveyance facilities include intake structures on the Sacramento River, with a total capacity of 6,000 cfs, and a single tunnel to convey water to a new pumping facility in the south Delta that would lift water into the existing Bethany Reservoir, part of the California Aqueduct. On December 8, 2020, the Board voted unanimously to fund its share of the environmental planning and pre-construction costs of the Delta Conveyance Project which is estimated at 47.2 percent or $160.8 million for calendar year 2021 through 2024.

Metropolitan will continue to add storage and conservation resources to its diverse water supply portfolio as well as focus on water quality improvements. In addition, Metropolitan will work to stabilize its traditional imported water supplies. Commitment of the resources to achieve these goals will enable Metropolitan to meet its member agencies' and the region's water reliability and quality needs in a fiscally responsible manner.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Metropolitan for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2023. This was the twenty-eight consecutive year that Metropolitan has received this prestigious award. In order to be awarded a Certificate of Achievement, Metropolitan published an easily readable and efficiently organized ACFR. This report satisfies both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another Certificate of Achievement.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Office of the Assistant General Manager, Finance and Administration, with recognition to the Controller Section. I would like to express my appreciation to all staff that assisted and contributed to the preparation of this report. Credit must also be given to the Interim General Manager and the Board for their unfailing support for maintaining the highest standards of professionalism in the management of Metropolitan's finances. Any questions regarding the content of this report may be directed to the Controller, Bernadette Robertson, at (213) 217-7547.

Respectfully,

Katano Kasaine
Assistant General Manager/Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Metropolitan Water District of Southern California

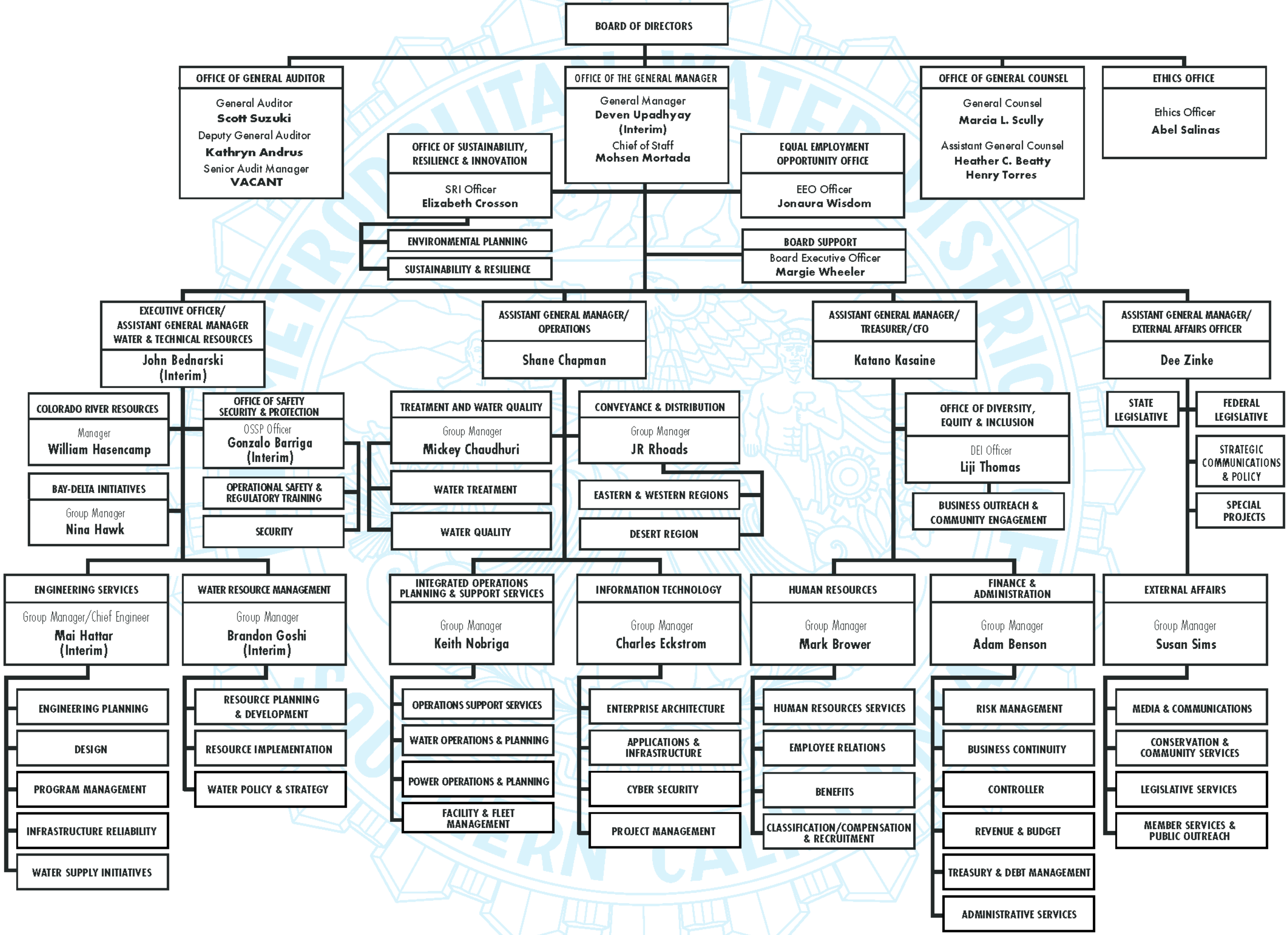
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA



Updated: July 1, 2024

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Officers of the Board of Directors
(As of June 30, 2024)

Chair
ADAN ORTEGA

Vice Chair	Vice Chair	Vice Chair	Vice Chair	Secretary
NANCY SUTLEY	MICHAEL CAMACHO	S. GAIL GOLDBERG	JUDY ABDO	LOIS FONG-SAKAI

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STEPHEN J. FAESSEL

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BARRY D. PRESSMAN

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Calleguas Municipal Water District
JACQUE MCMILLAN

Central Basin Municipal Water District
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Eastern Municipal Water District
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Pasadena
CYNTHIA KURTZ

San Diego County Water Authority
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LOIS FONG-SAKAI
S. GAIL GOLDBERG
TIM M. SMITH

San Fernando
ADAN ORTEGA

San Marino
JOHN T. MORRIS

Santa Ana
THAI VIET PHAN

Santa Monica
JUDY ABDO

Three Valleys Municipal Water District
DAVID D. DE JESUS

Torrance
RUSSELL LEFEVRE

Upper San Gabriel Valley Municipal Water District
ANTHONY R. FELLOW

West Basin Municipal Water District
DESI ALVAREZ
GLORIA GRAY

Western Municipal Water District of Riverside County
BRENDA DENNSTEDT

Financial Section

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MGO. Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
The Metropolitan Water District of Southern California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Metropolitan Water District of Southern California (Metropolitan), as of and for the years ended June 30, 2024, and 2023, and the related notes to the financial statements, which collectively comprise Metropolitan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of Metropolitan, as of June 30, 2024, and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Metropolitan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Metropolitan's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Metropolitan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Macias Gini & O'Connell LLP
700 South Flower Street, Suite 800
Los Angeles, CA 90017

www.mgocpa.com

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Metropolitan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Metropolitan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other postemployment benefits related schedules, collectively identified as required supplementary information in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metropolitan's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2024, on our consideration of Metropolitan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Metropolitan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metropolitan's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Los Angeles, California
November 4, 2024

The following discussion and analysis of The Metropolitan Water District of Southern California's (Metropolitan) financial performance provides an overview of the financial activities for the fiscal years ended June 30, 2024 and 2023. This discussion and analysis should be read in conjunction with the basic financial statements and accompanying notes, which follow this section.

DESCRIPTION OF BASIC FINANCIAL STATEMENTS

Metropolitan operates as a utility enterprise and maintains its accounting records in accordance with United States generally accepted accounting principles (U.S. GAAP) for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB). The basic financial statements include statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows, statements of fiduciary net position and statements of changes in fiduciary net position. The statements of net position include all of Metropolitan's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position, some of which is restricted in accordance with bond covenants or other commitments. The statements of revenues, expenses and changes in net position report all of Metropolitan's revenues and expenses during the periods indicated. The statements of cash flows show the amount of cash received and paid out for operating activities, as well as cash received from taxes, investment income, grants, and other funding sources and cash used for construction projects, State Water Project (SWP) costs and principal and interest payments on borrowed money. The statements of fiduciary net position include the assets and liabilities of fiduciary funds with the difference reported as fiduciary net position and the statements of changes in fiduciary net position include additions and deductions of fiduciary funds. The fiduciary fund activity is excluded from Metropolitan's balances reported in the statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows.

During the fiscal year ended June 30, 2023, Metropolitan implemented GASB Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements*, which requires Metropolitan to recognize a subscription asset and liability for contracts which provide Metropolitan a right-to-use vendor-provided information technology. As a result, fiscal year 2022 balances were adjusted.

CONDENSED FINANCIAL INFORMATION

Condensed Schedule of Net Position

	June 30,		
	2024	2023	2022
(Dollars in millions)			As Adjusted
Assets and deferred outflows of resources			
Capital assets, net	**$ 10,790.6**	$ 10,537.2	$ 10,512.4
Other assets	**2,384.1**	2,520.9	2,409.6
Total assets	**13,174.7**	13,058.1	12,922.0
Deferred outflows of resources	**331.8**	309.4	149.6
Total assets and deferred outflows of resources	**13,506.5**	13,367.5	13,071.6
Liabilities and deferred inflows of resources			
Long-term liabilities, net of current portion	**4,907.6**	4,585.3	4,512.1
Other liabilities	**1,098.7**	1,172.0	724.6
Total liabilities	**6,006.3**	5,757.3	5,236.7
Deferred inflows of resources	**130.6**	159.7	377.7
Total liabilities and deferred inflows of resources	**6,136.9**	5,917.0	5,614.4
Net position			
Net investment in capital assets, including State Water Project costs	**6,422.4**	6,359.2	6,220.3
Restricted	**628.7**	616.8	573.5
Unrestricted	**318.5**	474.5	663.4
Total net position	**$ 7,369.6**	$ 7,450.5	$ 7,457.2

Capital Assets, Net

Net capital assets include plant and equipment, participation rights, lease assets, subscription assets and construction work in progress, net of accumulated depreciation and amortization.

Fiscal Year 2024 Compared to 2023. At June 30, 2024, net capital assets totaled $10.8 billion, or 79.9 percent of total assets and deferred outflows of resources, and were $253.4 million higher than the prior year. The increase included $412.9 million of construction spending, $217.0 million net increase in participation rights in SWP and other facilities, and a $4.7 million net increase in subscription and lease assets, offset by $373.2 million of depreciation and amortization and $8.0 million retirements of capital assets. See the capital assets section on pages 16-17 for additional information.

Fiscal Year 2023 Compared to 2022. At June 30, 2023, net capital assets totaled $10.5 billion, or 78.8 percent of total assets and deferred outflows of resources, and were $24.8 million higher than the prior year. The increase included $288.9 million of construction spending, $136.2 million net increase in participation rights in SWP, and a $4.3 million net increase in subscription and lease assets, offset by $365.7 million of depreciation and amortization and $38.9 million retirements of capital assets. See the capital assets section on pages 16-17 for additional information.

Other Assets

Other assets include cash and investments, accounts receivable, inventories, and prepaid costs.

Fiscal Year 2024 Compared to 2023. At June 30, 2024, other assets totaled $2.4 billion and were $136.8 million lower than the prior year. Cash and investments were $206.4 million lower due to lower nonoperating revenues, see page 13, and higher operating costs. In addition, water inventory decreased $43.2 million primarily due to lower per unit cost of water. These decreases were offset by $49.8 million higher other receivables primarily due to expected funds from the United States Bureau of Reclamations (USBR) for the implementation of the Lower Colorado Conservation and Efficiency program, wherein water conserved from Metropolitan's fallowing program at the Palo Verde Irrigation District (PVID fallowing program) will be retained at Lake Mead. Deposits, prepaid costs, and other increased $37.3 million primarily due to a $58.9 million contribution for planning and pre-construction costs related to the Delta Conveyance Project, partially offset by an $18.8 million net decrease in prepaid water costs, which included $60.4 million capitalization of the Antelope Valley-East Kern High Desert Water Banking program (AVEK Water Banking program), reduced by $41.6 million increase in prepaid water costs. In addition, water receivables increased $27.0 million, due to $22.3 million higher price and $4.7 million or 4.5 thousand acre feet (TAF) higher water sold in May and June 2024 as compared to the same period in prior year.

Fiscal Year 2023 Compared to 2022. At June 30, 2023, other assets totaled $2.5 billion and were $111.3 million higher than the prior year. The increase included $74.5 million higher deposits, prepaid costs, and other due to $46.0 million funding for the Delta Conveyance Project planning and pre-construction costs and $18.8 million increased collateral requirement from California Independent System Operator to support Metropolitan's power trading agreement with Arizona Electric Power Cooperative, $52.3 million higher cash and investments primarily due to $80.0 million funds received from the State Water Resources Control Board (SWRCB) to support activities for the Pure Water Southern California (PWSC) program, and water inventory increased $49.5 million due to higher per unit cost of water and 100.6 TAF more water in storage. These increases were offset by $69.6 million lower water receivables primarily due to 94.8 TAF lower water sold in May and June 2023 as compared to the same period in prior year.

Deferred Outflows of Resources

Deferred outflows of resources include deferred outflows related to loss on swap terminations, and pension and OPEB liabilities.

Fiscal Year 2024 Compared to 2023. At June 30, 2024, deferred outflows totaled $331.8 million and were $22.4 million higher than the prior year primarily due to a $23.8 million higher deferred outflows related to OPEB, which included $20.6 million higher effect of changes in actuarial assumptions and $6.6 million higher differences between expected and actual experience, offset by $4.0 million lower net difference between projected and actual earnings on OPEB plan investments. This increase was offset by $1.9 million lower deferred loss on swap terminations due to amortization.

Fiscal Year 2023 Compared to 2022. At June 30, 2023, deferred outflows totaled $309.4 million and were $159.8 million higher than the prior year primarily due to $149.1 million higher deferred outflows related to pension, which included $100.6 million higher net difference between projected and actual earnings on pension plan investments and $48.2 million effect of changes in actuarial assumptions. Also contributing to the increase was $19.8 million higher deferred outflows related to OPEB due to $30.2 million higher net difference between projected and actual earnings on OPEB plan, offset by $9.2 million lower OPEB contributions subsequent to the measurement date. These increases were offset by $7.1 million lower deferred loss on bond refundings due to higher interest rates, which resulted in gains on bond refundings.

Long-term Liabilities, Net of Current Portion

Long-term liabilities, net of current portion includes long-term debt, customer deposits, leases, subscriptions, net pension liability, net OPEB liability, accrued compensated absences, workers' compensation and third party claims, fair value of interest rate swaps, and other long-term liabilities.

Fiscal Year 2024 Compared to 2023. At June 30, 2024, long-term liabilities, net of current portion totaled $4.9 billion and were $322.3 million higher than the prior year. The increase included $237.7 million higher long-term debt, net of current portion, which included $318.7 million lower current portion of long-term debt as compared to prior year, $45.1 million of bond refundings, as the new debt issued was more than the amount of debt refunded, $29.6 million increase in premiums and discounts, offset by $155.7 million principal payments. See other liabilities section on page 8 and long-term debt section on page 18 for additional information. In addition, net pension liability was $43.3 million higher due to $192.4 million interest on total pension liability, $44.5 million of service costs, and $34.8 million of differences between expected and actual experience, offset by $124.8 million net pension plan investment earnings and $106.6 million employer and employee contributions to the pension plan. Net OPEB liability was also $33.7 million higher, which included $29.8 million interest on the total OPEB liability, $25.8 million changes of assumptions, $10.8 million of service costs, and $9.7 million of differences between expected and actual experience, offset by $21.4 million and $21.2 million employer contributions and lower net investment income, respectively.

Fiscal Year 2023 Compared to 2022. At June 30, 2023, long-term liabilities, net of current portion totaled $4.6 billion and were $73.2 million higher than the prior year. The increase included $350.0 million higher net pension liability due to $184.3 million interest on total pension liability, $167.7 million pension plan investment earnings, $66.0 million changes of assumptions, and $44.1 million of service costs, offset by $99.4 million employer and employee contributions to the pension plan, plus $14.1 million of differences between expected and actual experiences. Net OPEB liability was also $62.4 million higher due to $53.8 million investment income, $28.8 million interest on the total OPEB liability, and $10.1 million of service costs, offset by and $30.6 million of employer contributions. These increases were offset by a $335.4 million decrease in long-term debt, net of current portion. The decrease included $363.0 million higher current portion of long-term debt as compared to prior year, $139.9 million principal payments, $51.1 million of bond refundings, as the new debt issued was less than the amount of debt refunded, $35.6 million of of principal paid by the Wells Fargo Revolving Credit Facility note issued in June 2022, and $4.2 million decrease in premiums and discounts, offset by $258.4 million of new debt issued to fund Metropolitan's capital programs. See other liabilities section on page 8 and long-term debt section on page 18 for additional information. In addition, fair value of interest rate swaps decreased by $13.2 million due to higher interest rates as compared to prior year.

Other Liabilities

Other liabilities represent current liabilities that are due within one year. Current liabilities include accounts payable, accrued expenses, short-term revolving notes, current portion of leases and subscriptions, and the current portion of long-term liabilities.

Fiscal Year 2024 Compared to 2023. At June 30, 2024, other liabilities totaled $1.1 billion and were $73.3 million lower than the prior year. Current portion of long-term debt decreased by $318.7 million primarily due to the refunding of $271.8 million Special Variable Rate Water Revenue Refunding Bonds, 2020 Series B (SVRWRRB, 2020 Series B). Also contributing to the decrease in other liabilities was $57.7 million lower accounts payable and accrued expenses, which included $77.5 million decrease in SWP variable charges resulting from lower water allocation and Metropolitan did not participate in the Department of Water Resources (DWR) Flex Storage program in fiscal year 2024. The decrease in accounts payable and accrued expenses was offset by $27.0 million higher vendor costs primarily due to an increase in construction activities at year-end. In addition, current portion of other long-term liabilities decreased by $19.0 million due to $11.1 million lower deferred water sales resulting from the delivery of 17.3 TAF Reverse-Cyclic Program water and $7.9 million or 25.0 TAF delivery of water prepaid by Coachella Valley Water District. These decreases were reduced by $328.0 million higher revolving notes due to the issuance of $348.4 million and $36.0 million tax-exempt and taxable notes, respectively, to fund a portion of Metropolitan's Capital Investment plan, certain capital costs of the AVEK Water Banking program, and conservation programs, offset by the $56.4 million prepayment of fiscal year 2023 outstanding revolving notes from Wells Fargo Revolving Credit Facility.

Fiscal Year 2023 Compared to 2022. At June 30, 2023, other liabilities totaled $1.2 billion and were $447.4 million higher than the prior year. Current portion of long-term debt increased by $363.0 million primarily due to the addition of $271.8 million SVRWRRB, 2020 Series B with a mandatory tender date of April 2, 2024. Also contributing to the increase in other liabilities was $43.8 million higher accounts payable and accrued expenses, which included $77.2 million increase in SWP costs variable charges resulting from higher water allocation and $9.3 million higher water conservation expenses, offset by $46.0 million lower withdrawal from DWR's Flexible Storage Program compared to prior year. In addition, revolving notes increased $20.8 million due to the issuance of $38.4 million and $18.0 million tax-exempt and taxable notes, respectively, to fund certain capital costs of the AVEK High Desert Water Banking and conservation programs.

Deferred Inflows of Resources

Deferred inflows of resources represent deferred inflows related to the net pension liability, net OPEB liability, leases, bond refundings, and effective interest rate swaps.

Fiscal Year 2024 Compared to 2023. At June 30, 2024, deferred inflows of resources totaled $130.6 million and were $29.1 million lower than the prior year. The decrease included $20.3 million of lower deferred inflows related to OPEB primarily due to $10.5 million effect of changes in actuarial assumptions and $9.8 million lower differences between expected and actual experience. Also contributing to this decrease was $6.9 million lower deferred inflows of resources related to gain on bond refundings due to amortization and $3.8 million of lower deferred inflows related to pension due to differences between expected and actual experience. These decreases in deferred inflows of resources were offset by $2.5 million higher effective swaps due to higher interest rates.

Fiscal Year 2023 Compared to 2022. At June 30, 2023, deferred inflows of resources totaled $159.7 million and were $218.0 million lower than the prior year. The decrease included $197.6 million of lower deferred inflows related to pension primarily due to $207.9 million lower net difference between projected and actual earnings on pension plan investments, offset by $10.3 million increase in differences between expected and actual experience. In addition, deferred inflows related to OPEB decreased $65.9 million which included $45.6 million lower net difference between projected and actual earnings on OPEB plan investments, $10.5 million effect of changes in actuarial assumptions, and $9.8 million lower differences between expected and actual experience. These decreases in deferred inflows of resources were offset by $30.4 million higher deferred inflows related to gains on bond refundings and $13.2 million higher effective swaps due to higher interest rates.

Net Investment in Capital Assets, including State Water Project Costs

Net investment in capital assets, including State Water Project costs, include amounts expended for capital improvements, SWP and other intangible assets including participation rights in other facilities, lease assets, and subscription assets offset by accumulated depreciation and amortization, outstanding debt issued for these purposes as well as lease and subscription payables.

Fiscal Year 2024 Compared to 2023. At June 30, 2024, net investment in capital assets, including State Water Project costs totaled $6.4 billion and was $63.2 million higher than the prior year. This increase included $253.4 million net increase in capital assets, offset by $190.2 million increase in net outstanding debt and related deferred inflows of resources. See discussions of these items in the capital assets and long-term debt sections on pages 16-17 and 18, respectively.

Fiscal Year 2023 Compared to 2022. At June 30, 2023, net investment in capital assets, including State Water Project costs totaled $6.4 billion and was $138.9 million higher than the prior year. This increase included $114.1 million decrease in outstanding debt and related deferred inflows of resources and $24.8 million net increase in capital assets. See discussions of these items in the capital assets and long-term debt sections on pages 16-17 and 18, respectively.

Restricted Net Position

Restricted net position includes amounts restricted for debt service payments and operating expenses, both of which are required by bond covenants. As well as program funding with outside restrictions.

Fiscal Year 2024 Compared to 2023. At June 30, 2024, restricted net position totaled $628.7 million which was $11.9 million higher than fiscal year 2023 due to $28.3 million increase in restricted for operating expenses due to higher anticipated power and water costs in fiscal year 2025. The increase was offset by $13.7 million lower restricted funds for the PWSC program and $2.9 million of lower restricted for debt service due to lower principal and interest payment requirements in fiscal year 2025.

Fiscal Year 2023 Compared to 2022. At June 30, 2023, restricted net position totaled $616.8 million which was $43.3 million higher than fiscal year 2022 due to $79.4 million restricted funds for the PWSC program received in fiscal 2023 and $10.6 million increase in restricted for operating expenses due to higher anticipated power and water costs in fiscal year 2024, offset by $43.6 million of lower restricted for debt service due to lower principal and interest payment requirements in fiscal year 2024.

Unrestricted Net Position

Unrestricted net position consists of net position items that do not meet the definition of "restricted" or "net investment in capital assets, including State Water Project costs". Certain unrestricted net position items have been designated for purposes authorized by Metropolitan's Board of Directors (Board).

Fiscal Year 2024 Compared to 2023. Unrestricted net position of $318.5 million decreased $156.0 million from the prior year, which included fiscal year 2024 negative changes in net position of $80.9 million, $63.2 million higher net investment in capital assets, including SWP costs, and $11.9 million higher restricted for debt service, operating expenses, and PWSC program.

Fiscal Year 2023 Compared to 2022. Unrestricted net position of $474.5 million decreased $188.9 million from the prior year, which included $138.9 million higher net investment in capital assets, including SWP costs, $43.3 million higher restricted for debt service, operating expenses, and PWSC program, and fiscal year 2023 negative changes in net position of $6.7 million.

CHANGES IN NET POSITION

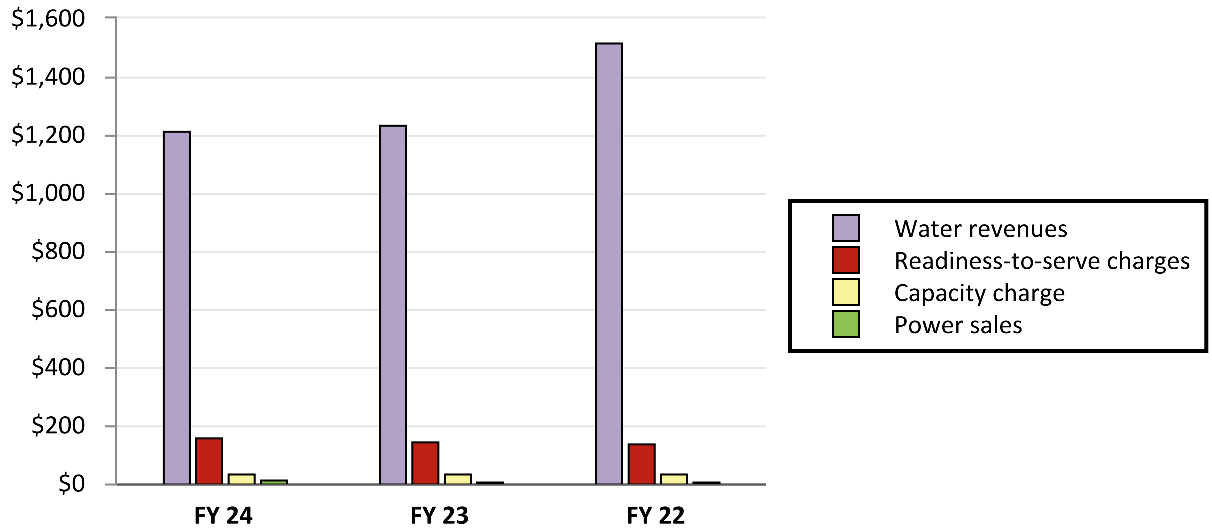
Condensed Schedule of Revenues, Expenses, and Changes in Net Position

	Fiscal Year Ended June 30,		
(Dollars in millions)	**2024**	2023	2022 As Adjusted
Water revenues	**$ 1,216.1**	$ 1,236.4	$ 1,515.1
Readiness-to-serve charges	**160.5**	147.0	135.0
Capacity charge	**36.2**	37.2	37.0
Power sales	**13.0**	5.7	7.7
Operating revenues	**1,425.8**	1,426.3	1,694.8
Taxes, net	**202.9**	189.5	168.1
State funding for Pure Water Southern California program	**—**	80.0	—
Investment income, net	**54.2**	35.0	—
Intergovernmental revenue	**15.7**	—	—
Gain on sale of plant assets	**—**	6.2	9.2
Other	**11.6**	17.0	8.7
Nonoperating revenues	**284.4**	327.7	186.0
Total revenues	**1,710.2**	1,754.0	1,880.8
Power and water costs	**(596.8)**	(688.3)	(605.7)
Operations and maintenance	**(703.9)**	(579.8)	(473.9)
Litigation payments	**—**	—	(50.9)
Depreciation and amortization	**(378.2)**	(386.5)	(377.4)
Operating expenses	**(1,678.9)**	(1,654.6)	(1,507.9)
Bond interest	**(117.2)**	(97.4)	(93.5)
Investment loss, net	**—**	—	(10.9)
Loss on sale/disposal of plant assets	**(0.3)**	—	—
Other	**(7.5)**	(8.8)	(6.4)
Nonoperating expenses	**(125.0)**	(106.2)	(110.8)
Total expenses	**(1,803.9)**	(1,760.8)	(1,618.7)
Changes in net position before contributions	**(93.7)**	(6.8)	262.1
Capital contributions	**12.8**	0.1	0.3
Changes in net position	**(80.9)**	(6.7)	262.4
Net position, beginning of year	**7,450.5**	7,457.2	7,194.8
Net position, end of year	**$ 7,369.6**	$ 7,450.5	$ 7,457.2

Operating Revenues

Metropolitan's principal source of revenue is derived from the sale and availability of water, including water rates and other exchange and wheeling transactions, which typically account for approximately 85 percent of operating revenues. Metropolitan's primary sources of water supply are the Colorado River and the SWP.

OPERATING REVENUES
(Dollars in millions)



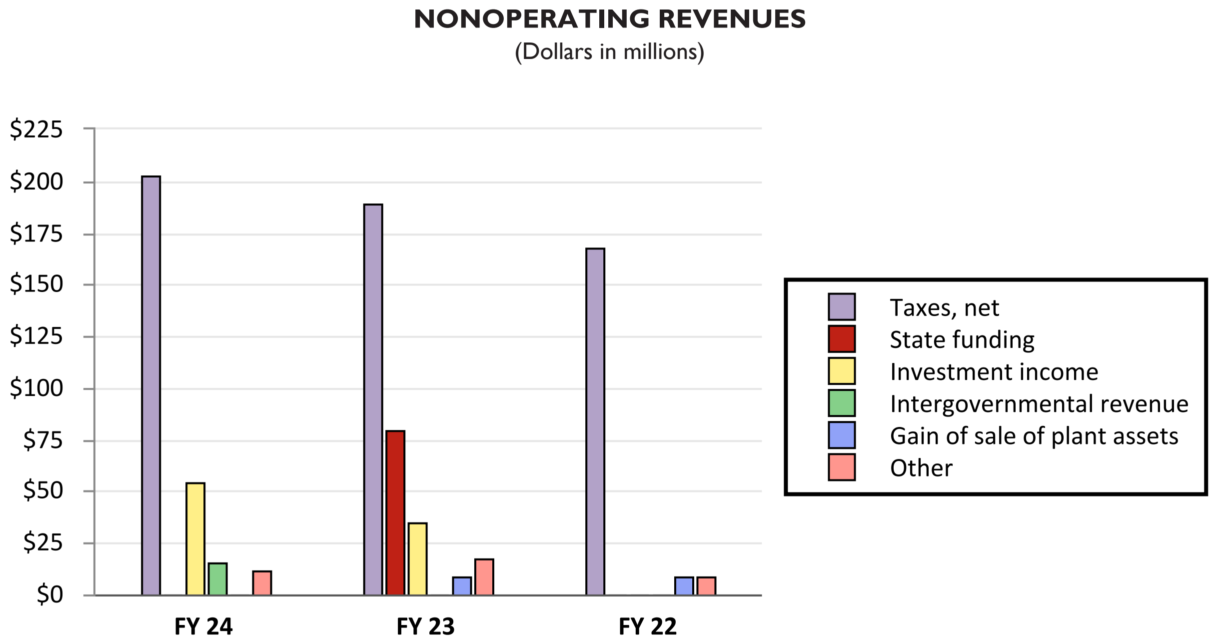
Analytical Review of Operating Revenues

Fiscal Year 2024 Compared to 2023. Fiscal year 2024 operating revenues were $1.4 billion or $0.5 million less than the prior year. The decrease was primarily due to $20.3 million of lower water revenues, which included $98.0 million or 102.6 TAF of lower volumes sold offset by $77.7 million of higher price. The decrease in water revenues was offset by $13.5 million higher Readiness-to-Serve charges adopted by the Board and $7.3 million higher power sales due to higher water flows through Metropolitan's small hydro-electric plants.

Fiscal Year 2023 Compared to 2022. Fiscal year 2023 operating revenues were $1.4 billion or $268.5 million less than the prior year. The decrease was primarily due to $278.7 million of lower water revenues, which included $323.8 million or 351.7 TAF of lower volumes sold offset by $45.1 million of higher price. The decrease in water revenues was partially offset by $12.0 million higher Readiness-to-Serve charges adopted by the Board.

Nonoperating Revenues

The primary source of nonoperating revenues is property taxes.



Analytical Review of Nonoperating Revenues

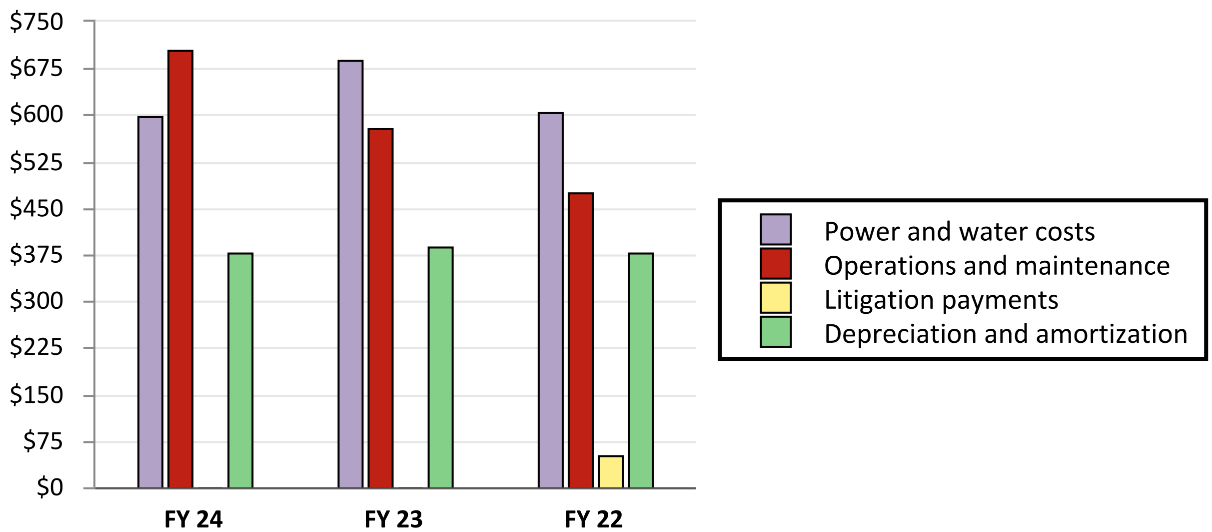
Fiscal Year 2024 Compared to 2023. Nonoperating revenues for fiscal year 2024 totaled $284.4 million and were $43.3 million lower than the prior year. The decrease was primarily due to the receipt of $80.0 million SWRCB funding in prior year, which did not occur in fiscal year 2024. The decrease was partially offset by $19.2 million more of investment income, which included $12.0 million increase in interest income resulting from higher interest rates and $6.9 million favorable change in the fair value of investments. In addition, intergovernmental revenue increased $15.7 million due to funding from USBR for Metropolitan's PVID fallowing program.

Fiscal Year 2023 Compared to 2022. Nonoperating revenues for fiscal year 2023 totaled $327.7 million and were $141.7 million higher than the prior year. The increase included funding received from the SWRCB of $80.0 million to support the PWSC program, $35.0 million more of investment income primarily due to $26.9 million increase in interest income resulting from higher interest rates, and $21.4 million higher property tax revenues due to higher assessed property values.

Operating Expenses

Operating expenses fall into four primary cost areas: power and water, operations and maintenance (O&M), depreciation and amortization, and litigation payments.

OPERATING EXPENSES
(Dollars in millions)



Analytical Review of Operating Expenses

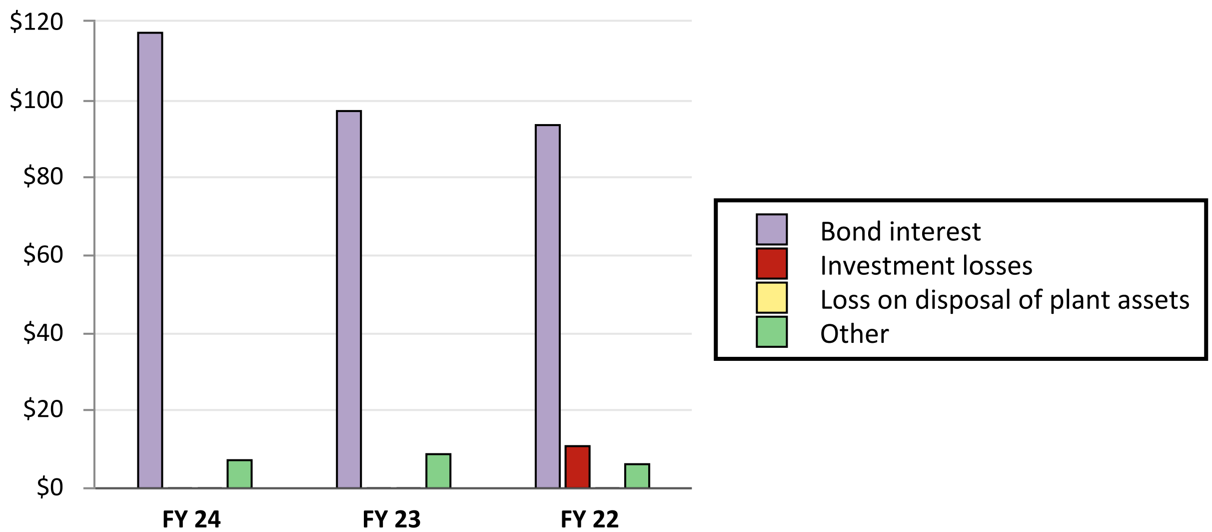
Fiscal Year 2024 Compared to 2023. Fiscal year 2024 operating expenses of $1.7 billion were $24.3 million higher than the prior year. The increase was due to $124.1 million higher O&M costs, which included $39.1 million higher labor costs, $37.0 million and $13.5 million higher pension and OPEB expenses, respectively, both of which were related to changes of assumptions and higher difference between projected and actual earnings on plan investments, plus $22.1 million higher outside services costs. The increase was offset by $91.5 million lower power and water costs primarily due to decline in water transactions.

Fiscal Year 2023 Compared to 2022. Fiscal year 2023 operating expenses of $1.7 billion were $146.7 million higher than the prior year. The increase included $105.9 million higher O&M costs, which included $77.5 million higher pension expense and $7.5 million higher OPEB expense, both of which related to higher difference between projected and actual earnings on pension and OPEB plan investments, plus $9.3 million more conservation credits. In addition, power and water expenses increased by $82.6 million primarily due to $65.4 million higher SWP OMP&R costs. These increases were offset by $50.9 million lower litigation payments, which did not occur in fiscal year 2023.

Nonoperating Expenses

The primary sources of nonoperating expenses are interest expense on bonds, loss on disposal of plant assets and other, net.

NONOPERATING EXPENSES
(Dollars in millions)



Analytical Review of Nonoperating Expenses

Fiscal Year 2024 Compared to 2023. Fiscal year 2024 nonoperating expenses of $125.0 million were $18.8 million higher than the prior year primarily due to $19.8 million higher bond interest expense due to higher variable interest rates offset by $1.3 million lower other expenses due to lower bond issuance costs.

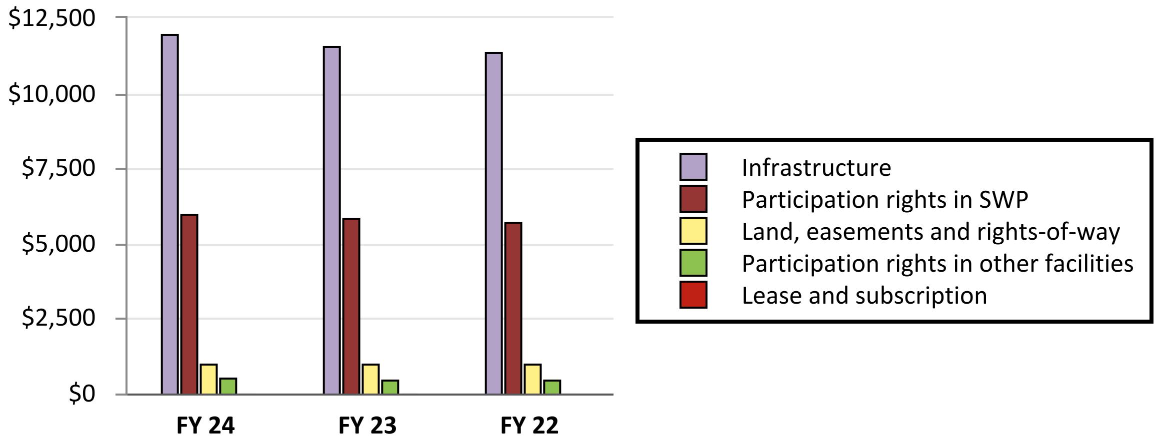
Fiscal Year 2023 Compared to 2022. Fiscal year 2023 nonoperating expenses of $106.2 million were $4.6 million lower than the prior year primarily due to $10.9 million lower investment loss resulting from favorable market conditions. This decrease was offset by $3.9 million higher bond interest expense due to higher variable interest rates.

CAPITAL ASSETS

Capital assets include Metropolitan's water infrastructure, land and buildings, participation rights in SWP and various other water programs, as well as lease and subscription assets. More detailed information on capital assets and commitments for construction contracts are presented in Notes 2 and 11(f) to the basic financial statements, respectively.

Metropolitan's fiscal year 2025 capital investment plan includes $312.0 million principally for the Colorado River Aqueduct (CRA) reliability programs, systems and information technology improvements, distribution system reliability projects, treatment plant reliability program, system flexibility and supply reliability projects, and the pre-stressed concrete cylinder pipe reliability (PCCP) rehabilitation program.

TOTAL CAPITAL ASSETS
(Dollars in millions)



Schedule of Capital Assets

(Dollars in millions)	June 30, 2024	2023	2022 As Adjusted
Land, easements and rights of way	**$ 990.0**	$ 989.8	$ 988.5
Construction in progress	**925.6**	743.1	803.5
Parker power plant and dam	**13.0**	13.0	13.0
Power recovery plants	**225.5**	225.5	223.6
Other dams and reservoirs	**1,875.7**	1,868.9	1,847.5
Water transportation facilities	**4,323.5**	4,208.3	4,100.1
Pumping plants and facilities	**416.8**	384.6	378.1
Treatment plants and facilities	**3,243.7**	3,227.5	3,190.6
Buildings	**243.1**	237.0	180.7
Miscellaneous	**641.4**	617.8	586.3
Pre-operating expenses of original aqueduct	**44.6**	44.6	44.6
Participation rights in SWP	**5,987.4**	5,865.4	5,729.1
Participation rights in other facilities	**554.0**	459.0	459.0
Lease assets			
Buildings	**3.5**	2.9	2.9
Equipment	**0.9**	0.9	0.8
Land	**8.1**	7.4	6.9
Subscription assets	**11.8**	8.5	4.8
Total capital assets	**19,508.6**	18,904.2	18,560.0
Less accumulated depreciation and amortization	**(8,718.0)**	(8,367.0)	(8,047.6)
Total capital assets, net	**$ 10,790.6**	$ 10,537.2	$ 10,512.4
Net increase (decrease) from prior year	**$ 253.4**	$ 24.8	$ (33.6)
Percent change	**2.4%**	0.2%	(0.3%)

Fiscal Year 2024 Compared to 2023. Net capital assets totaled approximately $10.8 billion and increased $253.4 million over the prior year. The increase included $412.9 million of construction spending, $122.0 million net increase in participation rights in SWP, $95.0 million net capitalization of the AVEK Water Banking program, and a $4.7 million net increase in subscription and lease assets, offset by $373.2 million of depreciation and amortization and $8.0 million retirements of capital assets.

The major capital asset additions for fiscal year 2024 included:

- $81.1 million for the PCCP program; projects under this program will refurbish or upgrade Metropolitan's PCCP feeders to maintain reliable water deliveries without unplanned shutdowns.
- $68.7 million for the treatment plant reliability program; this program will replace or refurbish facilities and components at Metropolitan's five water treatment plants in order to continue to reliably meet water demands.
- $56.3 million for the system flexibility/supply reliability program; projects under this program will enhance the flexibility and/or increase the capacity of Metropolitan's water supply and delivery infrastructure to meet current and projected service demands. Further, these projects address climate change affecting water supply, regional drought, and alternative water sources for areas dependent on the State Water Project.
- $55.3 million for the CRA reliability program; projects under this program will replace or refurbish components on the CRA system to reliably convey water from the Colorado River to Southern California.
- $49.8 million for the system reliability program, which is designed to improve or modify facilities throughout Metropolitan's service area in order to utilize new processes and/or technologies, and to improve facility safety and overall reliability.
- $45.0 million for the distribution system reliability program; this program will replace or refurbish existing facilities within Metropolitan's distribution system including pressure control structures, hydroelectric power plants, and pipelines in order to reliably meet water demands.

Fiscal Year 2023 Compared to 2022. Net capital assets totaled approximately $10.5 billion and increased $24.8 million over the prior year. The increase included $288.9 million of construction spending, $136.2 million net increase in participation rights in SWP, and a $4.3 million net increase in subscription and lease assets, offset by $365.7 million of depreciation and amortization and $38.9 million retirements of capital assets.

The major capital asset additions for fiscal year 2023 included:

- $68.5 million for the distribution system reliability program.
- $42.7 million for the treatment plant reliability program.
- $35.0 million for the system reliability program.
- $33.3 million for the CRA reliability program.
- $29.4 million for the PCCP program.
- $20.6 million for the system flexibility/supply reliability program.

DEBT ADMINISTRATION – LONG-TERM DEBT

Schedule of Long-term Debt, Including Current Portion

	June 30,		
(Dollars in millions)	**2024**	2023	2022
General obligation bonds[(1)]	**$ 18.2**	$ 19.2	$ 20.2
Revenue bonds[(1)]	**3,771.6**	3,881.2	3,848.4
Other, net[(2)]	**450.5**	421.0	425.2
	$ 4,240.3	$ 4,321.4	$ 4,293.8
Increase (decrease) from prior year	**$ (81.1)**	$ 27.6	$ (191.5)
Percent change	**(1.9%)**	0.6%	(4.3%)

[(1)] *Includes refunding bonds.*
[(2)] *Consists of unamortized bond discounts and premiums.*

Fiscal Year 2024 Compared to 2023. At June 30, 2024, outstanding bonds and other long-term liabilities totaled $4.2 billion, a net decrease of $81.1 million or 1.9 percent from the prior year. The decrease was due $155.7 million of scheduled principal payments. This decrease was offset by $45.1 million of bond refundings, as the new debt issued was more than the amount of debt refunded, and $29.6 million higher premiums and discounts due to $77.2 million related to bond refundings, as the premiums on new debt issued was more than the premiums outstanding on the debt refunded, offset by $47.6 million related to scheduled amortization.

Fiscal Year 2023 Compared to 2022. At June 30, 2023, outstanding bonds and other long-term liabilities totaled $4.3 billion, a net increase of $27.6 million or 0.6 percent from the prior year. The increase was due to the issuance of $258.4 million Water Revenue and Refunding Bonds, 2023 Series A. This increase was offset by $139.9 million of scheduled principal payments, $51.1 million of bond refundings, as the new debt issued was less than the amount of debt refunded, $35.6 million of principal paid by the Wells Fargo Revolving Credit Facility note issued in June 2022, and $4.2 million lower premiums and discounts due to $48.7 million related to scheduled amortization, offset by $44.5 million related to bond refundings, as the premiums on new debt issued was more than the premiums outstanding on the debt refunded.

Additional information on Metropolitan's long-term debt can be found in Notes 5 and 6 to the basic financial statements.

CREDIT RATINGS

Metropolitan's credit ratings at June 30, 2024 are shown below.

	Moody's Investors Service	Standard & Poor's Global	Fitch Ratings
General obligation bonds	Aaa	AAA	AAA
Water revenue bonds-fixed rate	Aa1	AAA	AA+
Water revenue bonds-variable rate	VMIG 1	A-1+	F1+
Subordinate water revenue bonds-fixed rate	N/A	AA+	AA+
Subordinate water revenue bonds-variable rate	N/A	A-1+	F1+

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STATEMENTS OF NET POSITION

(Dollars in thousands)	June 30, 2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and investments, at fair value (Notes 1d and 3):		
Unrestricted (cost: $22,165 and $346,158 for 2024 and 2023, respectively)	**$ 22,019**	$ 342,625
Restricted (cost: $863,973 and $763,548 for 2024 and 2023, respectively)	**858,285**	755,754
Total cash and investments	**880,304**	1,098,379
Receivables:		
Water revenues	**224,267**	197,272
Interest on investments	**7,899**	9,249
Leases (Notes 1j and 7)	**772**	858
Other, net (Note 1f)	**84,895**	35,122
Total receivables	**317,833**	242,501
Inventories (Note 1g)	**154,206**	197,416
Deposits, prepaid costs, and other (Note 13)	**59,510**	71,804
Total current assets	**1,411,853**	1,610,100
Noncurrent Assets:		
Cash and investments, at fair value (Notes 1d and 3):		
Unrestricted (cost: $430,434 and $385,990 for 2024 and 2023, respectively)	**427,601**	382,050
Restricted (cost: $76,252 and $110,741 for 2024 and 2023, respectively)	**75,749**	109,611
Total cash and investments	**503,350**	491,661
Capital assets (Note 2):		
Plant and equipment - non depreciable (Notes 1h and 11f)	**1,915,655**	1,732,912
Plant and equipment - depreciable (Notes 1h and 11f)	**11,027,066**	10,827,309
Participation rights in State Water Project (Notes 1i and 12)	**5,987,420**	5,865,357
Participation rights in other facilities (Notes 1i and 4)	**554,030**	459,049
Lease assets (Notes 1j and 7)	**12,551**	11,155
Subscription assets (Notes 1k and 8)	**11,805**	8,472
Total capital assets	**19,508,527**	18,904,254
Less accumulated depreciation and amortization	**(8,717,977)**	(8,367,044)
Total capital assets, net	**10,790,550**	10,537,210
Leases receivable, net of current portion (Notes 1j and 7)	**27,629**	27,363
Deposits, prepaid costs, and other, net of current portion (Note 13)	**441,309**	391,716
Total noncurrent assets	**11,762,838**	11,447,950
Total assets	**13,174,691**	13,058,050
Deferred Outflows of Resources (Note 1p):		
Loss on swap terminations (Note 5d)	**12,116**	14,046
Pension related (Notes 1n and 9d)	**240,680**	240,137
OPEB related (Notes 1o and 10k)	**78,978**	55,223
Total deferred outflows of resources	**331,774**	309,406
Total Assets and Deferred Outflows of Resources	**$ 13,506,465**	$ 13,367,456

See accompanying notes to basic financial statements.

STATEMENTS OF NET POSITION

(Dollars in thousands)	June 30, 2024	2023
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities:		
Accounts payable and accrued expenses (Note 1l)	**$ 184,913**	$ 242,658
Short-term revolving notes (Note 5a)	**384,400**	56,400
Accrued bond interest	**52,431**	51,099
Current portion of long-term debt (Notes 5 and 6)	**426,544**	745,243
Current portion of accrued compensated absences (Notes 1m and 6)	**27,800**	27,900
Current portion of customer deposits (Note 6)	**2,880**	8,106
Current portion of leases payable (Notes 1j, 6 and 7)	**1,175**	1,543
Current portion of subscriptions payable (Notes 1k, 6 and 8)	**2,085**	3,327
Current portion of workers' compensation and third party claims (Notes 6 and 16)	**8,468**	8,759
Current portion of other long-term liabilities (Note 6)	**6,230**	25,219
Matured bonds and coupons not presented for payment	**1,702**	1,701
Total current liabilities	**1,098,628**	1,171,955
Noncurrent Liabilities (Note 6):		
Long-term debt, net of current portion (Note 5)	**3,813,751**	3,576,056
Net pension liability (Notes 1n and 9c)	**833,903**	790,626
Net OPEB liability (Notes 1o and 10f)	**148,305**	114,653
Accrued compensated absences, net of current portion (Note 1m)	**39,603**	32,400
Customer deposits, net of current portion	**45,247**	50,885
Due to other governments	**7,701**	—
Leases payable, net of current portion (Notes 1j and 7)	**6,695**	5,397
Subscriptions payable, net of current portion (Notes 1k and 8)	**1,272**	1,174
Workers' compensation and third party claims, net of current portion (Note 16)	**5,404**	5,947
Fair value of interest rate swaps (Note 5f)	**3,583**	6,053
Other long-term liabilities, net of current portion	**2,139**	2,127
Total noncurrent liabilities	**4,907,603**	4,585,318
Total liabilities	**6,006,231**	5,757,273
Deferred Inflows of Resources (Note 1p)**:**		
Effective swaps	**53,316**	50,847
Leases (Notes 1j and 7)	**26,922**	27,354
Gain on bond refundings (Note 5d)	**23,463**	30,369
Pension related (Notes 1n and 9d)	**6,485**	10,300
OPEB related (Notes 1o and 10k)	**20,443**	40,786
Total deferred inflows of resources	**130,629**	159,656
Total Liabilities and Deferred Inflows of Resources	**6,136,860**	5,916,929
Net Position (Note 15):		
Net investment in capital assets, including State Water Project costs	**6,422,381**	6,359,192
Restricted for:		
Debt service	**189,422**	192,285
Other	**439,340**	424,565
Unrestricted	**318,462**	474,485
Total net position	**7,369,605**	7,450,527
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 13,506,465**	$ 13,367,456

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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(Dollars in thousands)	Fiscal Year Ended June 30, **2024**	2023
Operating Revenues (Notes 1c and 1r):		
Water revenues	**$ 1,216,102**	$ 1,236,403
Readiness-to-serve charges	**160,500**	147,000
Capacity charge	**36,171**	37,215
Power sales	**13,001**	5,697
Total operating revenues	**1,425,774**	1,426,315
Operating Expenses:		
Power and water costs	**596,805**	688,297
Operations and maintenance	**703,950**	579,796
Total operating expenses	**1,300,755**	1,268,093
Operating income before depreciation and amortization	**125,019**	158,222
Less depreciation and amortization (Note 2)	**(378,190)**	(386,496)
Operating loss	**(253,171)**	(228,274)
Nonoperating Revenues (Expenses) (Note 1r):		
Taxes, net (Note 1e)	**202,940**	189,506
Bond interest	**(117,161)**	(97,419)
State funding for Pure Water Southern California program	**—**	80,000
Investment income, net	**54,229**	35,027
Intergovernmental revenue	**15,661**	—
(Loss) gain on sale or disposal of plant assets	**(311)**	6,173
Other, net	**4,103**	8,232
Total nonoperating revenues, net	**159,461**	221,519
Changes in Net Position Before Contributions	**(93,710)**	(6,755)
Capital contributions (Note 1q)	**12,788**	69
Changes in net position	**(80,922)**	(6,686)
Net position, beginning of year	**7,450,527**	7,457,213
Net position, End of Year	**$ 7,369,605**	$ 7,450,527

See accompanying notes to basic financial statements.

STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Fiscal Year Ended June 30, 2024	2023
Cash Flows from Operating Activities:		
Cash received from water sales	**$ 994,148**	$ 1,173,884
Cash received from other exchange transactions	**173,245**	148,833
Cash received from readiness-to-serve charges	**160,370**	144,368
Cash received from capacity charge	**36,066**	37,840
Cash received from power sales	**13,051**	5,870
Cash paid for operations and maintenance expenses	**(368,281)**	(324,791)
Cash paid to employees for services	**(299,237)**	(268,766)
Cash paid for power and water costs	**(730,963)**	(727,368)
Other cash flows from operating activities	**12,852**	6,895
Net cash (used) provided by operating activities	**(8,749)**	196,765
Cash Flows from Noncapital Financing Activities:		
Cash received from State in support of Pure Water Southern California program	**—**	80,000
Proceeds from short term notes for conservation credits	**18,000**	18,000
Proceeds from other collections	**7,838**	9,542
Net cash provided by noncapital financing activities	**25,838**	107,542
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	**(408,515)**	(277,335)
Interest paid on debt	**(168,424)**	(155,191)
Principal paid on debt	**(155,680)**	(175,565)
Payments for State Water Project costs	**(122,063)**	(136,235)
Advance payments for Delta Conveyance Project costs	**(64,500)**	(34,500)
Payments for bond issuance costs	**(2,221)**	(1,881)
Payments of rebatable arbitrage	**(75)**	—
Proceeds from short and long-term debt	**430,000**	295,400
Proceeds from tax levy	**201,532**	197,828
Proceeds from capital grants	**10,241**	—
Transfer from (to) escrow trust accounts	**1,519**	(961)
Proceeds from sale of capital assets	**—**	8,425
Net cash used in capital and related financing activities	**(278,186)**	(280,015)
Cash Flows from Investing Activities:		
Purchase of investment securities	**(3,031,924)**	(4,006,062)
Proceeds from sales and maturities of investment securities	**3,247,951**	3,958,988
Investment income	**45,023**	22,458
Net cash provided (used) by investing activities	**261,050**	(24,616)
Net change in cash	**(47)**	(324)
Cash at July 1, 2023 and 2022	**58**	382
Cash at June 30, 2024 and 2023 (Notes 1b and 3)	**$ 11**	$ 58

See accompanying notes to basic financial statements.

STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Fiscal Year Ended June 30, 2024	2023 As Adjusted
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	**$ (253,171)**	$ (228,274)
Adjustments to Reconcile Operating Loss to Net Cash (Used) Provided by Operating Activities:		
Depreciation and amortization expense	**378,190**	386,496
(Increase) decrease in accounts receivable	**(76,258)**	67,013
Decrease (increase) in inventories	**42,609**	(100,318)
(Increase) decrease in deposits, prepaid costs, and other	**(38,825)**	4,704
(Decrease) increase in accounts payable and accrued expenses	**(75,259)**	97,515
Increase (decrease) in leases and subscriptions payable	**215**	(348)
(Decrease) increase in deferred deliveries of exchange water	**(18,974)**	14,447
Increase in pension liabilities	**43,277**	350,026
Increase in OPEB liabilities	**33,652**	62,371
Increase in deferred outflows related to pension	**(543)**	(149,059)
Decrease in deferred inflows related to pension	**(3,815)**	(197,615)
Increase in deferred outflows related to OPEB	**(23,755)**	(19,793)
Decrease in deferred inflows related to OPEB	**(20,343)**	(65,940)
Increase (decrease) in other items	**4,251**	(24,460)
Total Adjustments	**244,422**	425,039
Net cash (used) provided by operating activities	**$ (8,749)**	$ 196,765
Significant Noncash Investing, Capital and Financing Activities		
Bonds defeased through escrow trust fund with refunding debt	**$ (578,710)**	$ (830,635)
Notes defeased through escrow trust fund with refunding debt	**$ (603,220)**	$ (35,645)
Refunding bonds proceeds received in escrow trust fund	**$ 698,635**	$ 886,551
Redemption notes proceeds received in escrow trust fund	**$ 483,220**	$ —
Capital contributions	**$ 12,788**	$ 69
RECONCILIATION OF CASH AND INVESTMENTS TO CASH		
Unrestricted cash and investments (at June 30, 2024 and 2023 includes $11 and $58 of cash, respectively)	**$ 449,620**	$ 724,675
Restricted cash and investments	**934,034**	865,365
Total cash and investments, at fair value (Note 3)	**1,383,654**	1,590,040
Less: carrying value of investments	**(1,383,643)**	(1,589,982)
Total Cash (Notes 1b and 3)	**$ 11**	$ 58

STATEMENTS OF FIDUCIARY NET POSITION

	Private Purpose Trust Funds		Custodial Funds	
	June 30,			
(Dollars in thousands)	**2024**	2023	**2024**	2023
Assets				
Restricted pooled cash and investments, at fair value (Notes 1d and 3):	**$ 2,005**	$ 2,250	**$ 2,544**	$ 2,448
Interest receivable	**1**	1	**—**	8
Total assets	**$ 2,006**	$ 2,251	**$ 2,544**	$ 2,456
Liabilities				
Accounts payable and accrued expenses	**$ 1**	$ —	**$ 57**	$ 248
Due to other governments	**—**	—	**25**	28
Total liabilities	**1**	—	**82**	276
Net Position				
Restricted for organizations and other governments	**2,005**	2,251	**2,462**	2,180
Total Liabilities and Net Position	**$ 2,006**	$ 2,251	**$ 2,544**	$ 2,456

See accompanying notes to basic financial statements.

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	Private Purpose Trust Funds		Custodial Funds	
	Fiscal Year Ended June 30,			
(Dollars in thousands)	**2024**	2023	**2024**	2023
Additions				
Contributions from participating agencies	**$ 3,050**	$ 2,796	**$ 333**	$ 247
Interest	**13**	10	**99**	67
Total additions	**3,063**	2,806	**432**	314
Deductions				
Support payments to the Colorado River Board	**2,602**	2,500	**—**	—
Expensed equipment	**1**	6	**—**	—
Computer systems and software	**2**	12	**—**	—
Administrative expenses	**1**	54	**—**	—
Support payments for Colorado River system augmentation and conservation	**410**	384	**—**	—
Payments to other governments for conservation	**—**	—	**75**	102
Professional services	**293**	250	**75**	404
Total deductions	**3,309**	3,206	**150**	506
Net Increase (Decrease) in Fiduciary Net Position	**(246)**	(400)	**282**	(192)
Net position, Beginning of Year	**2,251**	2,651	**2,180**	2,372
Net position, End of Year	**$ 2,005**	$ 2,251	**$ 2,462**	$ 2,180

See accompanying notes to basic financial statements.

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1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Metropolitan Water District of Southern California (Metropolitan), a special district of the State of California, was organized in 1928 by vote of the electorates of several Southern California cities following adoption of the Metropolitan Water District Act (Act) by the California Legislature. Metropolitan's primary purposes under the Act are to develop, store, and distribute water, at wholesale, to its member public agencies for domestic and municipal purposes. Surplus water is sold for other beneficial uses, including agricultural use. Metropolitan's service area comprises approximately 5,200 square miles and includes portions of the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura. There are 26 independent member agencies of Metropolitan, consisting of 14 cities, 11 municipal water districts, and one county water authority. Metropolitan has no financial accountability for its member agencies. Metropolitan is governed by a 38-member Board of Directors (Board) comprised of representatives of the member agencies. Representation and voting rights are based on assessed valuations of property pursuant to Sections 52 and 55 of the Act. Each member agency is entitled to have at least one representative on the Board plus an additional representative for each full five percent of the assessed valuation of real property within the jurisdictional boundary of each member agency. Changes in relative assessed valuation do not terminate any director's term. Accordingly, the Board may, from time to time, have more or fewer than 38 directors. However, effective January 1, 2020, no member agency shall have fewer than the number of representatives the agency had as of January 1, 2019. No single member agency has a voting majority.

The Metropolitan Water District Asset Financing Corporation (MWDAFC) was incorporated on June 19, 1996. The MWDAFC is a California nonprofit public benefit corporation formed to assist Metropolitan by acquiring, constructing, operating and maintaining facilities, equipment, or other property needed by Metropolitan and leasing or selling such property to Metropolitan. The MWDAFC is governed by a board of five directors, each of whom must be a member of Metropolitan's Board. MWDAFC had no financial operations during fiscal years 2024 or 2023. MWDAFC is a component unit of Metropolitan and its activities will be blended with those of Metropolitan for financial reporting purposes should it commence operations.

Fiduciary funds are displayed by fund type in the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position, but are not included in Metropolitan's proprietary financial statements because the assets of these funds are not available to Metropolitan. Metropolitan reports the following fiduciary funds:

- Private-purpose trust funds: These funds are used to account for trust arrangements where the benefits are held for other governments.
- Custodial funds: These funds account for resources held by Metropolitan in a custodial capacity on behalf of other governmental organizations.

(b) Principles of Presentation

Metropolitan operates as an enterprise fund and applies all applicable GASB pronouncements in its accounting and reporting. The accompanying basic financial statements reflect the flow of economic resources measurement focus and the full accrual basis of accounting. Under full accrual accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of the timing of related cash flows.

For purposes of the statements of cash flows, Metropolitan defines cash as demand account balances and cash on hand.

Fiduciary funds are used to account for assets held in a trustee or custodial capacity and cannot be used to support Metropolitan's own purpose. Fiduciary funds are accounted for using the economic resources measurement focus and accrual basis of accounting.

(c) Revenue Policies

Water revenues, which include funds received from charges for the sale and availability of water, including water rates and other exchange and wheeling transactions, are the principal source of Metropolitan's revenues. Other sources of operating revenue include readiness-to-serve charges, capacity charge, and hydroelectric power sales. Other revenues include ad valorem property taxes and investment income, and grant funding.

Water rates are established by the Board on a biennial basis. Water rates are supported by cost of service studies. Water rates are not subject to regulation by the California Public Utilities Commission or by any other local, state, or federal agency. Water is delivered to the member agencies on demand and revenue is recognized at the time of sale.

Metropolitan's rate structure consists of unbundled rate elements (supply, system access, system power, and treatment) designed to provide transparency regarding the cost of specific functions to member agencies. It is designed to improve regional water resources management and accommodate a water transfer market. The rate structure also includes tiered pricing for supply, a capacity charge, and a readiness-to-serve charge.

(d) Fair Value Measurements

Metropolitan categorizes the fair value measurements for assets and liabilities within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs of assets and liabilities as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date; Level 2 inputs are inputs—other than quoted prices—that are observable for identical assets or liabilities, either directly or indirectly; and Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. Metropolitan reports its investments and liabilities using valuation techniques consistent with market and cost approaches to determine the fair value.

(e) Taxing Authority

Metropolitan is expressly empowered under the Act to levy and collect taxes on all taxable property within its boundaries for the purpose of carrying on its operations and paying its obligations, subject to certain limitations in the Act, the California Revenue and Taxation Code, and the California Constitution. Property taxes are levied annually by the Board effective as of July 1, using a lien date of January 1, and are payable by property owners in two equal installments that are due on November 1 and February 1, and become delinquent after December 10 and April 10, respectively. Property taxes levied by Metropolitan are billed and collected by the counties in its service area and are remitted to Metropolitan periodically throughout the year.

Property tax revenue is used to pay Metropolitan's general obligation bond debt service and a portion of its obligations under its contract with the state for a water supply and participation in the SWP (the State Water Contract). In setting the annual levy, Metropolitan takes into account potential delinquencies, tax allocations to the successor agencies of former redevelopment agencies, and supplemental tax collections. Metropolitan recognizes property taxes receivable on July 1 of each fiscal year and recognizes revenue over the following 12-month period beginning July 1 through June 30 (the period for which the tax is levied).

As a result of legislation enacted in 1984, commencing with the fiscal year ended June 30, 1991, tax levies, other than annexation taxes, are limited to the amount needed to pay debt service on Metropolitan's general obligation bonds and Metropolitan's proportionate share of general obligation bond debt service of the state under the State Water Contract. However, under the terms of the 1984 legislation, the Board may conclude that this particular restriction is not applicable upon a finding that doing so is essential to Metropolitan's fiscal integrity. The Board made such a finding for fiscal years ended June 30, 2014 through 2022 and in March 2022 extended its applicability to fiscal years ended/ending June 30, 2023 through 2026, and maintained the tax rate for these fiscal years at the rate levied during fiscal year ended June 30, 2013 to pay a portion of State Water Contract costs other than general obligation debt service. On April 9, 2024, the Board approved a biennial budget for fiscal years 2025 and 2026 that assumed a higher property tax rate that is essential to Metropolitan's ability to meet its forecasted expenditures.

(f) Other Receivables

Other receivables include amounts for taxes, hydroelectric power sales, readiness-to-serve charges, and other billings.

(g) Inventories

Metropolitan's inventories are valued based on a moving-average cost. Expenses are recorded when inventories are used. Components of inventories at June 30, 2024 and 2023 were as follows:

	June 30,			
(Dollars in thousands)		**2024**		2023
Water in storage	**$**	**130,291**	$	172,821
Operating supplies		**23,915**		24,595
Total inventories	**$**	**154,206**	$	197,416

(h) Capital Assets

Metropolitan's capital assets include plant and equipment, which are recorded at cost. Construction costs are capitalized if they exceed $50,000 and the asset has a useful life of at least five years. The cost of constructed assets may include labor, materials, and certain general and administrative expenses. Depreciation is calculated using the straight-line method based on the estimated average useful lives of the assets, which are 10 to 80 years for buildings, storage, distribution facilities, and miscellaneous assets and 10 to 50 years for treatment plants and hydroelectric power recovery facilities. Improvements or refurbishments with aggregated costs that meet capitalization thresholds and that extend the useful life of an existing asset by at least five years are capitalized.

Major computer systems software, whether purchased or internally developed, is capitalized if the cost exceeds $250,000 and the useful life is at least three years. Vehicles and operating equipment are capitalized if the cost equals or exceeds $5,000 and the useful life is at least four years. Depreciation is calculated using the straight-line method based on the estimated useful lives and ranges from 3 to 10 years for major computer systems software and 4 to 10 years for vehicles and operating equipment.

(i) Participation Rights

Metropolitan participates in various storage and water management programs entitling it to certain water rights. Projects include the SWP and various storage and water management programs. Metropolitan's participation in these projects is through cash payments. The value of participation rights is equal to the amounts spent for the construction of capital assets, such as pipelines, pumping facilities, and storage facilities, and amortized over the life of the agreements. These assets are not owned by Metropolitan. Certain projects also require payments for ongoing maintenance; those payments are charged to expense as incurred, see Notes 2, 4, and 12.

(j) Leases

Metropolitan is a lessor for various noncancellable leases of land to an outside party and lessee for various noncancellable leases of buildings, equipment, and land from an outside party, see Note 7.

Short-term leases: For leases that have a maximum possible term of 12 months or less at commencement, Metropolitan recognizes a revenue or an expense, respectively, when Metropolitan is a lessor or lessee. The revenue or expense is based on the provisions of the lease contract.

Long-term leases: For leases that have a maximum possible term of more than 12 months at commencement and an individual value of $250,000 or more, Metropolitan recognizes a lease receivable and deferred inflow of resources when Metropolitan is the lessor or a lease liability and a lease assets when Metropolitan is the lessee. For leases that have a maximum possible term of more than 12 months at commencement and an individual value of less than $250,000, Metropolitan recognizes a revenue or an expense when Metropolitan is a lessor or lessee, respectively.

Measurement of lease amounts - lessor

At lease commencement, Metropolitan initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, plus prepayments received, less lease incentives paid at or before the lease commencement date. Subsequently, Metropolitan recognizes lease revenue as a straight-line amortization of the deferred inflow over the shorter of the lease term or the useful life of the underlying asset.

Measurement of lease amounts - lessee

At lease commencement, Metropolitan initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the intangible lease asset is amortized into depreciation and amortization expenses on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how Metropolitan determines 1) the discount rate, 2) the lease term and 3) the lease receipts or payments.

- *Discount rate:* Metropolitan uses its estimated incremental borrowing rate as the discount rate for leases, whether Metropolitan is the lessee or the lessor, unless the rate is stated in the lease agreement. The incremental borrowing rate for leases is based on the rate of interest Metropolitan would have to pay if it issued general obligation bonds to borrow an amount equal to the lease under similar terms at the commencement or remeasurement date. For Metropolitan, this is assumed to be equal to the treasury yield.
- *Lease term:* The lease term includes the noncancellable period of the lease plus any additional periods covered by an option to extend that is reasonably certain to be exercised. Periods in which both the lessor or lessee have an option to terminate, are excluded from the lease term.
- *Lease receipts or payments:* Metropolitan evaluates lease receipts and payments to determine if they should be included in the measurement of the lease, including those receipts or payments that require a determination of whether they are reasonably certain of being received or made. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee. Lease payments included in the measurement of the lease liability are composed of fixed payments to the lessor and purchase options reasonably certain to be exercised, if applicable.

(k) Subscription-Based Information Technology Arrangements

Metropolitan has several noncancellable subscription assets for the right-to-use information technology, see Note 8.

Short-term subscription assets: For arrangements that have a maximum possible term of 12 months or less at commencement, Metropolitan recognizes an expense, based on the provisions of the subscription asset contract.

Long-term subscription assets: For arrangements that have a maximum possible term of more than 12 months at commencement and an individual value of $250,000 or more, Metropolitan recognizes a subscription liability and subscription asset. For subscription assets that have a maximum possible term of more than 12 months at commencement and an individual value of less than $250,000, Metropolitan recognizes an expense.

Measurement of subscription assets

At subscription commencement, Metropolitan initially measures the subscription asset at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, less subscription payments made at or before the subscription commencement date, less any vendor incentives received at or before the subscription commencement date, plus the capitalizable implementation costs. The subscription-based IT arrangement asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying software.

Similar to leases, Metropolitan has key estimates and judgments related to 1) discount rate, 2) the subscription assets term and 3) subscription asset payments.

- *Discount rate:* Metropolitan uses its estimated incremental borrowing rate as the discount rate for subscription assets, unless the rate is stated in the subscription agreement. The incremental borrowing rate for subscription assets is based on the rate of interest Metropolitan would have to pay if it issued general obligation bonds to borrow an amount equal to the subscription asset under similar terms at the commencement or remeasurement date. For Metropolitan, this is assumed to be equal to the treasury yield.

- *Subscription asset term:* This includes the noncancellable period of the subscription asset plus any additional periods covered by an option to extend that is reasonably certain to be exercised. Periods in which both Metropolitan and the vendor have a unilateral option to terminate, are excluded from the subscription term.
- *Subscription asset payments:* Metropolitan evaluates payments to determine if they should be included in the measurement of the subscription liabilities, including those payments that require a determination of whether they are reasonably certain of being made. Metropolitan monitors subscription assets for possible changes that may require remeasurement if they could materially affect the amount of the liability and the related asset that should be recognized.

(l) Disaggregation of Payable Balances

Accounts payable and accrued expenses at June 30, 2024 and 2023 were as follows:

	June 30,	
(Dollars in thousands)	**2024**	2023
Department of Water Resources (SWP):		
Capital, operating, maintenance, power, replacement, and variable power	**$ 55,793**	$ 142,451
Vendors	**95,761**	69,663
Accrued power costs	**1,795**	1,646
Accrued salaries	**17,705**	15,958
Readiness-to-serve overcollection	**210**	—
Conservation credits	**13,649**	12,940
Total accounts payable and accrued expenses	**$ 184,913**	$ 242,658

(m) Compensated Absences

Metropolitan's employees earn vacation, sick, and compensatory leave in varying amounts depending primarily on length of service. Upon termination from Metropolitan service, employees are entitled to full payment for accrued vacation and compensatory leave at their final pay rates, and are entitled to payment for approximately one-half of their accrued sick leave at such rates. Metropolitan records its obligations for vacation, sick, and compensatory leave earned by eligible employees based on current pay rates. The allocations to the current and long-term portions of these vested obligations were based on experience and projections of turnover.

(n) Pension Accounting

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD): June 30, 2022
Measurement Date (MD): June 30, 2023
Measurement Period: July 1, 2022 to June 30, 2023

(o) OPEB Accounting

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Metropolitan's plan (OPEB Plan), the assets of which are held by the California Employer's Retiree Benefit Trust (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD): June 30, 2023
Measurement Date (MD): June 30, 2023
Measurement Period: July 1, 2022 to June 30, 2023

(p) Deferred Outflows/Inflows of Resources

The net investment in capital assets including State Water Project costs of $6.4 billion at June 30, 2024 and 2023 included the effect of deferring the recognition of gains from bond refundings. The deferred inflow from gains on bond refundings at June 30, 2024 and 2023 were $23.5 million and $30.4 million, respectively. These are amortized and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old or the new debt, whichever is shorter.

The unrestricted net position amount of $318.5 million and $474.5 million at June 30, 2024 and 2023, respectively, included the effect of deferring the recognition of losses from swap terminations resulting in defeasance of debt, the increase or decrease in fair value of Metropolitan's effective interest rate swaps, and deferred amounts related to pension, OPEB and leases.

The deferred outflows from losses on swap terminations resulting in debt defeasance at June 30, 2024 and 2023, respectively, were $12.1 million and $14.0 million. These deferred outflows of resources are amortized and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

The deferred outflows related to pension at June 30, 2024 and 2023 were $240.7 million and $240.1 million, respectively. The deferred inflows related to pension at June 30, 2024 and 2023 were $6.5 million and $10.3 million, respectively. See Notes 9(h) and (i) for additional information.

The deferred outflows related to OPEB at June 30, 2024 and 2023 were $79.0 million and $55.2 million, respectively. The deferred inflows related to OPEB at June 30, 2024 and 2023 were $20.4 million and $40.8 million, respectively. See Notes 10(j) and (k) for additional information.

The deferred inflows from the increase in fair value of interest rate swaps of $53.3 million and $50.8 million at June 30 2024 and 2023, respectively, would be recognized as an investment gain upon the early termination of the swaps. Metropolitan will only terminate its interest rate swap agreements in advance of the contractual termination dates if market conditions permit. The deferred inflow also would be recognized as an investment gain if the swaps were determined no longer to be effective hedges.

The deferred inflows related to leases at June 30, 2024 and 2023 were $26.9 million and $27.4 million, respectively. These deferred inflows are amortized and recognized as lease revenue, a component of non-operating revenues, on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

(q) Capital Contributions

Capital contributions are comprised of federal, state, and private grants. These grants are typically of a reimbursable nature: Metropolitan first pays for the project and then the granting agency reimburses Metropolitan for its eligible expenses. These are reflected as capital contributions in the Statements of Revenues, Expenses and Changes in net Position when they are earned, irrespective of the timing of the receipts. Examples of capital projects where grants are received include water treatment plant improvements, such as fluoridation and water storage programs.

(r) Operating and Nonoperating Revenues and Expenses

Metropolitan's primary purpose is to provide a supplemental supply of water for domestic and municipal uses. Accordingly, Metropolitan defines operating revenues as revenues derived from the sale and availability of water, including water rates and other exchange and wheeling transactions. It also includes readiness-to-serve charges, capacity charge, and hydroelectric power sales. Operating expenses include the cost of sales and services, administrative expenses, and depreciation and amortization of capital assets.

Revenues from property taxes, investment income, and grant funding, as well as interest expense on outstanding debt, are related to capital and financing activities and are defined as nonoperating revenues and expenses.

In fiscal year 2023, Metropolitan received $80.0 million from the State Water Resources Control Board (State Board) to fund the Pure Water Southern California program. This contribution was recorded as restricted net position and must be spent by the end of fiscal year 2026. The balance as of June 30, 2024 was $65.7 million.

(s) Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is Metropolitan's practice to use restricted resources first, then unrestricted resources as they are needed.

(t) Use of Estimates

The preparation of basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(u) New Accounting Pronouncements

Metropolitan implemented the following GASB Statements in fiscal year 2024:

- GASB Statement No. 99*, Omnibus 2022*. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Some components of this standard were effective in fiscal year 2023 and did not have a significant impact to Metropolitan. For fiscal year 2024, Metropolitan transitioned its benchmark interest rate from London Interbank Offer Rates to Secured Overnight Financing Rate (SOFR) for its interest rate swap derivatives. The change in benchmark rate did not materially affect the effectiveness of the hedging relationships. As such, no cumulative effect of a change in accounting principle was recognized. The swap derivatives were reassessed under SOFR and continue to meet the criteria for an effective hedge.

- GASB Statement No. 100, *Accounting Changes and Error Corrections*-an amendment of GASB Statement No. 62. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for fiscal year 2024. Metropolitan did not have any accounting changes or error corrections during the current fiscal year that fall under this standard. As a result, GASB 100 had no impact on Metropolitan's fiscal year 2024 financial statements.

Metropolitan is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements that will be implemented in a future fiscal year:

- GASB Statement No. 101, *Compensated Absences* (effective for fiscal year 2025)
- GASB Statement No. 102, *Certain Risk Disclosures* (effective for fiscal year 2025)
- GASB Statement No. 103, *Financial Reporting Model Improvements* (effective for fiscal year 2026)
- GASB Statement No. 104, *Disclosure of Certain Capital Assets* (effective for fiscal year 2026)

2. CAPITAL ASSETS

Capital asset activity for the fiscal years ended June 30, 2024 and 2023 was as follows:

(Dollars in thousands)	June 30, 2022	Additions
Capital assets not being depreciated:		
Land, easements and rights of way	$ 988,547	$ 1,775
Construction in progress	803,519	279,018
Total capital assets not being depreciated	1,792,066	280,793
Other capital assets:		
Parker power plant and dam	13,009	—
Power recovery plants	223,620	1,939
Other dams and reservoirs	1,847,441	24,336
Water transportation facilities	4,100,117	125,562
Pumping plants and facilities	378,136	8,792
Treatment plants and facilities	3,190,540	43,510
Power lines and communication facilities	40,186	10
Computer systems software	127,657	25,347
Buildings	180,706	105,006
Miscellaneous	307,292	1,573
Major equipment	111,113	8,022
Pre-operating expenses of original aqueduct	44,595	—
Participation rights in State Water Project (Note 12)	5,729,122	192,616
Participation rights in other facilities (Note 4)	459,049	—
Lease assets (Note 7)		
Buildings	2,929	—
Equipment	676	495
Land	6,947	348
Subscription assets (Note 8) [(2)]	4,785	3,687
Total other capital assets at historical cost	16,767,920	541,243
Accumulated depreciation and amortization:		
Parker power plant and dam	(12,089) [(1)]	(72)
Power recovery plants	(115,974) [(1)]	(5,530)
Other dams and reservoirs	(534,490)	(25,802)
Water transportation facilities	(1,208,866)	(62,688)
Pumping plants and facilities	(133,105)	(8,488)
Treatment plants and facilities	(1,030,044)	(77,260)
Power lines and communication facilities	(12,757)	(459)
Computer systems software	(116,963)	(5,966)
Buildings	(45,166)	(5,183)
Miscellaneous	(133,511)	(10,003)
Major equipment	(95,002)	(6,146)
Pre-operating expenses of original aqueduct	(44,595)	—
Participation rights in State Water Project (Note 12)	(4,302,071)	(140,144)
Participation rights in other facilities (Note 4)	(259,213)	(13,779)
Lease assets (Note 7)		
Buildings	(860)	(424)
Equipment	(546)	(246)
Land	(1,754)	(993)
Subscription assets (Note 8) [(2)]	(592)	(2,485)
Total accumulated depreciation and amortization	(8,047,598)	(365,668)
Other capital assets, net	8,720,322	175,575
Total capital assets, net	$ 10,512,388	$ 456,368
Depreciation and amortization was charged as follows:		
Depreciation of water related assets		
Amortization of State Water Project participation rights (Note 12)		
Amortization of other participation rights (Note 4)		
Amortization of lease assets and subscription assets (Notes 7 and 8)		
Depreciation and amortization expense related to capital assets		
Plus: Net retirements adjusted to expense		
Total depreciation and amortization expense		

[(1)] For fiscal year 2022, $0.8 million of accumulated depreciation was reclassified from Parker power plant dam to Power recovery plants in the fiscal year 2022 ending balances. The useful life of the reclassified assets did not change; thus, there was no impact on previously calculated depreciation.

[(2)] Fiscal year 2022 balances were restated for the implementation of GASB 96 in fiscal year 2023.

Reductions	June 30, 2023	Additions	Reductions	June 30, 2024
$ (507)	$ 989,815	$ 278	$ (60)	$ 990,033
(339,440)	743,097	402,766	(220,241)	925,622
(339,947)	1,732,912	403,044	(220,301)	1,915,655
—	13,009	—	—	13,009
(108)	225,451	43	—	225,494
(2,901)	1,868,876	7,012	(148)	1,875,740
(17,381)	4,208,298	132,350	(17,169)	4,323,479
(2,348)	384,580	32,591	(420)	416,751
(6,585)	3,227,465	19,183	(2,957)	3,243,691
—	40,196	13	—	40,209
(828)	152,176	18,332	(2,371)	168,137
(48,734)	236,978	8,056	(1,947)	243,087
(755)	308,110	1,763	—	309,873
(1,560)	117,575	8,677	(3,251)	123,001
—	44,595	—	—	44,595
(56,381)	5,865,357	185,528	(63,465)	5,987,420
—	459,049	94,981	—	554,030
—	2,929	853	(280)	3,502
(240)	931	—	—	931
—	7,295	2,049	(1,226)	8,118
—	8,472	3,333	—	11,805
(137,821)	17,171,342	514,764	(93,234)	17,592,872
—	(12,161)	(72)	—	(12,233)
108	(121,396)	(5,404)	—	(126,800)
2,901	(557,391)	(26,230)	148	(583,473)
7,074	(1,264,480)	(63,854)	11,282	(1,317,052)
273	(141,320)	(8,335)	421	(149,234)
6,548	(1,100,756)	(76,990)	2,323	(1,175,423)
—	(13,216)	(460)	—	(13,676)
828	(122,101)	(6,584)	2,208	(126,477)
26,225	(24,124)	(5,275)	1,925	(27,474)
486	(143,028)	(10,161)	—	(153,189)
1,539	(99,609)	(6,784)	3,251	(103,142)
—	(44,595)	—	—	(44,595)
—	(4,442,215)	(139,369)	—	(4,581,584)
—	(272,992)	(18,906)	—	(291,898)
—	(1,284)	(385)	280	(1,389)
240	(552)	(198)	—	(750)
—	(2,747)	(693)	474	(2,966)
—	(3,077)	(3,545)	—	(6,622)
46,222	(8,367,044)	(373,245)	22,312	(8,717,977)
(91,599)	8,804,298	141,519	(70,922)	8,874,895
$ (431,546)	$ 10,537,210	$ 544,563	$ (291,223)	$ 10,790,550
	$ 207,597			$ 210,149
	140,144			139,369
	13,779			18,906
	4,148			4,821
	365,668			373,245
	20,828			4,945
	$ 386,496			$ 378,190

3. CASH AND INVESTMENTS

As a public agency, Metropolitan's investment practices are prescribed by various provisions of the California Government Code and the Act, as well as by administrative policies. Metropolitan's statement of investment policy is approved annually by the Board and describes the Treasurer's investment authority, practices, and limitations. The basic investment policy objectives, in order of importance, are safety of principal, liquidity, and return on investment.

Cash and investments may or may not be restricted as to use, depending on the specific purposes for which such assets are held. See Notes 3(d) and 15.

Metropolitan's total deposits and investments are reported at fair value in the following funds:

	June 30,	
(Dollars in thousands)	**2024**	2023
Proprietary Funds	**$ 1,383,654**	1,590,040
Fiduciary Funds	**4,549**	4,698
Total deposits and investments	**$ 1,388,203**	$ 1,594,738
Deposits	**$ 11**	$ 58
Investments	**1,388,192**	1,594,680
Total deposits and investments	**$ 1,388,203**	$ 1,594,738

A summary of Metropolitan's deposit and investment policies, information on interest and credit risks, and restricted cash and investments is provided below.

(a) Deposits

The California Government Code requires California banks and savings and loan associations to secure a local government agency's deposits by pledging government securities as collateral.

As of June 30, 2024 Metropolitan's cash balance included $6,000 and $5,000 of deposits with financial institutions and cash on hand, respectively. Cash balance as of June 30, 2023 included $53,000 and $5,000 of deposits with financial institutions and cash on hand, respectively.

(b) Investments

Metropolitan is permitted by State law and Board policy to invest in a variety of instruments including U.S. Treasury securities, federal agencies, Supranationals, asset-backed, repurchase agreements, negotiable certificates of deposit, bankers' acceptances, prime commercial paper, certificates of deposit, Government-sponsored enterprise (GSE), California local agency securities, including securities issued by Metropolitan, medium-term corporate notes, investment contracts, money market funds, California Asset Management Program (CAMP), and Local Agency Investment Fund (LAIF).

As of June 30, 2024 and 2023, Metropolitan had the following investments at fair value:

	June 30,			
(Dollars in thousands)		**2024**		2023
Asset-backed securities	**$**	**51,453**	$	54,547
CAMP		**500,367**		559,817
Certificates of deposit/bank deposits		**900**		—
Federal agency securities		**97,575**		142,858
GSE		**53,251**		12,995
LAIF		**25,000**		25,000
Medium-term corporate notes		**210,087**		211,609
Money market funds		**2,404**		1,022
Municipal bonds		**2,171**		2,083
Negotiable certificates of deposit		**34,553**		122,040
Prime commercial paper		**44,881**		150,024
Supranationals		**7,777**		6,728
U.S. Treasury securities		**357,773**		305,957
Total investments	**$**	**1,388,192**	$	1,594,680

Metropolitan categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is the summary of the fair value hierarchy of the fair value of investments of Metropolitan as of June 30, 2024 and 2023:

	Fair Value Measurement Using					
(Dollars in thousands)	**6/30/2024**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	6/30/2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level:						
Asset-backed securities	**$ 51,453**	**$ 51,453**	**$ —**	$ 54,547	$ 54,547	$ —
Federal agency securities	**97,575**	**97,575**	**—**	142,858	142,858	—
GSE	**53,251**	**53,251**	**—**	12,995	12,995	—
Medium-term corporate notes	**210,087**	**210,087**	**—**	211,609	206,718	4,891
Municipal bonds	**2,171**	**2,171**	**—**	2,083	2,083	—
Negotiable certificates of deposit	**34,553**	**—**	**34,553**	122,040	—	122,040
Prime commercial paper	**44,881**	**—**	**44,881**	150,024	—	150,024
Supranationals	**7,777**	**7,777**	**—**	6,728	6,728	—
U.S. Treasury securities	**357,773**	**357,773**	**—**	305,957	305,957	—
Total investments by fair value level	**$ 859,521**	**$ 780,087**	**$ 79,434**	$ 1,008,841	$ 731,886	$ 276,955
Investments not subject to fair value level:						
CAMP	**$ 500,367**			$ 559,817		
Certificates of deposit/bank deposits	**900**			—		
LAIF	**25,000**			25,000		
Money market funds [1]	**2,404**			1,022		
Total investments not subject to fair value level	**528,671**			585,839		
Total investments	**$ 1,388,192**			$ 1,594,680		

[1] *As of June 30, 2024 and 2023, the balances were invested in Dreyfus Government Cash Management (DGCXX).*

Investments classified in Level 1 of the fair value hierarchy, valued at $780.1 million and $731.9 million as of June 30, 2024 and 2023, respectively, were valued using quoted prices in active markets.

Investments classified in level 2 of the fair value hierarchy, valued at $79.4 million and $277.0 million as of June 30, 2024 and 2023, respectively, were valued using Bloomberg Generic, matrix, cost, and Generalized Second-Price Manual International Data Corporation.

Metropolitan owns investments utilizing a stable one dollar per share value. These investment assets are exempt from reporting under the fair value measurement levels. There are no redemption restrictions for the investments reported at a value of one dollar per share. The total investments reported at a value of one dollar per share were $528.7 million and $585.8 million at June 30, 2024 and 2023, respectively.

CAMP and LAIF are carried at fair value, or the value of each participating dollar as provided by CAMP and LAIF, respectively. The fair value of Metropolitan's position in CAMP and LAIF is the same as the value of the pool shares. The pooled funds are not subject to level 1, 2 or 3 of the fair value hierarchy.

Interest rate risk. In accordance with Metropolitan's investment policy, interest rate risk was managed by limiting the duration of the various portfolio segments. Each segment has limitations on the amount of duration exposure (see the following for specific durations).

Liquidity Segment

This segment of the portfolio was managed against the Intercontinental Exchange Bank of America Merrill Lynch (ICE BoAML) 3-Month Treasury Bill Index. The benchmark duration as of June 30, 2024 and 2023 was 0.23, and the portfolio duration was permitted to vary from the benchmark by plus or minus 0.50. As of June 30, 2024 and 2023, Metropolitan's investments and portfolio durations for this segment were as follows:

	June 30,			
	2024		2023	
(Dollars in thousands)	**Fair value**	**Duration**	Fair value	Duration
Asset-backed securities	**$ 4,800**	**0.54**	$ 36,325	0.37
CAMP	**483,929**	**—**	559,817	—
Certificates of deposit/bank deposits	**900**	**0.20**	—	—
Federal agency securities	**49,952**	**0.05**	85,976	0.31
LAIF	**25,000**	**—**	25,000	—
Medium-term corporate notes	**37,044**	**0.50**	72,786	0.54
Money market funds	**1**	**—**	1	—
Negotiable certificates of deposit	**22,960**	**0.37**	113,444	0.45
Prime commercial paper	**37,659**	**0.19**	101,026	0.08
U.S. Treasury securities	**80,537**	**0.06**	45,211	0.29
Total portfolio segment	**$ 742,782**		$ 1,039,586	
Portfolio duration		**0.06**		0.15

Core Segment

This segment of the portfolio was managed against the Benchmark comprised of 20% of the ICE BoAML 0-1 Year, U.S. Treasury Index, and 80% of the ICE BofAML 1-5 Years AAA-A U.S. Corporate and Government Index. The benchmark durations as of June 30, 2024 and 2023 were 2.15 and 2.57, respectively, and the portfolio duration was permitted to vary from the benchmark by plus or minus 1.50. As of June 30, 2024 and 2023, Metropolitan's investments and portfolio durations for this segment were as follows:

	June 30,					
	2024			2023		
(Dollars in thousands)		**Fair value**	**Duration**		Fair value	Duration
Asset-backed securities	**$**	**45,501**	**1.54**	$	18,222	1.74
Federal agency securities		**47,623**	**1.14**		55,894	1.60
GSE		**51,387**	**2.72**		12,995	2.06
Medium-term corporate notes		**167,269**	**1.99**		138,823	2.61
Money market funds		**1,242**	**—**		928	—
Municipal bonds		**2,171**	**1.68**		2,083	2.62
Negotiable certificates of deposit		**11,296**	**1.38**		8,596	0.85
Prime commercial paper		**6,429**	**0.19**		48,998	0.48
Supranationals		**6,983**	**0.52**		6,728	1.48
U.S. Treasury securities		**263,480**	**2.15**		258,311	2.09
Total portfolio segment	**$**	**603,381**		$	551,578	
Portfolio duration			**1.97**			1.99

Bond Reserves and The Endowment Segment

Investments in the bond reserves were managed based on the requirements of each of the bond issues and were closed in September 2022. The Endowment segment was managed in a manner to preserve the principal deposits for as long as possible while meeting the necessary liquidity needs to pay related operating expenses. Per Board authorization, the Treasurer was authorized to invest these monies in excess of five years.

As of June 30, 2024 and 2023, Metropolitan's investments and portfolio durations for this segment were as follows:

	June 30,					
	2024			2023		
(Dollars in thousands)		**Fair value**	**Duration**		Fair value	Duration
Asset-backed securities	**$**	**1,152**	**2.04**	$	—	—
CAMP		**16,438**	**—**		**—**	—
Federal agency securities		**—**	**—**		988	0.25
GSE		**1,864**	**3.74**		—	—
Medium-term corporate notes		**5,774**	**2.99**		—	—
Money market funds		**1,161**	**—**		93	—
Negotiable certificates of deposit		**297**	**2.33**		—	—
Prime commercial paper		**793**	**0.16**		—	—
Supranationals		**794**	**2.33**		—	—
U.S. Treasury securities		**13,756**	**3.43**		2,435	3.62
Total portfolio segment	**$**	**42,029**		$	3,516	
Weighted average duration			**1.82**			2.57

Credit risk. Credit risk was managed by purchasing investments with the nationally recognized credit ratings specified in Metropolitan's investment policy. Additionally, the policy required monitoring the credit ratings of securities held in the portfolio, and if the securities' credit ratings were downgraded, evaluating for potential sale. For certain securities, additional requirements included consideration of net worth, length of time in business, and specified fair values.

Presented in the following table is the minimum rating required, if applicable, by investment type pursuant to Metropolitan's investment policy and State law:

Investment Type	**Minimum Rating**
U.S. Treasury Federal Agency Obligations GSE	Not applicable.
Bankers' acceptances	'A-1' or its equivalent or better by a Nationally Recognized Statistical Rating Organization (NRSRO).
Prime commercial paper	Highest ranking or highest letter and number rating as provided by a NRSRO.
Negotiable certificates of deposit	'A' (long-term) or 'A-1' (short-term) or their equivalent or better by a NRSRO.
Bank deposits	All deposits must be collateralized as required by California Government Code Sections 53630 et seq. The Treasurer may waive collateral for the portion of any deposits that is insured pursuant to federal law.
Asset-backed securities	Rating category of at least 'AA' or equivalent or better by a NRSRO.
Supranationals	Rating category of at least 'AA' or equivalent or better by a NRSRO.
CAMP	Rating category of 'AAAm' or its equivalent or better by a NRSRO.
Repurchase agreements	Limited to primary dealers or financial institutions in a rating category of 'A' or its equivalent or better by a NRSRO.
Medium-term corporate notes	Rating category of 'A' or its equivalent or better by a NRSRO.
LAIF	Not applicable.
Money market funds	Highest ranking by not less than two NRSROs or must retain an investment advisor that meets specified requirements.
Municipal bonds	'A' (long-term) or 'A-1' (short-term) or their equivalent or better by a NRSRO.

At June 30, 2024 and 2023, Metropolitan's portfolio was invested in the following securities by rating:

		June 30,	
		2024	2023
(Dollars in thousands)	Rating[(1)]	**Fair value**	Fair value
Asset-backed securities	AAA[(2)]	**$ 51,453**	$ 54,547
CAMP	AAAm[(4)]	**500,367**	559,817
Certificates of deposit/bank deposits	N/A[(3)]	**900**	—
Federal agency securities	N/A[(5)]	**97,575**	142,858
GSE	N/A[(5)]	**53,251**	12,995
LAIF	N/A[(6)]	**25,000**	25,000
Medium-term corporate notes	A-[(4)]	**210,087**	211,609
Money market funds	AAAm[(4)]	**2,404**	1,022
Municipal bonds	AA+[(4)]	**2,171**	2,083
Negotiable certificates of deposit	A-1[(4)]	**34,553**	122,040
Prime commercial paper	A-1[(4)]	**44,881**	150,024
Supranationals	AAA[(4)]	**7,777**	6,728
U.S. Treasury securities	N/A[(5)]	**357,773**	305,957
Total portfolio		**$ 1,388,192**	$ 1,594,680

[(1)] *Minimum actual rating by sector as of June 30, 2024.*

[(2)] *Standard & Poor's Global Ratings and Moody's Investor Services.*

[(3)] *Collateralized/FDIC insured in accordance with California Government Code.*

[(4)] *Standard & Poor's Global Ratings.*

[(5)] *Credit ratings are not applicable to obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government.*

[(6)] *LAIF is not rated.*

Concentration of credit risk. In accordance with Metropolitan's investment policy, the minimum requirements for limiting concentration of credit risk defined the maximum percent allowable for investment in each security type as well as the percent allowable for investment by issuer per type. Generally, the maximum allowable for investment by security type varied from 20 percent for asset-backed securities and money market funds, to 100 percent for federal agency securities, GSE, and U.S. Treasury securities. The percentages of investments that can be purchased by a single issuer is limited to 5 percent for asset-backed securities, banker's acceptances, medium-term corporate notes, municipal bonds, negotiable certificates of deposit, and prime commercial paper.

The following table identifies Metropolitan's limits and the percent invested by security type based on fair value, as of June 30, 2024 and 2023.

	Investment Policy Limits	Percent of Portfolio	
		2024	2023
Asset-backed securities	20%	**4 %**	4 %
CAMP	40%	**36 %**	35 %
Certificates of deposit/bank deposits	30%	**<1%**	— %
Federal agency securities	100%	**7 %**	9 %
GSE	100%	**4 %**	1 %
LAIF	N/A	**2 %**	2 %
Medium-term corporate notes	30%	**15 %**	13 %
Money market funds	20%	**<1 %**	<1%
Municipal bonds	30%	**<1 %**	<1%
Negotiable certificates of deposit	30%	**2 %**	8 %
Prime commercial paper	40%	**3 %**	9 %
Supranationals	30%	**1 %**	<1%
U.S. Treasury securities	100%	**26 %**	19 %
Total portfolio		**100 %**	100 %

At June 30, 2024 and 2023, Metropolitan had the following investments (obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government not listed) representing five percent or more of its investments:

(Dollars in thousands)	**2024**	
CAMP	**$ 500,367**	**36.0 %**
Federal Home Loan Mortgage Corp	**$ 80,377**	**5.8 %**

(Dollars in thousands)	2023	
CAMP	$ 559,817	35.1 %

Custodial credit risk. At June 30, 2024 and 2023, Metropolitan's investments were insured, registered or held, in Metropolitan's name, in safekeeping at Metropolitan's bank, which was not a counterparty to the investment transactions. The exceptions were $500.4 million and $559.8 million in the CAMP as of June 30, 2024 and 2023, respectively, and $25.0 million in deposits in LAIF as of June 30, 2024 and 2023.

CAMP is a program created through a joint powers agency as a pooled short-term portfolio and cash management vehicle for California public agencies under California Government Code Section 53601(p). CAMP is governed by a six-member Board of Trustees comprised of finance directors and treasurers of California public agencies. The total amount invested by all public agencies in CAMP was $20.5 billion and $16.0 billion as of June 30, 2024 and 2023, respectively. Of the amount invested in CAMP, 37.5 percent and 31.8 percent were invested in medium-term and short-term notes and asset-backed securities on June 30, 2024 and 2023, respectively. The average maturity of CAMP investments was 38 days and 26 days as of such dates.

The LAIF, created by California statute, is part of a pooled money investment account (PMIA). The LAIF has oversight by the Local Investment Advisory Board, which consists of five members designated by statute. The Chairwoman is the State Treasurer, or her designated representative.

The total amount invested by all public agencies in LAIF as of June 30, 2024 and 2023 was $22.0 billion and $25.7 billion, respectively. At June 30, 2024 and 2023, the PMIA had a balance of $178.0 billion and $178.4 billion, respectively, of which, 3.00 percent and 2.78 percent were invested in medium-term and short-term notes and asset-backed securities, respectively. The average maturity of the LAIF investments as of June 30, 2024 and 2023, was 217 days and 260 days, respectively.

(c) Reverse Repurchase Agreements

Metropolitan is permitted, subject to conditions imposed by State law, to sell securities owned under written agreements and to buy back the securities on or before a specified date for a specified amount. No such reverse repurchase agreements were entered into during the fiscal years ended June 30, 2024 and 2023.

(d) Restricted Cash and Investments

Metropolitan has established a number of separate accounts, also referred to as funds, to provide for specific activities in accordance with special regulations, bond covenants, and trust arrangements. The accounts are classified as "restricted." Most restricted accounts have the minimum cash and investment balance requirements and all are nondiscretionary in terms of the use of assets. Among other things, the restricted amounts provide for payments of debt service on Metropolitan's bonds; reserves for principal and interest on outstanding bonds; payments for arbitrage tax rebate; construction of capital assets; expenses for Pure Water Southern California program; payment of Metropolitan's operations and maintenance expenses; and payment of the costs related to the closure and post closure maintenance of Metropolitan's solid waste landfill facility.

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4. PARTICIPATION RIGHTS

Participation rights activity, excluding participation rights in State Water Project, for the fiscal years ended June 30, 2024 and 2023 was as follows:

(Dollars in thousands)	June 30, 2022	Additions
Participation rights:		
Imperial Irrigation District	$ 112,313	$ —
Palo Verde Irrigation District	82,804	—
Kern Delta Water District	39,007	—
South County Pipeline	72,371	—
Semitropic Water Storage District	34,259	—
Arvin-Edison Water Storage District	47,187	—
Chino Basin	27,500	—
Orange County	23,000	—
Conjunctive Use Programs	20,608	—
AVEK High Desert Water Bank Program	—	—
Total	459,049	—
Accumulated amortization:		
Imperial Irrigation District	(68,044)	(2,270)
Palo Verde Irrigation District	(40,444)	(2,342)
Kern Delta Water District	(25,975)	(2,172)
South County Pipeline	(26,757)	(912)
Semitropic Water Storage District	(21,696)	(942)
Arvin-Edison Water Storage District	(27,624)	(1,467)
Chino Basin	(19,261)	(1,455)
Orange County	(15,831)	(1,195)
Conjunctive Use Programs	(13,581)	(1,024)
AVEK High Desert Water Bank Program	—	—
Total	(259,213)	(13,779)
Participations rights, net	$ 199,836	$ (13,779)

Reductions	June 30, 2023	**Additions**	**Reductions**	**June 30, 2024**
$ —	$ 112,313	**$ —**	**$ —**	**$ 112,313**
—	82,804	**—**	**—**	**82,804**
—	39,007	**—**	**—**	**39,007**
—	72,371	**—**	**—**	**72,371**
—	34,259	**—**	**—**	**34,259**
—	47,187	**—**	**—**	**47,187**
—	27,500	**—**	**—**	**27,500**
—	23,000	**—**	**—**	**23,000**
—	20,608	**—**	**—**	**20,608**
—	—	**94,981**	**—**	**94,981**
—	459,049	**94,981**	**—**	**554,030**
—	(70,314)	**(2,270)**	**—**	**(72,584)**
—	(42,786)	**(2,342)**	**—**	**(45,128)**
—	(28,147)	**(2,172)**	**—**	**(30,319)**
—	(27,669)	**(912)**	**—**	**(28,581)**
—	(22,638)	**(942)**	**—**	**(23,580)**
—	(29,091)	**(1,467)**	**—**	**(30,558)**
—	(20,716)	**(1,455)**	**—**	**(22,171)**
—	(17,026)	**(1,195)**	**—**	**(18,221)**
—	(14,605)	**(1,026)**	**—**	**(15,631)**
—	—	**(5,125)**	**—**	**(5,125)**
—	(272,992)	**(18,906)**	**—**	**(291,898)**
$ —	$ 186,057	**$ 76,075**	**$ —**	**$ 262,132**

(a) Imperial Irrigation District

In December 1988, Metropolitan and the Imperial Irrigation District (IID) entered into a water conservation agreement that became effective in December 1989. Under the terms of the conservation agreement, Metropolitan paid for capital costs and continues to pay annual costs for specific conservation projects within IID. From 1998 to 2003, Metropolitan diverted from the Colorado River a quantity of water equal to the amount of water conserved by the conservation projects, which totaled between 104.9 TAF and 109.5 TAF annually. Under the October 2003 amendment to an agreement and at the request of the Coachella Valley Water District (CVWD), up to 20.0 TAF of the total conserved volume was made available to CVWD. Under the May 2007 amendment to the agreement and a December 2014 letter agreement, at least 85.0 TAF and 105.0 TAF will be/was available in calendar years 2024 and

2023, respectively, see Note 11(c). The water must be used in the calendar year the water is conserved, unless stored in a Colorado River reservoir pursuant to a separate agreement.

As capital projects were completed, the costs contributed by Metropolitan were capitalized as participation rights in Metropolitan's accounting records. The construction phase of this program was completed as of September 30, 1998, and the operation and maintenance phase commenced on October 1, 1998. The October 2003 amendment to the agreement extended the term through December 31, 2041 or 270 days beyond the termination of the Quantification Settlement Agreement plus any extension applicable over the agreement, see Note 11(e).

Participation rights for this project totaled $112.3 million as of June 30, 2024 and 2023, and are amortized using the straight-line method over the remaining life of the agreement. Amortization expense totaled $2.3 million in fiscal years 2024 and 2023.

(b) Palo Verde Irrigation District

In August 2004, Metropolitan entered into an agreement with Palo Verde Irrigation District (PVID) to implement a 35-year land management and crop rotation program. This fallowing program commenced in January 2005 and extends through July 2040 and will make available up to 130.0 TAF of water in certain years for transfer to Metropolitan from PVID.

Under the terms of the agreement, Metropolitan paid for all program start-up costs that have been capitalized as participation rights. These costs included sign-up payments to individual landowners, funding for a community improvement program and program setup costs.

During the period from August 1, 2023 through July 31, 2026, the U.S. Bureau of Reclamation, under the Inflation Reduction Act of 2022 that provides funding specifically for water management and conservation efforts in the Colorado River Basin experiencing long-term drought, is funding the payments to individual landowners during this period. The water conserved by the fallowing during this period is saved as System Conservation Water to increase the storage level in Lake Mead.

Participation rights for this program totaled $82.8 million as of June 30, 2024 and 2023, and are being amortized using the straight-line method over 35 years. Amortization expense totaled $2.3 million in fiscal years 2024 and 2023.

(c) Kern Delta Water District

Metropolitan entered into an agreement with the Kern Delta Water District for the development of a water management program. The agreement includes a Regulation Program and a Transportation Program. Under the terms of the Regulation Program, Kern Delta will regulate the storage and delivery for Metropolitan of up to 250.0 TAF of water and has 142.4 TAF in the program as of June 30, 2024. The program is intended to provide a minimum recharge and return capability of 50.0 TAF annually. Construction of infrastructure is required in order to meet the program's dry year minimum return. The transportation program provides Metropolitan with priority rights to convey water acquired by Metropolitan from third parties through the Kern-Delta facilities to the

California Aqueduct for ultimate delivery to Metropolitan. This program terminates on December 31, 2029. The facilities became operational in June 2010.

Participation rights for the Kern Delta totaled $39.0 million as of June 30, 2024 and 2023, and are being amortized using the straight-line method over the remaining life of the agreement. Amortization expense totaled $2.2 million in fiscal years 2024 and 2023.

(d) South County Pipeline

In 1989, Metropolitan entered into an agreement with two member agencies and one of their subagencies to participate in the construction of an upsized version of a 26-mile long pipeline serving the south Orange County portion of its service area. Participation in this project provides Metropolitan capacity to transport its water in the central part of its service area.

Participation rights for this project totaled $72.4 million as of June 30, 2024 and 2023. These participation rights are amortized using the straight-line method over 80 years, which is the life of the agreement. Amortization expense totaled $0.9 million in fiscal years 2024 and 2023.

(e) Semitropic Water Storage District

In December 1994, Metropolitan entered into a water banking and exchange program with Semitropic Water Storage District and its improvement districts that entitles it to storage, withdrawal, and exchange rights for its SWP supplies. The agreement terminates in November 2035.

In 1999, Metropolitan became fully vested for 35 percent of the one million acre-foot original water bank project. Metropolitan has a storage allocation of 350.0 TAF and currently has 205.1 TAF in the program as of June 30, 2024. Metropolitan is entitled to a minimum of 31.5 TAF per year of pump back capacity. In addition, assuming a 100 percent SWP allocation, Metropolitan is entitled to a minimum of 46.6 TAF per year of entitlement exchange rights. Finally, Metropolitan has the ability to use other banking partners' rights when they are not being used. As a result, the potential maximum return capability for Metropolitan is estimated at 248.8 TAF per year assuming a 100 percent SWP allocation and usage of the other banking partners' rights. In fiscal year 2015, Metropolitan spent $5.8 million to increase the return capacity by 13.2 TAF per year. Since then, the additional return capacity has been reduced to 6.7 TAF per year after Metropolitan received reimbursement of $2.9 million.

Participation rights for this program totaled $34.3 million as of June 30, 2024 and 2023. These participation rights are amortized using the straight-line method over the remaining life of the agreement. Amortization expense totaled $0.9 million in fiscal years 2024 and 2023.

(f) Arvin-Edison Water Storage District

In December 1997, Metropolitan entered into an agreement for a water management program with Arvin-Edison Water Storage District (Arvin-Edison). The agreement includes a regulation program, a transportation program, and a water quality exchange program. Under the terms of the regulation program, Arvin-Edison will regulate the storage and delivery for Metropolitan of up to 350.0 TAF of water and currently has 100.2 TAF in the program as of June 30, 2024. The minimum estimated return capability for the Arvin-Edison program varies from 40.0 TAF per year to 75.0 TAF per year depending on hydrologic/groundwater conditions. Return water will be delivered to Metropolitan upon request through a new intertie pipeline to the California Aqueduct and by exchange of existing Arvin-Edison supplies in the California Aqueduct. In 2008, Metropolitan amended the agreement to construct the south canal improvement project that will improve the operational flexibility of the program as well as increase the ability to return high quality water to the California Aqueduct. The project was completed in early 2009. The agreement terminates on November 4, 2035 with provisions for automatic extension if all stored water has not been returned.

The agreement also provides a transportation program whereby Metropolitan is provided priority rights to convey water acquired by Metropolitan from third parties through the Arvin-Edison facilities to the California Aqueduct for ultimate delivery to Metropolitan.

Participation rights for the Arvin-Edison program totaled $47.2 million as of June 30, 2024 and 2023. These participation rights are amortized using the straight-line method over the remaining life of the agreement. Amortization expense totaled $1.5 million in fiscal years 2024 and 2023.

(g) Chino Basin

In June 2003, Metropolitan entered into a groundwater storage agreement with Inland Empire Utilities Agency, Three Valleys Municipal Water District, and the Chino Basin Watermaster. Under the terms of the agreement, Metropolitan may store up to 25.0 TAF per year to a maximum of 100.0 TAF and may withdraw up to 33.0 TAF per year for overlying demand during dry, drought, or emergency conditions. The facilities became operational during fiscal year 2009. As of June 30, 2024, Metropolitan had 42.9 TAF in storage. The agreement terminates on March 1, 2028, unless the parties agree to extend for an additional maximum period of 25 years.

Participation rights in the Chino basin groundwater storage program totaled $27.5 million as of June 30, 2024 and 2023. These participation rights are amortized using the straight-line method over the remaining life of the agreement. Amortization expense totaled $1.5 million in fiscal years 2024 and 2023.

(h) Orange County

In 2003, Metropolitan entered into a groundwater storage agreement with the Orange County Water District and the Municipal Water District of Orange County to allow Metropolitan to store 66.0 TAF in the Orange County Basin. Metropolitan may store up to 16.5 TAF per year and withdraw up to 22.0 TAF for overlying demand during dry, drought, or emergency conditions. The facilities became operational during fiscal year 2009. As of June 30, 2024, Metropolitan had no water in storage. The program included the construction of wells and barrier improvements for protection of groundwater supplies from seawater intrusion. The agreement terminates in June 2028, unless the parties agree to extend for an additional maximum period of 25 years.

Participation rights in the Orange County groundwater storage program totaled $23.0 million as of June 30, 2024 and 2023. These participation rights are amortized using the straight-line method over the remaining life of the agreement. Amortization expense totaled $1.2 million in fiscal years 2024 and 2023.

(i) Conjunctive Use Programs

Conjunctive use is the operation of a groundwater basin in coordination with a surface water system to increase total water supply availability, thus improving the overall reliability of supplies. Metropolitan has entered into seven agreements with its member agencies for conjunctive use programs whereby Metropolitan provides funding for construction of water storage and related facilities in exchange for water storage and withdrawal rights. The conjunctive use programs were funded with State Proposition 13 grant dollars. The seven projects are with Long Beach, Long Beach-Lakewood, Compton, Three Valleys, Three Valleys MWD-La Verne, Foothill MWD, and Western MWD-Elsinore Valley MWD. Collectively, these seven projects allow Metropolitan to store up to 45.9 TAF with storage of 11.5 TAF per year and withdrawal of 15.3 TAF per year for overlying demand during dry, drought, or emergency conditions. As of June 30, 2024, Metropolitan had a total of 18.0 TAF in storage in these seven accounts. The term of each agreement is 25 years, unless the parties agree to extend for an additional maximum period of 25 years. Termination dates range from July 2027 to December 2031. The facilities became operational during fiscal year 2009.

Participation rights in these projects totaled $20.6 million at June 30, 2024 and 2023. These participation rights are amortized using the straight-line method over the remaining lives of the agreements. Amortization expense totaled $1.0 million in fiscal years 2024 and 2023.

(j) AVEK High Desert Water Bank Program

Metropolitan entered into an agreement with AVEK for the High Desert Water Bank (HDWB) Program in December 2019 to store State Water Project supplies in the Antelope Valley groundwater basin. The agreement provides for Metropolitan to pay the capital costs for construction of the HDWB, which AVEK will construct and own. The agreement also provides for operation of the water bank, under which Metropolitan will be able to store and recover up to 70 TAF per year with a total storage capacity of 280 TAF. As of June 30, 2024, Metropolitan had 14.0 TAF in storage. Through the agreement term, starting on the date of the initial deposit and every year thereafter, Metropolitan will pay AVEK estimated HDWB operation, maintenance and repair, and management costs for the following 12 month period until its expiration on September 20, 2037.

Metropolitan began recharging water into the groundwater basin in December 2023. Metropolitan is funding the construction project currently projected at $211.0 million. Full operation and maximum capacity are expected in 2027.

Participation rights for this program totaled $95.0 million as of June 30, 2024. These participation rights are amortized using the straight-line method over the remaining life of the agreement term. Amortization expense totaled $5.1 million in fiscal year 2024.

5. SHORT-TERM AND LONG-TERM DEBT

Metropolitan's enabling Act specifies that its indebtedness shall be limited to 15 percent of the assessed value of all taxable property within Metropolitan's service area. Existing outstanding debt of $4.625 billion and $4.378 billion at June 30, 2024 and 2023, respectively, represents less than one percent of the June 30, 2024 and 2023 total taxable net assessed valuation of $3,862 billion and $3,625 billion, respectively.

Metropolitan's long-term debt consists of general obligation and revenue bond issues as well as other obligations. The general obligation bonds are secured by Metropolitan's authority to levy ad valorem property taxes. The revenue bond obligations are special limited obligations of Metropolitan and are secured by a pledge of Metropolitan's net operating revenues. Such obligations contain certain restrictive covenants, with which Metropolitan has complied. Substantially all of the bond issues contain call provisions. Substantially all of the debt proceeds have been, and are expected to continue to be, utilized to fund new facilities, improvements and betterments, and to refund outstanding bonds.

(a) Commercial Paper and Revolving Notes

Metropolitan may issue up to $200.0 million in commercial paper to fund a portion of its capital investment plan, as approved by Metropolitan's Board. There was no commercial paper issued in fiscal years 2024 and 2023 and no commercial paper was outstanding at June 30, 2024 and 2023. Metropolitan may also issue other forms of short-term debt such as variable rate water revenue bonds and revolving notes.

Short-term notes issued during the fiscal year ended June 30, 2024 were as follows:

- On December 18, 2023, Metropolitan issued $120.0 million of the Wells Fargo Tax Exempt Revolving Notes, Series 2023 A-4, representing a draw, of a like amount, from the Wells Fargo Revolving Credit Facility. The notes had a maturity date of May 31, 2024, unless otherwise amended, in which case the notes' maturity can be extended to December 17, 2024. Proceeds were used to fund a portion of Metropolitan's Capital Investment Program. The Wells Fargo Notes were fully paid and redeemed from available funds on March 21, 2024.

- On March 21, 2024, Metropolitan issued certain notes evidencing draws of $120.0 million (Tax-Exempt) from Bank of America, N.A., under the Bank of America Revolving Credit Facility. The tax-exempt draw prepaid a like amount of notes drawn from Wells Fargo Bank, N.A., under the Wells Fargo Revolving Credit Facility. The tax-exempt draw financed a portion of the Metropolitan's Capital Investment Plan. The tax-exempt notes had a maturity date of March 20, 2025. The notes were fully prepaid on May 8, 2024, from a portion of the proceeds of the $367.0 million Water Revenue Refunding Bonds (WRRB), 2024 Series A.

- On March 21, 2024, Metropolitan issued certain notes evidencing draws of $18.0 million (Taxable) from Bank of America, N.A., under the Bank of America Revolving Credit Facility. The taxable draw prepaid a like amount of notes drawn from Wells Fargo Bank, N.A., under the Wells Fargo Revolving Credit Facility, which funded a portion of Metropolitan's conservation program expenses for turf replacement costs. The taxable notes have a maturity date of March 20, 2025.

- On March 21, 2024, Metropolitan issued certain notes evidencing draws of $38.4 million (Tax-Exempt) from Bank of America, N.A., under the Bank of America Revolving Credit Facility. The tax-exempt draw prepaid a like amount of notes drawn from Wells Fargo Bank, N.A., under the Wells Fargo Revolving Credit Facility, which funded a portion of the costs of the AVEK High Desert Water Bank Program. The tax-exempt notes have a maturity date of March 20, 2025.

- On April 30, 2024, Metropolitan issued certain notes evidencing draws of $35.6 million (Tax-Exempt) from Bank of America, N.A., under the Bank of America Revolving Credit Facility. The tax-exempt draw funded the costs of the defeasance escrow for $35.6 million of the Subordinate Water Revenue Refunding Bonds (SWRRB), Series 2017 B. The tax-exempt notes had a maturity date of April 29, 2025, but were prepaid on May 8. 2024, from a portion of the proceeds of the WRRB, 2024 Series A.

- On May 15, 2024, Metropolitan issued certain notes evidencing draws of $271.3 million (Tax-Exempt) from Bank of America, N.A., under the Bank of America Revolving Credit Facility. The tax-exempt draw refunded the $80.0 million of the Subordinate Water Revenue Bonds (SWRB), 2017 Series C, the $95.6 million of the SWRRB, 2017 Series D, and the $95.6 million of the SWRRB, 2017 Series E. The tax-exempt notes had a maturity date of May 14, 2025, but were prepaid on June 13, 2024, from a portion of the proceeds of the SWRRB, 2024 Series B-1, 2024 Series B-2, and 2024 Series B-3.

- On June 28, 2024, Metropolitan issued certain notes evidencing draws of $280.0 million, (Tax-Exempt) from Bank of America, N.A., under the Bank of America Revolving Credit Facility. The tax-exempt draw will fund a portion of Metropolitan's Capital Investment Plan. The tax-exempt notes have a maturity date of June 27, 2025.

- On June 28, 2024, Metropolitan issued certain notes evidencing draws of $30.0 million (Tax-Exempt), from Bank of America, N.A., under the Bank of America Revolving Credit Facility. The tax-exempt draw will fund a portion of the costs of the AVEK High Desert Water Bank Program. The tax-exempt notes have a maturity date of June 27, 2025.

- On June 28, 2024, Metropolitan issued certain notes evidencing draws of $18.0 million (Taxable), from Bank of America, N.A., under the Bank of America Revolving Credit Facility. The taxable draw funded a portion of Metropolitan's conservation program expenses for turf replacement costs. The taxable notes have a maturity date of June 27, 2025.

Short-term notes issued during the fiscal year ended June 30, 2023 were as follows:

- On June 13, 2023, Metropolitan issued certain notes evidencing a draw of $35.6 million from Wells Fargo Bank, N.A., under the Wells Fargo Revolving Credit Facility for the purpose of refunding a portion of Metropolitan's then outstanding subordinate lien bonds. The notes had a maturity date of May 31, 2024. The notes were repaid on June 21, 2023 from the proceeds of the Water Revenue and Refunding Bonds, 2023 Series A.

- On June 30, 2023, Metropolitan issued certain notes evidencing draws of $38.4 million (Tax-Exempt), and $18.0 million (Taxable) from Wells Fargo Bank, N.A., under the Wells Fargo Revolving Credit Facility. The tax-exempt draw financed a portion of the costs of construction and other capital costs relating to the AVEK High Desert Water Banking Program. The taxable draw funded a portion of Metropolitan's conservation program expenses for turf replacement costs. The taxable and tax-exempt notes had a maturity date of May 31, 2024.

A total of $384.4 million and $56.4 million short-term revolving notes were outstanding at June 30, 2024 and 2023, respectively.

(b) General Obligation Bonds

In 1966, voters authorized Metropolitan to incur up to $850.0 million of general obligation bond indebtedness to finance a portion of Metropolitan's capital investment plan. The original amounts, issued as Series A through H under the 1966 authorization, totaled $850.0 million. Metropolitan has refunded a portion of these general obligation bond issues through the issuance of refunding bonds. A total of $18.2 million and $19.2 million in general obligation refunding bonds were outstanding at June 30, 2024 and 2023, respectively.

The general obligation refunding bond issues include both serial and term bonds that mature in varying amounts through March 2037 at an interest rate of 5.0 percent. The term bonds are subject to mandatory redemption prior to maturity. All general obligation bonds maturing on or after the earliest applicable call date are subject to optional redemption prior to maturity, callable on interest payment dates, and subject to early redemption.

There were no general obligation bonds issued during the fiscal year ended June 30, 2024 and 2023.

(c) Revenue Bonds

Pursuant to a 1974 voter authorization, additional funds, primarily for funding the capital investment plan, are obtained through the sale of water revenue bonds. Revenue bonds may be issued subject to certain conditions, including a requirement that the total of revenue bonds outstanding does not exceed the equity (net position) of Metropolitan as of the fiscal year end prior to such issuance. Metropolitan has refunded some of these revenue bonds through the issuance of refunding bonds. A total of $3.772 billion and $3.881 billion of revenue bonds and revenue refunding bonds were outstanding at June 30, 2024 and 2023, respectively.

Each fixed rate revenue and revenue refunding bond issue consists of either serial or term bonds or both that mature in varying amounts through April 2053 at interest rates ranging from 2.00 percent to 5.00 percent. The term bonds are subject to mandatory redemption prior to maturity. Substantially all revenue bonds maturing on or after the earliest applicable call date are subject to optional redemption prior to maturity, callable on any interest payment dates, and subject to early redemption.

There were no revenue bonds issued during the fiscal year ended June 30, 2024 and 2023.

(d) Bond Refundings and Defeasances

Metropolitan has issued Waterworks General Obligation Refunding Bonds, Water Revenue Refunding Bonds, Special Variable Rate Water Revenue Refunding Bonds, and short-term notes to refund various issues of Waterworks General Obligation Bonds, Waterworks General Obligation Refunding Bonds, Water Revenue Bonds, Water Revenue Refunding Bonds, Special Variable Rate Water Revenue Refunding Bonds, and revolving notes previously issued. The net proceeds from these sales were used to redeem the refunded bonds and fund certain swap termination payments or to purchase U.S. Treasury securities that were deposited in irrevocable escrow trust accounts with a bank acting as an independent fiscal agent to provide for all future debt service on the bonds being refunded. As a result, those bonds are considered defeased and the related liabilities have been excluded from Metropolitan's basic financial statements.

Refunding and defeasance transactions during fiscal year 2024 were as follows:

- On May 8, 2024, Metropolitan issued $367.0 million of WRRB, 2024 Series A, which refunded $271.8 million of WRRB, 2020 Series B; prepaid $35.6 million of certain notes evidencing a tax-exempt draw from Bank of America, N.A., under the Bank of America Revolving Credit Facility; prepaid $120.0 million of certain short-term notes evidencing a tax-exempt draw from Bank of America, N.A., under the Bank of America Revolving Credit Facility; and funded costs of issuance.

- On June 13, 2024, Metropolitan issued three series of bonds related to the Variable Rate Subordinate Water Revenue Refunding Bonds (VRSWRRB), 2024 Series B. The first series was $80.4 million of VRSWRRB, 2024 Series B-1, which prepaid short-term notes issued on May 15, 2024, that refunded the $80.0 million of the SWRB, 2017 Series C and funded a portion of issuance costs. The second series issued was $89.5 million of the WRRB, 2024 Series B-2 (Term Mode Bonds) which prepaid short-term notes issued on May 14, 2024, that refunded the $95.6 million of the SWRRB, 2017 Series D and funded a portion of issuance costs. The third series issued was $89.9 million of the WRRB, 2024 Series B-3 (Term Mode Bonds) which prepaid short-term notes issued on May 15, 2024 that refunded the $95.6 million of the SWRRB, 2017 Series E and funded a portion of issuance costs.

Refunding and defeasance transactions during fiscal year 2023 were as follows:

- On July 7, 2022, Metropolitan issued $279.6 million of WRRB, 2022 Series A, which refunded $181.2 million of WRRB, 2012 Series A; $26.5 million of WRRB, 2012 Series F; and $73.2 million of WRRB, 2012 Series G. In addition, a $35.6 million draw on the Wells Fargo Revolving Credit Facility was prepaid from the proceeds. This refunding resulted in projected present value savings of $40.1 million. The true interest cost was 2.91%. The final maturity is October 1, 2036. The bonds are subject to optional redemption provisions.

- On July 27, 2022, Metropolitan issued $253.4 million of WRRB, 2022 Series B, which refunded $78.9 million of Water Revenue Bonds, 2000 Series B-3; $41.5 million of Special Variable Rate Water Revenue Refunding Bonds (SVRWRRB), 2016 Series B-1; $16.1 million of SVRWRRB, 2016 Series B-2; $55.7 million of Water Revenue Bonds, 2017 Series A; $45.0 million of SVRWRRB, 2018 Series A-1; and $45.0 million of SVRWRRB, 2018 Series A-2. The true interest cost was 2.88%. The final maturity is July 1, 2040. The bonds are subject to optional redemption provisions.

- On July 27, 2022, Metropolitan issued $147.7 million of SVRWRRB, 2022 Series C-1 (Taxable) and $134.6 million of SVRWRRB, 2022 Series C-2 (Taxable), which refunded, $140.4 million of WRRB, 2015 Series A and $127.0 million of WRRB, 2016 Series A. The 2022 Series C-1 and C-2 bonds are variable rate bonds. The final maturity of the 2022 Series C-1 bonds is July 1, 2037 and the final maturity for the 2022 Series C-2 bonds is July 1, 2046. Both series of bonds are subject to optional and mandatory redemption provisions.

The 2022 Series B, 2022 Series C-1, and 2022 Series C-2 refunding bonds were issued as a common plan of finance. The combined refunding's resulted in projected present value debt savings of $24.6 million.

The refundings and defeasances were accomplished to take advantage of lower interest rates, to realize economic savings or to eliminate or mitigate certain risks associated with managing variable rate debt. Fiscal year 2024 transactions were primarily undertaken for debt restructuring purposes and did not result in any cash flow savings or economic gains (difference between the present values of the debt service payments). The transactions for fiscal year 2023 resulted in cash flow savings of $79.9 million and economic gains of $64.7 million. The net carrying amount of the old debt was equal to the reacquisition price in fiscal year 2024 and 2023. Deferred inflows of gain on bond refundings were $23.5 million and $30.4 million at June 30, 2024 and 2023, respectively. The deferred outflows on swap terminations for the same periods were $12.1 million and $14.0 million, respectively.

(e) Revenue and Refunding Bonds

Metropolitan has issued water revenue and refunding bonds to provide funds to pay for or reimburse itself for certain acquisitions, constructions, and improvements to the water system. Together with other available funds, this bond issuance is also used to refund certain parity obligation and to cover issuance costs.

There were no revenue and refunding bonds issued during the fiscal year ended June 30, 2024.

Revenue and refunding bonds issued during the fiscal year ended June 30, 2023 was as follows:

- On June 21, 2023, Metropolitan issued $258.4 million of Water Revenue and Refunding Bonds, Series 2023 A, at a true interest cost of 3.87 percent, to fund a portion of Metropolitan's Capital Investment Plan, redeem $35.8 million of revolving credit facility notes, and fund costs of issuance. The maturities extend to April 1, 2053 and are subject to mandatory and optional redemption provisions.

(f) Interest Rate Swaps

Metropolitan has eight outstanding interest rate swap agreements as of June 30, 2024. These agreements require that Metropolitan pay fixed interest rates and receive interest at variable interest rates which are Metropolitan's hedging derivative instruments.

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Metropolitan's interest rate swap portfolio as of June 30, 2024, 2023, and 2022 is summarized in the following table.

(Dollars in thousands)

Associated Bond Issue [1]		Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Counterparty Credit Rating[2]
2002 A Payor	$	23,648	09/12/02	3.300 %	57.74% of 1MoSOFR[4]	A1/A-/A+
2002 B Payor		8,847	09/12/02	3.300 %	57.74% of 1MoSOFR	Aa2/A+/AA
2003 Payor C-1 C-3		122,318	12/18/03	3.257 %	61.20% of 1MoSOFR	Aa2/A+/AA-
2003 Payor C-1 C-3		122,318	12/18/03	3.257 %	61.20% of 1MoSOFR	Aa2/A+/AA
2004 C Payor		4,672	11/16/04	2.980 %	61.55% of 1MoSOFR	A1/A-/A+
2004 C Payor		3,823	11/16/04	2.980 %	61.55% of 1MoSOFR	A3/BBB+/A
2005 Payor		26,217	07/06/05	3.360 %	70.00% of 3MoSOFR	Aa2/A+/AA
2005 Payor		26,217	07/06/05	3.360 %	70.00% of 3MoSOFR	A3/BBB+/A
Total swaps	$	338,060				

[1] *These swaps lock in a fixed rate for an equivalent amount of variable rate debt.*

[2] *Credit Ratings - Moody's Investors Service, Standard & Poor's Global, Fitch Ratings, respectively.*

[3] *Excludes accrued interest.*

[4] *Adjusted Secured Overnight Financing Rate*

	Fair Value as of 6/30(3)			Change in Fair Value in FY	
Swap Termination	**2024**	2023	2022	**2024**	2023
07/01/25	**$ (44)**	$ (147)	$ (1,042)	**$ 103**	$ 895
07/01/25	**(17)**	(55)	(389)	**38**	334
07/01/30	**(1,402)**	(2,273)	(6,959)	**871**	4,686
07/01/30	**(1,401)**	(2,269)	(6,959)	**868**	4,690
10/01/29	**(97)**	(159)	(354)	**62**	195
10/01/29	**(80)**	(130)	(290)	**50**	160
07/01/30	**(271)**	(510)	(1,615)	**239**	1,105
07/01/30	**(271)**	(510)	(1,615)	**239**	1,105
	$ (3,583)	$ (6,053)	$ (19,223)	**$ 2,470**	$ 13,170

As with its investments, Metropolitan categorizes its liabilities using fair value measurements within the fair value hierarchy established by U.S. GAAP and are discussed in Note 3.

Metropolitan has the following recurring fair value measurements as of June 30, 2024 and 2023:

(Dollars in thousands)

		Fair Value Measurements Using		
Associated Bond Issue	**6/30/2024**	**Significant Other Observable Inputs (Level 2)**	6/30/2023	Significant Other Observable Inputs (Level 2)
2002 A Payor	**$ (44)**	**$ (44)**	$ (147)	$ (147)
2002 B Payor	**(17)**	**(17)**	(55)	(55)
2003 Payor C-1 C-3	**(1,402)**	**(1,402)**	(2,273)	(2,273)
2003 Payor C-1 C-3	**(1,401)**	**(1,401)**	(2,269)	(2,269)
2004 C Payor	**(97)**	**(97)**	(159)	(159)
2004 C Payor	**(80)**	**(80)**	(130)	(130)
2005 Payor	**(271)**	**(271)**	(510)	(510)
2005 Payor	**(271)**	**(271)**	(510)	(510)
Total swaps	**$ (3,583)**	**$ (3,583)**	$ (6,053)	$ (6,053)

Derivative instruments classified in Level 2 of the fair value hierarchy are valued using an income approach that considers benchmark interest rates, yield curves, and credit spreads.

Pay-Fixed, Receive-Variable

Objective of the Swaps: In order to take advantage of low interest rates in the marketplace, Metropolitan entered into separate pay-fixed, receive-variable interest rate swaps at costs that were less than what Metropolitan otherwise would have paid to issue fixed rate debt in the tax-exempt municipal bond market. Currently, there are eight pay-fixed, receive-variable interest rate swaps outstanding.

Terms: The notional amounts of the swaps match the principal amounts of the associated debt in total. Metropolitan's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated long-term debt.

Fair Values: At June 30, 2024, all pay-fixed, receive-variable swaps had a negative fair value. Because the coupons on Metropolitan's variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value changes. The fair values of the swaps were estimated using the zero-coupon method and exclude accrued interest. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit Risks: As of June 30, 2024, Metropolitan was not exposed to credit risk on the outstanding pay-fixed, receive-variable swaps that had negative fair values. However, should interest rates change and the fair values of the swaps become positive, Metropolitan would be exposed to credit risk to each swap counterparty in the amount of the derivatives' fair value. Should the counterparties to the transactions fail to perform according to the terms of the swap contract, Metropolitan would face a maximum possible loss equal to the fair value of these swaps.

All swap agreements contain specific collateral requirements that are in effect for Metropolitan and the counterparties. The swaps require different collateral levels based on credit ratings and the fair value of the swap. Generally, the fair value threshold levels are also reduced as the credit ratings are reduced. Collateral on all swaps is to be in the form of U.S. government securities that may be held by the party posting the collateral. Metropolitan had no posted collateral as of June 30, 2024.

Each swap contains cross-default provisions that allow the nondefaulting party to accelerate and terminate all outstanding transactions and to net the transactions' fair values into a single sum to be owed by, or owed to, the nondefaulting party.

As of June 30, 2024, Metropolitan has pay-fixed, receive-variable swap transactions with one counterparty in the amount of $157.4 million or 46.6 percent of the notional amount of Metropolitan's outstanding pay-fixed, receive-variable swap transactions. This counterparty is rated Aa2/A+/AA by Moody's, Standard & Poor's Global, and Fitch Ratings, respectively.

Basis Risk: The interest rates on Metropolitan's variable rate bonds are expected to be equivalent, but not necessarily equal to the variable rate payments received from counterparties on pay-fixed, receive-variable interest rate swaps. To the extent these variable payments differ, Metropolitan is exposed to basis risk. When the rates received from the counterparties are less than the rates on variable rate bonds associated with the respective swap transactions there is a basis loss. When the rates received from the counterparties are greater than the rates on variable rate bonds associated with the respective swap transactions there is a basis gain. As of June 30, 2024, the interest rates of the variable rate debt associated with these swap transactions range from 3.45 percent to 5.36 percent. Metropolitan's variable rate payments received from the counterparties of these swaps ranged from 5.44 percent to 5.59 percent.

Termination Risk: Metropolitan may terminate any of the swaps if the other party fails to perform under the terms of the swap agreements. If any of the swaps are terminated, the associated variable rate bonds would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the swap has a negative fair value, Metropolitan would be liable to the counterparty for a payment equal to the swap's fair value.

Tax Risk: As with other forms of variable rate exposure and the relationship between the taxable and tax-exempt markets, Metropolitan is exposed to tax risk should tax-exempt interest rates on variable rate debt issued in conjunction with the swaps rise faster than taxable interest rates received by the swap counterparties, due particularly to reduced federal or state income tax rates, over the term of the swap agreement.

(g) Swap Payments and Associated Debt

Using rates as of June 30, 2024, debt service requirements on Metropolitan's swap-related variable rate debt and net swap payments are as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

	Variable Rate Bonds							
(Dollars in thousands)		Principal		Interest [1]		Interest Rate Swaps, Net		Total
Year ending June 30:								
2025	$	65,190	$	14,372	$	(431)	$	79,131
2026		75,770		10,619		(378)		86,011
2027		61,170		7,116		(306)		67,980
2028		63,540		3,920		(218)		67,242
2029		17,970		2,844		(157)		20,657
2030-2031		54,420		1,870		(87)		56,203
Total	$	338,060	$	40,741	$	(1,577)	$	377,224

[1] *The weighted average of Metropolitan's variable rate bonds as of June 30, 2024 was 5.046%.*

(h) Variable Rate Bonds

The variable rate bonds bear interest at daily and weekly rates ranging from 3.45 percent to 5.36 percent as of June 30, 2024 and 2.65 percent to 5.10 percent as of June 30, 2023. Metropolitan can elect to change the interest rate period of the bonds with certain limitations.

Metropolitan has entered into standby bond purchase agreements (SBPA) with commercial banks to provide liquidity for six separate variable rate bond issues listed in the table below. Bondholders have the right to tender such variable rate bonds to the paying agent on any business day with same day notice. In the event that tendered bonds are not remarketed, the paying agent will draw on the SBPA to pay such bondholders. The draw on the SBPA creates a new debt obligation between Metropolitan and the Bank, called a Bank Bond.

The Bank Bonds that would be issued under the SBPA would initially bear interest at a per annum interest rate equal to, depending on the applicable SBPA, a Base Rate of either: (a) the highest of the (i) Prime Rate plus one percent, (ii) Federal Funds Rate plus two percent, and (iii) seven percent; or (b) the highest of the (i) Prime Rate, (ii) Federal Funds Rate plus one half of one percent, and (iii) seven and one half percent (with the Base Rate increasing in the case of each of (i), (ii) and (iii) of this clause (b) after 90 days, by one percent). To the extent such bank bonds have not been remarketed or otherwise retired as of the earlier of the 90th day following the draw on the SBPA or the stated expiration date of the related SBPA, Metropolitan's obligation to repay the principal of the Bank Bonds would be payable in semi-annual installments over a period of approximately three or five years, depending on the applicable SBPA. Metropolitan has secured its obligation to repay principal and interest under the SBPAs as a senior lien obligation.

In addition, such bonds are subject to mandatory tender for purchase under certain circumstances, including upon the expiration of the SBPA. Metropolitan intends to either renew the facility or exercise its right to remarket the debt as a long-term financing. The portion that would be due in the next fiscal year in the event that the outstanding variable rate bonds were tendered and purchased by the commercial banks under the SBPA was $126.7 million and $155.1 million at June 30, 2024 and 2023, respectively.

Metropolitan has the following variable rate bonds that are supported by a SBPA as of June 30, 2024 and 2023:

(Dollars in thousands)

	Amount		Expiration	Interest	Current Amount	
Bond Issue	**6/30/2024**	6/30/2023	**Date**	**Rate**	**2024**	2023
Water Revenue Bonds						
2017 Series A	**$ 24,275**	$ 24,275	1/26/26	Reset Daily	**$ —**	$ —
Water Revenue Refunding Bonds						
2016 Series B-2	**25,325**	25,325	1/26/26	Reset Daily	**—**	—
2022 Series C-1, C-2	**282,275**	282,275	1/26/26	Reset Weekly	**—**	—
Subordinate Water Revenue Refunding Bonds						
2021 Series A	**222,160**	222,160	6/13/25	Reset Weekly	**222,160**	—
2024 Series B-1	**80,390**	—	6/11/27	Reset Weekly	**—**	—
Total	**$ 634,425**	$ 554,035			**$ 222,160**	$ —

Metropolitan has the following variable rate bonds that are not supported by a SBPA as of June 30, 2024 and 2023:

(Dollars in thousands)

Bond Issue	**6/30/2024**	6/30/2023	**Interest Rate**
Subordinate Water Revenue Bonds			
2017 Series C	**$ —**	$ 80,000	SIFMA Index plus % spread
Subordinate Water Revenue Refunding Bonds			
2017 Series D	**—**	95,630	SIFMA Index plus % spread
2017 Series E	**—**	95,625	SIFMA Index plus % spread
Total	**$ —**	$ 271,255	

The current terms of the Subordinate Water Revenue Refunding Bonds, 2017 Series D and Series E (SIFMA Index Mode), and the Subordinate Water Revenue Bonds, 2017 Series C (SIFMA Index Mode), require bondholders to tender their bonds for purchase on the scheduled mandatory tender date of May 21, 2024. A failure by Metropolitan to pay the purchase price from the proceeds of remarketing or other funds, for a period of five business days following written notice by any owner of such bonds, will constitute an event of default under Metropolitan's Subordinate Debt Resolutions. Upon the occurrence and continuance of such events of default, the owners of 25 percent in aggregate principal amount of the Subordinate Revenue Bonds then outstanding may elect a bondholders' committee to exercise rights and powers of such owners under the Subordinate Debt Resolutions, including the right to declare the entire unpaid principal of the Subordinate Revenue Bonds then outstanding to be immediately due and payable.

(i) Long-term Debt Obligation Summary

Interest rates at June 30, 2024 on all outstanding fixed-rate obligations range from 2.00 percent to 5.00 percent. Interest on the variable rate debt is reset either daily or weekly based upon market conditions. Future principal and interest payments in accordance with the debt agreements as of June 30, 2024 are as follows:

(Dollars in thousands)	Principal	Interest	Total
Year ending June 30:			
2025	$ 154,700	$ 170,355	$ 325,055
2026	162,630	168,835	331,465
2027	172,070	161,834	333,904
2028	182,405	154,521	336,926
2029	237,165	145,835	383,000
2030-2034	1,035,540	598,763	1,634,303
2035-2039	854,190	364,715	1,218,905
2040-2044	563,050	159,101	722,151
2045-2049	317,235	65,532	382,767
2050-2054	110,780	10,737	121,517
	$ 3,789,765	$ 2,000,228	$ 5,789,993

Unamortized bond discount and premium, net	450,530
Total debt	$ 4,240,295
Less current portion	(426,544)
Long-term portion of debt	$ 3,813,751

6. LONG-TERM LIABILITIES

Long-term liability activity for the fiscal years ended June 30, 2024 and 2023 is shown on the following table. Payments on the bonds are made from the restricted debt service funds; other long-term debt and the compensated absences liability will be liquidated primarily with water revenues.

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(Dollars in thousands)	Maturity Dates	Range of Interest Rates	June 30, 2022	Additions
Waterworks general obligation refunding bonds (Note 5b):				
2019 Series A	3/1/23-3/1/28	5.00 %	$ 6,510	$ —
2020 Series A	3/1/29-3/1/37	5.00 %	13,665	—
Total general obligation and general obligation refunding bonds			20,175	—
Water revenue bonds (Note 5c):				
2000 Series B-3	7/1/29-7/1/35	Variable	78,900	—
2015 Series A	7/1/22-7/1/45	4.00%-5.00%	199,000	—
2017 Series A	7/1/41-7/1/47	Variable	80,000	—
2017 Subordinate Series C	5/21/24	Variable	80,000	—
2018 Subordinate Series B	9/1/23-9/1/28	5.00 %	64,345	—
2020 Series A	10/1/30-10/1/49	5.00 %	207,355	—
2021 Series A	10/1/28-10/1/51	5.00 %	188,890	—
Water revenue refunding bonds (Note 5d):				
2011 Series C	10/1/22-10/1/36	3.00%-5.00%	29,315	—
2012 Series A	10/1/23-10/1/36	3.25%-5.00%	181,180	—
2012 Series F	7/1/22-7/1/28	5.00 %	26,540	—
2012 Series G	7/1/22-7/1/31	4.00%-5.00 %	88,230	—
2014 Series E	7/1/22-7/1/24	5.00 %	62,835	—
2016 Series A	7/1/28-7/1/37	2.00%-5.00%	239,455	—
2016 Series B-1, B-2	7/1/25-7/1/37	Variable	82,905	—
2017 Subordinate Series A	7/1/22-7/1/27	2.00%-2.50%	219,215	—
2017 Subordinate Series B	8/1/22-8/1/24	4.00%-5.00%	106,930	—
2017 Subordinate Series D	5/21/24	Variable	95,630	—
2017 Subordinate Series E	5/21/24	Variable	95,625	—
2018 Series A1, A-2	7/1/22-7/1/37	Variable	90,070	—
2018 Subordinate Series A	7/1/22-7/1/23	5.00 %	49,990	—
2018 Series B	1/1/23-1/1/39	5.00 %	124,525	—
2019 Series A	7/1/30-7/1/39	5.00 %	218,090	—
2019 Subordinate Series A	7/1/22-7/1/29	5.00 %	228,880	—
2020 Subordinate Series A	7/1/23-7/1/29	3.00%-5.00%	152,455	—
2020 Series B	7/1/24	Variable	271,815	—
2020 Series C	7/1/22-7/1/40	5.00 %	265,680	—
2021 Subordinate Series A	7/1/37-7/1/42	Variable	222,160	—
2021 Series B	10/1/22-10/1/36	4.00%-5.00%	98,410	—
2022 Series A	10/1/23-10/1/36	4.00%-5.00%	—	279,570
2022 Series B	7/1/26-7/1/40	3.00%-5.00%	—	253,365
2022 Series C-1, C-2	7/1/30-7/1/46	Variable	—	282,275
2024 Series A	4/1/25-4/1/54	5.00 %	—	—
2024 Subordinate Series B-1	7/1/45-7/1/47	Variable	—	—
2024 Subordinate Series B-2	7/1/29	5.00 %	—	—
2024 Subordinate Series B-3	7/1/31	5.00 %	—	—
Water revenue and refunding bonds (Note 5e):				
2023 Series A	4/1/24-4/1/53	5.00 %	—	258,410
Total water revenue and water revenue refunding bonds			3,848,425	1,073,620
Other long-term debt (Notes 5a and 5i):				
Unamortized bond discount and premiums, net			425,160	44,528
Total long-term debt			4,293,760	1,118,148
Other long-term liabilities (see table next page)			650,186	864,280
Total long-term liabilities			$ 4,943,946	$ 1,982,428

Reductions	June 30, 2023	**Additions**	**Reductions**	**June 30, 2024**	**Amounts Due Within One Year**
$ (960)	$ 5,550	$ —	$ (1,005)	$ 4,545	$ 1,055
—	13,665	—	—	13,665	—
(960)	19,215	—	(1,005)	18,210	1,055
(78,900)	—	—	—	—	—
(144,120)	54,880	—	(4,020)	50,860	15,740
(55,725)	24,275	—	—	24,275	—
—	80,000	—	(80,000)	—	—
—	64,345	—	(6,605)	57,740	—
—	207,355	—	—	207,355	—
—	188,890	—	—	188,890	—
—	29,315	—	—	29,315	—
(181,180)	—	—	—	—	—
(26,540)	—	—	—	—	—
(88,230)	—	—	—	—	—
(28,925)	33,910	—	(30,350)	3,560	3,560
(127,040)	112,415	—	—	112,415	—
(57,580)	25,325	—	—	25,325	—
(14,455)	204,760	—	(22,015)	182,745	42,085
(71,290)	35,640	—	(35,640)	—	—
—	95,630	—	(95,630)	—	—
—	95,625	—	(95,625)	—	—
(90,070)	—	—	—	—	—
(39,125)	10,865	—	(10,865)	—	—
(4,835)	119,690	—	(5,075)	114,615	5,330
—	218,090	—	—	218,090	—
(19,820)	209,060	—	(24,780)	184,280	33,940
—	152,455	—	(13,265)	139,190	13,620
—	271,815	—	(271,815)	—	—
(2,450)	263,230	—	(7,330)	255,900	9,930
—	222,160	—	—	222,160	222,160
(10,600)	87,810	—	(13,345)	74,465	12,360
—	279,570	—	(11,210)	268,360	10,080
—	253,365	—	—	253,365	—
—	282,275	—	—	282,275	—
—	—	367,005	—	367,005	3,430
—	—	80,390	—	80,390	—
—	—	89,445	—	89,445	—
—	—	86,940	—	86,940	—
—	258,410	—	(5,815)	252,595	3,570
(1,040,885)	3,881,160	623,780	(733,385)	3,771,555	375,805
(48,764)	420,924	77,224	(47,618)	450,530	49,684
(1,090,609)	4,321,299	701,004	(782,008)	4,240,295	426,544
(430,350)	1,084,116	490,332	(431,958)	1,142,490	48,638
$ (1,520,959)	$ 5,405,415	$ 1,191,336	$ (1,213,966)	$ 5,382,785	$ 475,182

(Dollars in thousands)	June 30, 2022 As Adjusted	Additions	Reductions	June 30, 2023	**Additions**	**Reductions**	**June 30, 2024**	**Amounts Due Within One Year**
Accrued compensated absences (Note 1m)	$ 58,553	$ 29,640	$ (27,893)	$ 60,300	**$ 32,677**	**$ (25,574)**	**$ 67,403**	**$ 27,800**
Customer deposits	42,812	18,852	(2,673)	58,991	**5,839**	**(16,703)**	**48,127**	**2,880**
Due to other governments	—	—	—	—	**7,701**	**—**	**7,701**	**—**
Leases payable (Note 7)	7,680	813	(1,553)	6,940	**3,070**	**(2,140)**	**7,870**	**1,175**
Subscriptions payable (Note 8)	3,412	2,794	(1,705)	4,501	**3,334**	**(4,478)**	**3,357**	**2,085**
Net pension liability (Note 9c)	440,600	651,224	(301,198)	790,626	**335,419**	**(292,142)**	**833,903**	**—**
Net OPEB liability (Note 10f)	52,282	140,297	(77,926)	114,653	**98,530**	**(64,878)**	**148,305**	**—**
Workers' compensation and third party claims (Note 16)	12,702	3,366	(1,362)	14,706	**3,755**	**(4,589)**	**13,872**	**8,468**
Fair value of interest rate swaps (Note 5f)	19,223	—	(13,170)	6,053	**—**	**(2,470)**	**3,583**	**—**
Other long-term liabilities	12,922	17,294	(2,870)	27,346	**7**	**(18,984)**	**8,369**	**6,230**
Total other long-term liabilities	$ 650,186	$ 864,280	$ (430,350)	$ 1,084,116	**$ 490,332**	**$ (431,958)**	**$ 1,142,490**	**$ 48,638**

7. LEASES

(a) Lessor

Metropolitan holds a diverse portfolio of land lease agreements with another party primarily for the purposes of communication facilities, access for utility operations, parking lots or storage. These leases expire at various dates through 2121 and provide renewal options that are reasonably certain to be exercised for some and others having no renewal options. The leases also exhibit a wide range of terms and financial arrangements such as initial monthly payments ranging from $1,500 to $138,000 with rate hike provisions at different time periods. Metropolitan recognizes lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using explicit rate or Metropolitan's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. Metropolitan recognized revenues related to lease agreements totaling $1.4 million and $1.2 million for the fiscal years ended June 30, 2024 and 2023, respectively, reported in other nonoperating revenues in the Statements of Revenues, Expenses and Changes in Net Position.

A summary of lease receivable activity during the fiscal years ended June 30, 2024 and 2023 are as follows:

(Dollars in thousands)	June 30, 2022	Additions	Reductions	June 30, 2023	**Additions**	**Reductions**	**June 30, 2024**
Leases of land	$ 26,098	$ 3,645	$ (1,522)	$ 28,221	**$ 1,175**	**$ (995)**	**$ 28,401**
Total leases receivable	$ 26,098	$ 3,645	$ (1,522)	$ 28,221	**$ 1,175**	**$ (995)**	**$ 28,401**

A summary of the deferred inflow of resources activity during the year ended June 30, 2024 and 2023 are as follows:

(Dollars in thousands)	June 30, 2022	Additions	Reductions	June 30, 2023	**Additions**	**Reductions**	**June 30, 2024**
Deferred inflows of resources related to leases	$ 25,352	$ 3,645	$ (1,643)	$ 27,354	**$ 1,009**	**$ (1,441)**	**$ 26,922**
Total deferred inflows of resources related to leases	$ 25,352	$ 3,645	$ (1,643)	$ 27,354	**$ 1,009**	**$ (1,441)**	**$ 26,922**

For fiscal years 2024 and 2023, $0.4 million and $2.5 million were added to both the deferred inflow of resources and lease receivable related to modifications or renewals, respectively. In fiscal year 2024, $0.2 million was reduced from both deferred inflow of resources and lease receivable due to terminations. There were no reductions for fiscal year 2023.

Remaining amounts to be received over the term of the leases are as follows:

(Dollars in thousands)	**Lease revenue**
Fiscal year ending June 30,	
2025	$ 772
2026	673
2027	699
2028	851
2029	705
2030-2034	3,174
2035-2039	2,465
2040-2044	2,785
2045-2049	2,359
2050-2054	1,680
2055-2059	1,832
2060-2064	402
2065-2069	263
2070-2074	396
2075-2079	1,033
2080-2084	1,179
2085-2089	1,543
2090-2094	1,978
2095-2099	2,496
2100-2104	316
2105-2109	—
2110-2114	—
2115-2119	—
2120-2124	800
Total	$ 28,401

(b) Lessee

Metropolitan leases building space, equipment and land for various terms under long-term noncancellable lease agreements. These leases expire at various dates through 2074 and provide renewal options that are reasonably certain to be exercised for some and others having no renewal options. The leases also exhibit a wide range of terms and financial arrangements such as initial monthly payments ranging from \$1,300 to \$26,000 with rate hike provisions or fixed payment at different time periods. Metropolitan records lease assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the explicit rate or Metropolitan's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance.

A summary of the lease asset activity during the fiscal years ended June 30, 2024 and 2023 are as follows:

(Dollars in thousands)	June 30, 2022	Additions	Deductions	June 30, 2023	**Additions**	**Deductions**	**June 30, 2024**
Lease assets:							
Buildings	$ 2,929	$ —	$ —	$ 2,929	**$ 853**	**$ (280)**	**$ 3,502**
Equipment	676	495	(240)	931	**—**	**—**	**931**
Land	6,947	348	—	7,295	**2,049**	**(1,226)**	**8,118**
Total lease assets	10,552	843	(240)	11,155	**2,902**	**(1,506)**	**12,551**
Accumulated amortization on lease assets:							
Buildings	(860)	(424)	—	(1,284)	**(385)**	**280**	**(1,389)**
Equipment	(546)	(246)	240	(552)	**(198)**	**—**	**(750)**
Land	(1,754)	(993)	—	(2,747)	**(693)**	**474**	**(2,966)**
Total accumulated amortization lease assets	(3,160)	(1,663)	240	(4,583)	**(1,276)**	**754**	**(5,105)**
Lease assets, net	$ 7,392	$ (820)	$ —	$ 6,572	**$ 1,626**	**$ (752)**	**$ 7,446**

Future annual lease payments are as follows:

(Dollars in thousands)		Principal		Interest
Fiscal year ending June 30,				
2025	$	1,175	$	183
2026		875		166
2027		747		153
2028		675		141
2029		362		128
2030-2035		1909		451
2036-2040		1192		227
2041-2045		652		85
2046-2050		27		57
2051-2055		33		51
2056-2060		40		43
2061-2065		49		34
2066-2070		60		23
2071-2075		74		9
Total	$	7,870	$	1,751

8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Metropolitan has several software-based information technology agreements encompassing a range of services. These include enterprise software licensing and subscription agreements, cloud data warehousing, e-procurement system services as well as various technology security and maintenance support services. These agreements expire at various dates through 2027 and provide renewal options that are reasonably certain to be exercised for some and others having no renewal options. The expected payments are discounted using the implicit rate or Metropolitan's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. Metropolitan has no future subscription commitments at this time.

The total amount of subscription assets and the related accumulated amortization for the fiscal years ended June 30, 2024 and 2023 are as follows:

(Dollars in thousands)	June 30, 2022 As Adjusted	Additions	June 30, 2023	Additions	June 30, 2024
Subscription assets:					
Security & Enterprise Solutions	$ 4,365	$ 2,893	$ 7,258	**$ 2,635**	**$ 9,893**
Workflow & Productivity Solution	420	794	1,214	**698**	**1,912**
Total subscription assets	4,785	3,687	8,472	**3,333**	**11,805**
Accumulated amortization on subscription assets:					
Security & Enterprise Solutions	(485)	(2,279)	(2,764)	**(3,137)**	**(5,901)**
Workflow & Productivity Solution	(107)	(206)	(313)	**(408)**	**(721)**
Total accumulated amortization on subscription assets	(592)	(2,485)	(3,077)	**(3,545)**	**(6,622)**
Subscription assets, net	$ 4,193	$ 1,202	$ 5,395	**$ (212)**	**$ 5,183**

Future principal and interest payment are as follows:

	Security & Enterprise Solutions		**Workflow & Productivity Solutions**	
(Dollars in thousands)	**Principal**	**Interest**	**Principal**	**Interest**
Fiscal year ending June 30,				
2025	$ 1,642	$ 104	$ 442	$ 36
2026	875	40	316	17
2027	—	—	81	3
Total	$ 2,517	$ 144	$ 839	$ 56

9. PENSION PLAN

(a) General Information about the Pension Plan

Plan Description

All full-time Metropolitan employees are required to participate in Metropolitan's Miscellaneous Plan with CalPERS, an agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employee's Retirement Law. Metropolitan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board approval. CalPERS issues a separate annual comprehensive financial report. Copies of CalPERS' annual financial report may be obtained from its Executive Office, 400 Q Street, Sacramento, CA 95811.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Employees hired prior to January 1, 2013 (Classic members) with five years of total service are eligible to retire at age 50 with statutorily reduced benefits; employees hired after January 1, 2013 (PEPRA members) with at least five years of credited service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for improved non-industrial disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Metropolitan is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Metropolitan's total employer contributions were $89.7 million and $88.2 million for the fiscal years ended June 30, 2024 and 2023, respectively. The employee contribution rates were 8.0 percent and 7.25 percent of annual pay for PEPRA members for the fiscal years ended June 30, 2024 and 2023, respectively and 7.0 percent of annual pay for Classic members in both years. Metropolitan contributes the full 7.0 percent for Classic members while PEPRA members contribute the full 8.0 percent and 7.25 percent for the respective years. At June 30, 2024 and 2023, Metropolitan's pickup of the employee's 7.0 percent share were $10.9 million and $10.6 million, respectively. Payments made by Metropolitan to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The Plans' provisions and benefits in effect at June 30, 2024 and 2023 are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years	5 years
Benefit payments	Monthly for life	Monthly for life
Final average compensation period	12 months	36 months
Sick leave credit	Yes	Yes
Retirement age	50-67	52-67
Monthly benefits as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Cost of living adjustment	2.0 %	2.0 %
Required employee contribution rates		
2024	7.0 %	8.00 %
2023	7.0 %	7.25 %
Required employer contribution rates		
2024	33.98 %	33.98 %
2023	35.74 %	35.74 %

At June 30, 2022 and 2021, the valuation dates for fiscal years 2024 and 2023, respectively, the following current and former employees were covered by the benefit terms:

	2024	2023
Valuation date	**6/30/2022**	6/30/2021
Inactive employees (or their beneficiaries) currently receiving benefits	**2,436**	2,363
Inactive employees entitled to but not yet receiving benefits	**889**	887
Active members	**1,809**	1,854
Total	**5,134**	5,104

(b) Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Metropolitan's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability at June 30, 2024 and 2023 was measured as of June 30, 2023 and 2022, respectively, using an annual actuarial valuation as of June 30, 2022 and 2021, respectively. The actuarial valuations as of June 30, 2022 and 2021 were rolled forward to June 30, 2023 and 2022, respectively, using standard update procedures.

The total pension liabilities for the measurement dates of June 30, 2023 and 2022 were based on the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Mortality rate table[1]	Derived using CalPERS' Membership Data for all funds
Post-retirement benefit increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.

[1] The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

(c) Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments of 6.9 percent for measurement dates of June 30, 2023 and 2022 was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return for the measurement date of June 30, 2023, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The table below reflects long-term expected real rates of return by asset class for the measurement dates of June 30, 2023 and 2022.

Asset Class	Current Target Allocation	Real Return Years [1],[2]
Global Equity - Cap-weighted	**30.00 %**	**4.54 %**
Global Equity - Non -Cap-weighted	**12.00**	**3.84**
Private Equity	**13.00**	**7.28**
Treasury	**5.00**	**0.27**
Mortgage-backed Securities	**5.00**	**0.50**
Investment Grade Corporates	**10.00**	**1.56**
High Yield	**5.00**	**2.27**
Emerging Market Debt	**5.00**	**2.48**
Private Debt	**5.00**	**3.57**
Real Assets	**15.00**	**3.21**
Leverage	**(5.00)**	**(0.59)**
Total	**100.00 %**	

[1] *An expected inflation of 2.30 percent used for this period.*
[2] *Figures are based on the 2021 Asset Liability Management study.*

(d) Discount Rate

The discount rate used to measure the total pension liability at June 30, 2023 and 2022 measurement dates was 6.9 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at a statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 6.9 percent was applied to all periods of projected benefit payments to determine the total pension liability.

(e) Changes in the Net Pension Liability

The following tables show the changes in net pension liability recognized over the measurement periods of June 30, 2023 and 2022:

(Dollars in thousands)	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2022 (MD)	**$ 2,807,458**	**$ 2,016,832**	**$ 790,626**
Changes recognized for the measurement period:			
Service cost	44,518	—	44,518
Interest on total pension liability	192,397	—	192,397
Changes of benefit terms	1,507	—	1,507
Differences between expected and actual experience	34,799	—	34,799
Contribution - Employer	—	88,219	(88,219)
Contribution - Employee	—	18,372	(18,372)
Net investment income	—	124,835	(124,835)
Benefit payments, including refunds of employee contributions	(153,892)	(153,892)	—
Administrative expenses	—	(1,482)	1,482
Net Changes	**$ 119,329**	**$ 76,052**	**$ 43,277**
Balance at June 30, 2023 (MD)	**$ 2,926,787**	**$ 2,092,884**	**$ 833,903**

(Dollars in thousands)	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2021 (MD)	**$ 2,669,675**	**$ 2,229,075**	**$ 440,600**
Changes recognized for the measurement period:			
Service cost	44,093	—	44,093
Interest on total pension liability	184,342	—	184,342
Differences between expected and actual experience	(14,115)	—	(14,115)
Changes of assumptions	66,014	—	66,014
Contribution - Employer	—	81,525	(81,525)
Contribution - Employee	—	17,876	(17,876)
Net investment income	—	(167,705)	167,705
Benefit payments, including refunds of employee contributions	(142,551)	(142,551)	—
Administrative expenses	—	(1,388)	1,388
Net Changes	**$ 137,783**	**$ (212,243)**	**$ 350,026**
Balance at June 30, 2022 (MD)	**$ 2,807,458**	**$ 2,016,832**	**$ 790,626**

(f) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the June 30, 2023 and 2022 measurement dates, calculated using the discount rate of 6.9 percent for both years. The table also shows what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

(Dollars in thousands)	**2024**	2023
Discount Rate -1%	**5.9 %**	5.9 %
Net Pension Liability	**$ 1,193,417**	$ 1,138,330
Current Discount Rate	**6.9 %**	6.9 %
Net Pension Liability	**$ 833,903**	$ 790,626
Discount Rate +1%	**7.9 %**	7.9 %
Net Pension Liability	**$ 534,053**	$ 500,375

(g) Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS GASB 68 Accounting Report for Metropolitan.

(h) Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The EARSL for the Plan for the period ending June 30, 2023 measurement date is 3.7 years, which was obtained by dividing the total service years of 18,937 (the sum of remaining service lifetimes of the active employees) by 5,134 (the total number of participants: active, inactive, and retired). The EARSL for the Plan for the June 30, 2022 measurement date is 3.7 years, which was calculated by dividing the total service years of 19,007 by the total number of participants of 5,104. Inactive employees and retirees have remaining service lifetimes equal to zero and total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

(i) Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2024 and 2023, Metropolitan recognized pension expense of $128.6 million and $91.6 million, respectively. At June 30, 2024 and 2023, Metropolitan has deferred outflows and inflows of resources related to pensions as follows:

	Deferred Outflows of Resources Outflows		Deferred Inflows of Resources Inflows	
(Dollars in thousands)	**2024**	2023	**2024**	2023
Pension contributions subsequent to measurement date	**$ 89,655**	$ 88,219	**$ —**	$ —
Differences between expected and actual experience	**25,913**	3,125	**(6,485)**	(10,300)
Changes of assumptions	**30,331**	48,172	**—**	—
Net difference between projected and actual earnings on pension plan investments	**94,781**	100,621	**—**	—
Total	**$ 240,680**	$ 240,137	**$ (6,485)**	$ (10,300)

The amounts above are net of outflows and inflows recognized in the pension expense for the fiscal years ended June 30, 2024 and 2023. At June 30, 2024 and 2023, the deferred outflows of resources related to contributions subsequent to the measurement date of $89.7 million and $88.2 million, respectively, will be/was recognized as a reduction of the net pension liability in the fiscal years ending/ended June 30, 2025 and 2024, respectively.

The net difference between projected and actual earnings on pension plan investments, differences between expected and actual experience, and changes of assumptions will be recognized in future pension expense as follows:

(Dollars in thousands)	**Deferred Outflows /(Inflows) of Resources**
Fiscal year ending June 30,	
2025	$ 40,603
2026	28,384
2027	73,051
2028	2,502
Total	$ 144,540

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

(a) Plan Description and Benefits Provided

Through CalPERS, Metropolitan offers medical insurance to active and retired employees, as well as their qualified dependents under the Public Employees' Medical and Hospital Care Act (PEMHCA). Under PEMHCA, health coverage for the employee continues into retirement. Current plans offered are two PPO plans: PERS Gold and PERS Platinum; and ten HMO plans through Anthem Blue Cross, Blue Shield, Health Net, Kaiser, Sharp, United Healthcare and Western Health. Metropolitan participates in the CERBT Fund, which is an agent multiple-employer plan available to employers to pre-fund OPEB benefits. Benefit provisions are established through negotiations between Metropolitan and its various bargaining units, which also apply to retirees. For employees hired on or after January 1, 2012, retirees must have a minimum of 10 years of PERS service and no less than five years of Metropolitan service in order to receive post-employment health benefits in accordance with PERS as per Government Code Section 22893. For employees hired prior to January 1, 2012, retirees are not required to meet the eligibility criteria. This benefit was available to 2,076 and 2,045 retired Metropolitan employees at June 30, 2024 and 2023, respectively. CalPERS issues a separate annual comprehensive financial report that includes financial statements for its CERBT Fund. Copies of CalPERS' annual financial report may be obtained from its Executive Office, 400 Q Street, Sacramento, CA 95811.

(b) Funding Policy and Contributions

Contribution requirements are established by Memorandum of Understandings negotiated between Metropolitan and its various bargaining units. During fiscal years 2024 and 2023, Metropolitan contributed up to 100 percent of Anthem HMO Traditional Region 2 basic plan rate for all employees and retirees. During fiscal years 2024 and 2023, Metropolitan contributed the full actuarially determined contribution rates of 6.1 percent and 6.3 percent or $15.3 million and $14.9 million, respectively. Employees are not required to contribute to the plan.

(c) Employees Covered

For fiscal years 2024 and 2023, respectively, the following current and former employees were covered by the benefit terms:

	2024	2023
Inactives employees (or their beneficiaries) currently receiving benefits	**1,902**	1,884
Inactive employees entitled to but not yet receiving benefits	**174**	161
Active members	**1,885**	1,830
Total	**3,961**	3,875

(d) Actuarial Assumptions Used to Determine Total OPEB Liability

The total OPEB liability used to calculate the net OPEB liability as of June 30, 2024 and 2023 was measured as of June 30, 2023 and 2022, respectively using an actuarial valuation as of June 30, 2023 and 2021, respectively. The actuarial valuation as of June 30, 2021 was rolled forward to the June 30, 2022 measurement date, using standard update procedures. The June 30, 2023 and 2021 actuarial valuations were based on the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal cost	
Actuarial assumptions		
Funding policy	Metropolitan pre-funds full ADC	
Discount rate	6.75%	
Long-term expected rate of return on assets	6.75%	
General inflation	2.7% and 2.3% per annum in the 2023 and 2021 valuations, respectively.	
Salary increases	3.0% per annum	
Mortality, disability, termination, retirement[(1)]	Derived using CalPERS Membership Data	
Mortality improvement	Mortality projected fully generational with Society of Actuaries mortality improvement Scale MP-2021	
Healthcare cost trend rate	2023 valuation:	2021 valuation:
	Pre-Medicare: 12.72% for 2023, decreasing to 4.14% for 2078 and later	Pre-Medicare: 7.0% for 2022, decreasing to 3.83% for 2076 and later
	Medicare: 8.45% for 2023, decreasing to 4.14% for 2078 and later	Medicare: 5.5% for 2022, decreasing to 3.83% for 2076 and later
Healthcare participation for future retirees	Currently covered: 100%; Currently waived: 90%	

[(1)]*Derived from the CalPERS Experience Study dated November 2021.*

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future rates of return are developed for each major asset class. The arithmetic returns are combined to produce the long-term expected arithmetic rate of return by weighting the expected future rates of return by the target asset allocation percentage.

The target allocation, projected arithmetic rates of return for each major asset class, and the expected total plan geometric return used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2024 and 2023 are summarized in the following table:

Asset class	Target Allocation		Long-term expected real rate of return	
	2024	2023	2024	2023
Global equity	49.0 %	59.0 %	7.4 %	4.8 %
Fixed income	23.0	25.0	5.0	1.5
REITs	20.0	8.0	6.2	3.8
TIPS	5.0	5.0	4.1	1.3
Commodities	3.0	3.0	5.1	0.8
Total	100.0 %	100.0 %		

(e) Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2023 and 2022 measurement dates was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that Metropolitan contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

(f) Changes in the OPEB Liability

The following tables shows the changes in the net OPEB liability recognized over the measurement periods of June 30, 2023 and 2022:

(Dollars in thousands)	Increase (Decrease) Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2022 (MD)	**$ 443,189**	**$ 328,536**	**$ 114,653**
Changes recognized for the measurement period:			
Service cost	10,807	—	10,807
Interest	29,792	—	29,792
Differences between expected and actual experience	9,735	—	9,735
Changes of assumptions	25,760	—	25,760
Contribution - employer	—	21,419	(21,419)
Net investment income	—	21,194	(21,194)
Benefit payments	(25,690)	(25,690)	—
Administrative expense	—	(171)	171
Net changes	**$ 50,404**	**$ 16,752**	**$ 33,652**
Balance at June 30, 2023 (MD)	**$ 493,593**	**$ 345,288**	**$ 148,305**

(Dollars in thousands)	Increase (Decrease) Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2021 (MD)	**$ 429,603**	**$ 377,321**	**$ 52,282**
Changes recognized for the measurement period:			
Service cost	10,124	—	10,124
Interest	28,839	—	28,839
Contribution - employer	—	30,603	(30,603)
Net investment income	—	(53,817)	53,817
Benefit payments	(25,377)	(25,377)	—
Administrative expense	—	(194)	194
Net changes	**$ 13,586**	**$ (48,785)**	**$ 62,371**
Balance at June 30, 2022 (MD)	**$ 443,189**	**$ 328,536**	**$ 114,653**

(g) Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the OPEB Plan as of the June 30, 2023 and 2022 measurement dates if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

(Dollars in thousands)	**2024**	2023
Discount Rate -1%	**5.75 %**	5.75 %
Net OPEB Liability	**$ 207,548**	$ 167,076
Current Discount Rate	**6.75 %**	6.75 %
Net OPEB Liability	**$ 148,305**	$ 114,653
Discount Rate +1%	**7.75 %**	7.75 %
Net OPEB Liability	**$ 98,827**	$ 70,814

(h) Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the OPEB Plan if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate, for measurement periods ended June 30, 2023 and 2022:

(Dollars in thousands)	**2024**	2023
	11.72%/7.45 %	6.0%/4.5 %
Healthcare Trend Rate -1%	**decreasing to 3.14 %**	decreasing to 2.83 %
Net OPEB Liability	**$ 91,559**	$ 60,313
	12.72%/8.45 %	7.0%/5.5 %
Current Healthcare Trend Rate	**decreasing to 4.14 %**	decreasing to 3.83 %
Net OPEB Liability	**$ 148,305**	$ 114,653
	13.72%/9.45 %	8.0%/6.5 %
Healthcare Trend Rate +1%	**decreasing to 5.14 %**	decreasing to 4.83 %
Net OPEB Liability	**$ 217,525**	$ 180,293

(i) OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT Fund financial reports.

(j) Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

(k) OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the years ended June 30, 2024 and 2023, Metropolitan recognized OPEB expense of $11.5 million and $2.0 million, respectively. At June 30, 2024 and 2023, Metropolitan has deferred outflows and inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
(Dollars in thousands)	**2024**	2023	**2024**	2023
OPEB contributions subsequent to measurement date	**$ 21,985**	$ 21,419	**$ —**	$ —
Differences between expected and actual experience	**10,201**	3,620	**(981)**	(10,808)
Changes of assumptions	**20,608**	—	**(19,462)**	(29,978)
Net difference between projected and actual earnings on OPEB plan investments	**26,184**	30,184	**—**	—
Total	**$ 78,978**	$ 55,223	**$ (20,443)**	$ (40,786)

The $22.0 million and $21.4 million reported as deferred outflows of resources related to contributions subsequent to the June 30, 2023 and 2022 measurement dates, respectively, will be/was recognized as a reduction of the net OPEB liability during the fiscal years ending/ended June 30, 2025 and 2024, respectively.

The net difference between projected and actual earnings on OPEB plan investments, differences between expected and actual experience, and changes of assumptions will be recognized in future expense as follows:

(Dollars in thousands)	**Deferred Inflows of Resources**
Fiscal year ending June 30,	
2025	$ 3,132
2026	2,289
2027	23,644
2028	7,485
Total	$ 36,550

11. COMMITMENTS AND CONTINGENCIES

(a) State Water Contract (see Note 12)

Estimates of Metropolitan's share of the projected fixed costs of the SWP are provided annually by the State. The estimates are subject to future increases or decreases resulting from changes in planned facilities, refinements in cost estimates, and inflation. During the next five years, payments under the State Water Contract, exclusive of variable power costs, are currently estimated by the State to be as follows:

(Dollars in thousands)		State Water Contract Payments
Year ending June 30:		
2025	$	529,330
2026		558,364
2027		539,977
2028		547,568
2029		555,863

According to the State's latest estimates, Metropolitan's long-term commitments under the contract, for capital and minimum operations and maintenance costs, including interest to the year 2085, are as follows:

(Dollars in thousands)		State Water Long Term Commitments
Transportation facilities	$	4,763,353
Conservation facilities		2,496,091
Off-aqueduct power facilities(1)		1,528
East Branch enlargement		199,823
Revenue bond surcharge		532,509
Total long-term SWP contract commitments	$	7,993,304

(1)*These commitments represent operations and maintenance costs. Metropolitan was relieved of its obligation for capital costs in 2018.*

In December 2018, Metropolitan extended its agreement with the State through 2085, resulting in ongoing annual minimum operations and maintenance costs through that year. The State has not provided a schedule of costs for the additional years. Further, the amounts shown above do not contain any escalation for inflation, are subject to significant variation over time because the amounts are based on a number of assumptions, and are contingent on future events. None of the estimated long-term commitments are recorded as liabilities in the accompanying basic financial statements.

(b) Bay/Delta Regulatory and Planning Activities

The State Board is the agency responsible for setting water quality standards and administering water rights throughout California. Decisions of the State Board can affect the availability of water to Metropolitan and other water users throughout California. The State Board exercises its regulatory authority over Bay/Delta watershed supplies by means of public proceedings leading to regulations and decisions.

The Delta Stewardship Council (Council) is the California State agency tasked with creating and implementing a comprehensive management plan for the Delta. The Council, created by the 2009 Sacramento-San Joaquin Delta Reform Act, serves as an independent voice for science and policy in the Delta to achieve the state mandated coequal goals for the Delta of ecosystem restoration and water supply reliability. To accomplish its mission, the Council adopted and implements the Delta Plan, which is the state's long-term management plan for the Delta to further the coequal goals, including facilitating, coordinating, and integrating the activities of hundreds of local, state, and federal agencies that have responsibilities directly related to water, ecosystems, land use, recreation, flood control and other functions in the legally defined Delta and Suisun Marsh. The Council is developing a draft climate change adaptation plan for the Delta and Suisun Marsh as part of their Delta Adapts: Creating a Climate Resilient Future initiative. The Delta Adapts plan is intended to help inform and assess specific climate risks and vulnerabilities in the Delta and, in coordination with other agencies and stakeholders, develop adaptation strategies to address those vulnerabilities.

To obtain "take" authorization under the California Endangered Species Act (CESA) for the long-term operation of the State Water Project, the Department of Water Resources (DWR) consults with the California Department of Fish and Wildlife (CDFW) and requests an incidental take permit (ITP) of state listed species. To obtain "take" authorization under the Federal Endangered Species Act, DWR and the United States Bureau of Reclamation consult with the National Marine Fisheries Service (NMFS) and the United States Fish and Wildlife Service (FWS) and requests biological opinions (BiOps) authorizing incidental take of federally listed species from the coordinated operations of the SWP and Central Valley Project (CVP). The updated BiOps for the long-term operation of the SWP and CVP were finalized in October 2019 and Reclamation adopted its long-term operations plan for the CVP in February 2020. CDFW issued its ITP and DWR approved its long-term operations plan in March 2020. The BiOps and the State ITP have been challenged in court by multiple parties including water agencies and non-governmental organization groups. Metropolitan is involved in the BiOp litigation in federal court as part of the State Water Contractors, and in the State ITP litigation in state court as Metropolitan and as a member of the State Water Construction, in order to protect our interest in SWP supplies, specifically that the SWP's permits are based on the best available science and are granted pursuant to correct legal standards. The litigation on the State ITP includes eight cases that have been coordinated in Sacramento County Superior Court. The administrative records were certified in March 2022. Metropolitan and the other State Water Contractors challenged the completeness of the administrative record and were successful in the Court ordering that a subset of the challenged documents be added to the administrative record. No date has been set for the hearing merits. Reclamation and DWR reinitiated consultation under the federal ESA in September 2021; and in consideration of the reinitiated federal consultation, the BiOp litigation has been stayed and several Interim Operation Plans adopted. The state ITP is also being updated as part of the reinitiated consultation.

The Bay Delta Conservation Plan (BDCP) planning process, which began in 2007, was a voluntary collaboration of state, federal, and local water agencies, state and federal fish agencies, environmental organizations, and other interested parties to provide a comprehensive habitat conservation and restoration program for the Delta, including new Delta conveyance infrastructure as one of the conservation measures consisting of multiple new intakes on the Sacramento River connected to existing SWP and CVP water facilities in the south Delta by two main tunnels. In addition, the BDCP would have provided the basis for long-term permits under federal and state endangered species laws for activities covered by the plan based on the best available science, identified sources of funding, and an adaptive management and monitoring program, and it would have been incorporated into the Delta Plan if it met the requirements of the federal and state ESAs for a Habitat Conservation Plan/Natural Communities Conservation Plan (HCP/NCCP).

On April 30, 2015, the State announced its intent to study three new conveyance-only alternatives that would not be part of an HCP/NCCP, separating the conveyance facilities and habitat restoration measures into two separate efforts namely: California Waterfix (CWF) and California EcoRestore. Under the CWF, the new water conveyance facilities with proposed design changes would be constructed and operated, with federal ESA compliance achieved through section 7 consultation instead of an ITP based on an HCP. State and Federal ESA permits were issued in June and July 2017, and DWR approved CWF on July 21, 2017. Metropolitan and other State Water Contractors approved their respective participation in CWF in 2017 and 2018. On February 12, 2019, Governor Newsom announced that he did not support a two-tunnel Delta Conveyance project, but supports a single tunnel project. On April 29, 2019, Governor Newsom issued Executive Order N-10-19, directing several agencies to, among other things, "inventory and assess current planning to modernize conveyance through the Bay Delta with a new single tunnel project." On May 2, 2019, DWR rescinded its approval of CWF and decertified the Environmental Impact Report (EIR) and withdrew its permit applications. In January 2020, DWR announced the prepared of an EIR for a new, single-tunnel project called the Delta Conveyance Project.

Eighteen SWP contractors approved their participation in November and December 2020 in the planning and pre-construction costs for the Delta Conveyance Project and authorized the execution of a funding agreement with DWR. At its December 8, 2020, Board meeting, Metropolitan's Board authorized the General Manager to execute a funding agreement and committed funding for a Metropolitan participation level of 47.2 percent of the costs of preliminary design, environmental planning, and other pre-construction activities to assist in the environmental process for the proposed Delta Conveyance Project. Funding agreement costs are approximately $160.8 million for calendar years 2021 through 2024. On July 27, 2022 DWR released a public Draft Environmental Impact Report (Draft EIR) under the California Environmental Quality Act (CEQA) for the Delta Conveyance Project. On December 8, 2023 DWR released the Final EIR to the public and responsible trustee agencies. DWR certified the Final EIR on December 21, 2023, and approved the proposed project, the Bethany Alternative.

As of May 2024, ten lawsuits were filed challenging DWR's CEQA compliance, and challenging its DCP approval on multiple grounds, including the Delta Reform Act, public trust doctrine, Delta Protection Act, Watershed Protect Act, the fully protected species statute, 1982 California Proposition 9, and the Central Valley Project Act. The cases are related before the same judge in Sacramento County Superior Court and are at the earliest stage of case management while DWR prepares the administrative record. On June 20, 2024, the trial court granted five motions for preliminary injunction, which ordered DWR to cease any pre-construction geotechnical soil investigations until DWR certifies consistency with the Delta Plan. DWR filed notices of appeal on August 29, 2024 and has requested a stay of the injunction from the court of appeal until it can hear and decide the merits of the appeal.

(c) Imperial Irrigation District

As of June 30, 2024, Metropolitan had advanced a total of $391.9 million to the IID for construction costs, operations and maintenance costs, and indirect costs of the conservation projects. Metropolitan remains obligated to pay IID for actual operation and maintenance costs for the remainder of this agreement through at least 2041. In return, Metropolitan will receive between 85.0 TAF to 105.0 TAF in 2024 and annually thereafter depending upon the amount used by the Coachella Valley Water District (CVWD). A total of at least 85.0 TAF to 105.0 TAF will be/was available in calendar years 2024 and 2023, respectively, for diversion by Metropolitan, see Note 4(a).

(d) Sale of Water by the Imperial Irrigation District to San Diego County Water Authority

In April 1998, the San Diego County Water Authority (SDCWA) and IID executed an agreement (Transfer Agreement) for SDCWA's purchase from IID of Colorado River water that is conserved within IID. SDCWA is a Metropolitan member agency and one of the largest water purchasers from Metropolitan. In October 2003 the Transfer Agreement was revised as part of the Quantification Settlement Agreement, see Note 11(e). The amended Transfer Agreement sets the maximum transfer amount at 205.0 TAF in 2021, with the transfer gradually ramping up to that amount over an approximately twenty-year period, stabilizing at 200.0 TAF per year beginning in 2023.

No facilities exist to provide for delivery of water from IID to SDCWA. In 1998, Metropolitan and SDCWA entered into an agreement for the exchange of the IID water to be acquired by SDCWA under the Transfer Agreement, with water to be delivered by Metropolitan. In 2003, the boards of directors of Metropolitan and SDCWA agreed to an increase in the price that SDCWA would pay to Metropolitan for this exchange of water, in return for Metropolitan's assignment to SDCWA of Metropolitan's rights to water conserved as a result of the lining of the All-American and Coachella Canals and $235.0 million, as set forth in an amended exchange agreement (Exchange Agreement) and an Allocation Agreement. Under the Exchange Agreement, SDCWA makes available to Metropolitan at its intake at Lake Havasu on the Colorado River the conserved Colorado River water acquired by SDCWA from IID and the conserved canal lining water allocated to SDCWA. In exchange, Metropolitan delivers an equal volume of water from its own sources of supply through its delivery system to SDCWA. The deliveries to both Metropolitan and SDCWA are deemed to be made in equal monthly increments. SDCWA pays Metropolitan a volumetric price for each delivery by Metropolitan. The price payable by SDCWA is calculated using the charges set by Metropolitan's Board from time to time to be paid by its member agencies for the conveyance of water through Metropolitan's facilities, see Note 1(c). SDCWA has challenged the validity of Metropolitan's charges for conveyance of water that became effective January 1, 2011 and January 1, 2012, in San Diego County Water Authority v. Metropolitan Water District of Southern California; et al. On June 8, 2012, SDCWA filed a separate lawsuit challenging the rates adopted by Metropolitan's Board on April 10, 2012 and effective on January 1, 2013 and January 1, 2014. On May 30, 2014, SDCWA filed a separate lawsuit challenging the rates adopted by Metropolitan's Board on April 8, 2014 and effective on January 1, 2015 and January 1, 2016. On April 13, 2016, SDCWA filed a separate lawsuit challenging the rates and charges adopted by Metropolitan's Board on April 12, 2016 and effective on January 1, 2017 and January 1, 2018. On June 8, 2018, SDCWA filed a separate lawsuit challenging the rates and charges adopted by Metropolitan's Board on April 10, 2018 and effective on January 1, 2019 and January 1, 2020. The Exchange Agreement requires Metropolitan to pay the disputed portion of the amount paid by SDCWA under the Exchange Agreement and interest thereon to SDCWA, if SDCWA prevails in a dispute over the price payable by SDCWA under the Exchange Agreement. See Claims and Litigation, Note 11(g).

(e) Quantification Settlement Agreement

The Quantification Settlement Agreement (QSA) is part of the California Plan, which is a plan to reduce California's use of Colorado River water to its basic apportionment of 4.4 million acre-feet per year when necessary through water conservation, transfers from higher priority agricultural users to Metropolitan's service area, and storage programs. The QSA was executed in October 2003 and establishes Colorado River water use limits for IID and the CVWD. It also provides for specific acquisitions of conserved water and water supply arrangements and restores the opportunity for Metropolitan to receive any special surplus water.

(f) Construction Programs and Contracts

The estimated cost of Metropolitan's Capital Investment Plan (CIP) for fiscal years 2025 through 2029 totals approximately $5.9 billion with Pure Water Southern California (PWSC) program and $1.7 billion without the PWSC program. Capital spending for each of the five years without the PWSC program is planned at approximately $312.0 million, $324.5 million, $337.5 million, $351.0 million, and $365.0 million, respectively. With the PWSC program, planned capital spending for each of the five years is estimated at approximately $312.0 million, $324.5 million, $1.4 billion, $1.7 billion, and $2.2 billion, respectively.

Over the next three years, the CIP planned expenditures without the PWSC program total approximately $973.9 million with $36.9 million on projects to mitigate climate impacts to Metropolitan's operations, $155.9 million on refurbishment and replacement (R&R) work throughout the distribution system; $97.5 million to continue relining of the Prestressed Concrete Cylinder Pipe; $123.7 million targeted for R&R projects for the Colorado River Aqueduct; over $207.7 million for R&R work at Metropolitan's water treatment plants; $85.0 million on projects to mitigate drought impacts; and $84.8 million on a variety of information technology projects such as the Supervisory Control and Data Acquisition system. When including the PWSC program, the planned total CIP expenditures increase to approximately $2.0 billion. The PWSC program is yet to be approved as a CIP project and will require specific Board decisions prior to funding and authorization to proceed.

Metropolitan had commitments under construction contracts in force as follows:

	June 30,	
(Dollars in thousands)	**2024**	**2023**
Weymouth water treatment plant basins nos. 5-8 & filter building no. 2 rehabilitation	**$ 26,434**	$ 62,428
Allen-McColloch pipeline PCCP 2024 urgent relining	**24,912**	—
Second lower feeder PCCP rehabilitation - reach 3b	**21,656**	65,314
CRA pumping plants domestic water treatment system replacement	**19,378**	23,560
Inland feeder Badlands tunnel surge protection facility	**16,120**	—
Perris Valley pipeline Interstate 215 tunnel crossing	**15,718**	54,820
Furnishing steel liner for Lakeview pipeline	**13,775**	—
Inland feeder Rialto pipeline intertie	**13,241**	—
Hinds, Eagle Mountain, and Iron Mountain pumping plant storage buildings	**10,134**	—
DVL floating wave attenuator replacement	**7,467**	—
Furnishing butterfly valves for the Wadsworth Bypass pipeline, Inland feeder-Rialto pipeline intertie, and Badlands tunnel surge tanks[(1)]	**5,647**	—
Jensen and Skinner water treatment plants battery energy storage systems	**5,181**	7,365
Furnishing large-diameter conical plug valves	**4,165**	6,187
Mills water treatment plant electrical upgrades, stage 2	**3,083**	6,613
Furnishing butterfly valves for the Inland feeder/SBVMWD Foothill pump station intertie, schedule 1	**2,601**	2,601
Weymouth water treatment plant hazardous waste staging and containment	**2,160**	—
Freda Siphon barrel no. 1 internal seals	**2,031**	—
Foothill hydroelectric power plant seismic upgrade	**1,998**	6,024
Wadsworth pumping plant bypass pipeline	**1,866**	13,981
Furnishing a 132" butterfly valve for Foothill pump station intertie	**1,779**	—
Weymouth water treatment plant battery energy storage system	**1,499**	3,529
CRA conveyance system solar level sensor installation	**1,479**	5,266
La Verne shops building completion - stage 5	**1,460**	9,551
Weymouth water treatment plant asphalt refurbishment	**1,285**	—
Metropolitan headquarters building fire alarm & smoke control improvements	**1,196**	1,553
Gene communication system upgrade	**1,160**	—
OC-88 pump station chiller replacement	**868**	2,104
Colorado River Aqueduct (CRA) conduit structural protection	**326**	8,527
Metropolitan headquarters building exterior physical security improvements	**218**	1,614
Jensen water treatment plant ozone power supply units replacement	**69**	1,225
Lake Mathews PCCP rehabilitation valve storage building	**8**	818
CRA pumping plants - sump rehabilitation	**—**	13,274
CRA pumping plants - overhead cranes replacement	**—**	7,147
Orange County feeder relining - reach 3	**—**	4,840
Furnishing butterfly valves for the Weymouth water treatment plant - schedule 1	**—**	2,314
Sepulveda, West Valley, and East Valley feeders interconnection upgrades	**—**	1,435
Refurbishing valve actuators for the Diemer water treatment plant	**—**	343
Lake Mathews reservoir wastewater system replacement	**—**	300
Second Lower feeder PCCP rehabilitation - reach 3A	**—**	237
Replacement of Casa Loma siphon barrel no. 1	**—**	132
Other	**5,010**	4,401
Total	**$ 213,924**	$ 317,503

These commitments are being financed with operating revenues and debt financing.
[(1)]*This commitment started in 2023.*

(g) Claims and Litigation

Through several lawsuits filed by SDCWA since 2010, SDCWA has challenged the rates adopted by Metropolitan's Board in 2010, 2012, 2014, 2016 and 2018. Each of these lawsuits and the status thereof are briefly described below.

The 2010 and 2012 Cases. SDCWA filed San Diego County Water Authority v. Metropolitan Water District of Southern California, et al. on June 11, 2010 challenging the rates adopted by the Board on April 13, 2010, which became effective January 1, 2011 and January 1, 2012 (the "2010 Case"). The complaint requested a court order invalidating the rates adopted April 13, 2010, and that Metropolitan be mandated to allocate certain costs associated with the State Water Contract and the Water Stewardship Rate to water supply rates and not to transportation rates.

The contract price payable by SDCWA under the Exchange Agreement between Metropolitan and SDCWA is Metropolitan's transportation rates. Therefore, SDCWA also alleged that Metropolitan breached the Exchange Agreement by allocating certain costs related to the State Water Contract and the Water Stewardship Rate to its transportation rates because it resulted in an overcharge to SDCWA for water delivered pursuant to the Exchange Agreement.

On June 8, 2012, SDCWA filed a new lawsuit challenging the rates adopted by Metropolitan on April 10, 2012, and effective on January 1, 2013 and January 1, 2014 (the "2012 Case") based on similar claims, and further alleging that Metropolitan's rates adopted in 2012 violated Proposition 26.

Following a trial of both lawsuits in two phases and subsequent trial court ruling, the parties appealed. On June 21, 2017, the California Court of Appeal ruled that Metropolitan may lawfully include its State Water Project transportation costs in the System Access Rate and System Power Rate that are part of the Exchange Agreement's price term, and that Metropolitan may also lawfully include the System Access Rate in its wheeling rate, reversing the trial court decision on this issue. The court held Metropolitan's allocation of the State Water Project transportation costs as its own transportation costs is proper and does not violate the wheeling statutes (Water Code, § 1810, et seq.), Proposition 26 (Cal. Const., Article XIIIC, §1, subd.(e)), whether or not that Proposition applies to Metropolitan's rates, California Government Code section 54999.7, the common law, or the terms of the parties' Exchange Agreement.

The Court of Appeal also ruled that the record did not support Metropolitan's inclusion of its Water Stewardship Rate as a transportation cost in the Exchange Agreement price or the wheeling rate, under the common law and the wheeling statutes. The court noted that its holding does not preclude Metropolitan from including the Water Stewardship Rate in Metropolitan's full-service rate.

The Court of Appeal held that because the Water Stewardship Rate was included in the Exchange Agreement price, there was a breach by Metropolitan of the Exchange Agreement in 2011 through 2014 and remanded the case to the trial court for a redetermination of damages in light of its ruling concerning the Water Stewardship Rate. The Court of Appeal also found that the Exchange Agreement may entitle the prevailing party to attorneys' fees for both phases of the case, and directed the trial court on remand to make a new determination of the prevailing party, if any.

On September 27, 2017, the California Supreme Court denied SDCWA's petition for review, declining to consider the Court of Appeal's decision. The Court of Appeal's decision is therefore final.

After tendering payment in 2019 which SDCWA rejected, in February 2021, Metropolitan paid to SDCWA the same amount previously tendered of $44.4 million for contract damages for SDCWA's Water Stewardship Rate payments from 2011 to 2014 and pre-judgment and post-judgment interest. In September 2021, following a 2021 Court of Appeal opinion clarifying that its Water Stewardship Rate ruling applies to later years, Metropolitan paid to SDCWA the amount of $35.9 million for SDCWA's Water Stewardship Rate payments from 2015 to 2017 and pre-judgment interest. These payments included all amounts sought related to breach of the Exchange Agreement resulting from the inclusion of the Water Stewardship Rate in the contract price for Exchange Agreement transactions occurring from 2010 until the Water Stewardship Rate was no longer charged in the contract price for Exchange Agreement transactions, beginning in 2018. The payments included $58.1 million withdrawn from the Exchange Agreement Set-Aside Fund and $22.1 million withdrawn from reserves (the remainder of the statutory interest).

Following the issuance of an order of the Superior Court and Metropolitan's appeal, on March 17, 2022, the Court of Appeal held that SDCWA was the prevailing party in the 2010 and 2012 cases and was therefore entitled to attorney's fees under the parties' Exchange Agreement and litigation costs. On March 21, 2022, Metropolitan paid to SDCWA $14,296,864.99 ($13,397,575.66 fees award, plus statutory interest) and $352,247.79 for costs ($326,918.34 costs award, plus statutory interest).

On July 27, 2022, Metropolitan paid SDCWA $411,888.36 for attorneys' fees on appeals of post-remand orders.

The 2014, 2016 and 2018 Cases. SDCWA has also filed lawsuits challenging the rates adopted in 2014, 2016 and 2018 and asserting breach of the Exchange Agreement. Metropolitan filed cross-complaints in the three cases, asserting claims relating to rates and the Exchange Agreement, including reformation.

The operative Petitions for Writ of Mandate and Complaints allege the same Water Stewardship Rate claim and breach of the Exchange Agreement as in the 2010 and 2012 cases, but because Metropolitan paid the amounts sought to SDCWA, and the writ in the 2010 and 2012 cases encompasses these claims, Metropolitan contended that these claims and cross-claims are moot. The cases also alleged that in 2020 and 2021, Metropolitan misallocated its California WaterFix costs as transportation costs and breached the Exchange Agreement by including those costs in the transportation rates charged. In April 2022, the parties requested the court's dismissal with prejudice of the claims and cross-claims relating to California WaterFix. The cases also claim Metropolitan's wheeling rate fails to provide wheelers a reasonable credit for "offsetting benefits" pursuant to Water Code Section 1810, et seq., and that Metropolitan breached the Exchange Agreement by failing to reduce the price for an "offsetting benefits" credit. The cases additionally requested a judicial declaration that Proposition 26 applies to Metropolitan's rates and charges, and a judicial declaration that SDCWA is not required to pay any portion of a judgment in the litigation. Metropolitan filed cross-complaints in each of these cases, asserting claims relating to rates and the Exchange Agreement.

The cases were stayed pending resolution of the 2010 and 2012 cases, but the stays were subsequently lifted and the cases were consolidated in the San Francisco Superior Court. Metropolitan and SDCWA each filed motions for summary adjudication of certain issues in the 2014, 2016 and 2018 cases with the court. Summary adjudication is a procedure by which a court may determine the merits of a particular claim or affirmative defense, a claim for damages, and/or an issue of duty before trial.

On May 4, 2022, the San Francisco Superior Court issued an order granting Metropolitan's motion for summary adjudication on its cross-claim for declaratory relief that the conveyance facility owner, Metropolitan, determines fair compensation, including any offsetting benefits; and denying its motion on certain other cross-claims and an affirmative defense.

On May 11, 2022, the San Francisco Superior Court issued an order granting SDCWA's motion for summary adjudication on: Metropolitan's cross-claim in the 2018 case for a declaration with respect to the lawfulness of the Water Stewardship Rate's inclusion in the wheeling rate and transportation rates in 2019 and 2020; certain Metropolitan cross-claims and affirmative defenses on the ground that Metropolitan has a duty to charge no more than fair compensation, which includes reasonable credit for any offsetting benefits pursuant to Water Code section 1811(c), with the court also stating that whether that duty arose and whether Metropolitan breached that duty were issues to be resolved at trial; Metropolitan's affirmative defenses that SDCWA's claims were untimely and SDCWA had not satisfied claims presentation requirements; Metropolitan's affirmative defense in the 2018 case that SDCWA had not satisfied dispute resolution requirements under the Exchange Agreement; SDCWA's claim, Metropolitan's cross-claims, and Metropolitan's affirmative defenses regarding the applicability of Proposition 26, finding that Proposition 26 applies to Metropolitan's rates and charges, with the court also stating that whether Metropolitan violated Proposition 26 is a separate issue; and Metropolitan's cross-claims and affirmative defenses regarding the applicability of Government Code section 54999.7, finding that section 54999.7 applies to Metropolitan's rates. The court denied SDCWA's motion on certain other Metropolitan cross-claims and affirmative defenses.

Damages sought by SDCWA in connection with its claims for offsetting benefits credit under the Exchange Agreement exceed $334.0 million for the six years (2015 through 2020) at issue in these cases. In the event that SDCWA were to prevail in a final adjudication of this issue, a determination of offsetting benefits credit due to SDCWA, if any, could impact the Exchange Agreement price in future years.

Trial of the 2014, 2016 and 2018 cases occurred May 16 to July 1, 2022, and the parties filed post-trial briefs on August 19, 2022.

On December 27, 2022, the court entered the parties' stipulation memorializing the earlier resolution of the Water Stewardship Rate claims in SDCWA's favor based on the 2021 Court of Appeal decision in the 2010 and 2012 cases.

On March 14, 2023, the court issued an order on SDCWA's motion for partial judgment to address Metropolitan's request for a declaration on its cost-causation obligations when setting rates. The court ruled that this is not a proper subject for declaratory relief.

On April 25, 2023, the court issued its final statement of decision concerning the trial in the 2014, 2016, and 2018 cases. For each claim litigated at trial, the court ruled in favor of Metropolitan or found the claim to be moot based on the rulings in Metropolitan's favor. In particular, the court concluded: (1) the duty to include a reasonable credit for any offsetting benefits pursuant to the Wheeling Statutes did not arise and Metropolitan did not breach the Exchange Agreement by failing to calculate a reasonable credit for any offsetting benefits; (2) because Metropolitan did not breach the Exchange Agreement, the court need not address damages; (3) Metropolitan's conditional claims to reform the Exchange Agreement, if SDCWA prevailed, are moot; (4) Metropolitan's conditional claim for a declaration of its rights and duties under the Wheeling Statutes, if SDCWA prevailed on its claim that the Wheeling Statutes apply to the Exchange Agreement is moot (the court stated that while it finds offsetting benefits under the Wheeling Statutes do not apply to the Exchange Agreement's price term, the court "has made no express finding whether the Wheeling Statutes apply"); (5) SDCWA's rate challenges are rejected; and (6) SDCWA's request for a declaration that it could not be required to contribute to a damages, fees, or costs award in the cases is moot.

On April 3, 2024, the court issued a final judgment memorializing the pre-trial and post-trial decisions and stipulations described above. The judgment included entry of judgment in favor of SDCWA on breach of contract in the 2014 and 2016 cases, due to the inclusion of Water Stewardship Rate claims and the parties' stipulation; and entry of judgment in favor of Metropolitan on breach of contract in the 2018 case, which concerned only the offsetting benefits claim. On April 3, 2024, the court also issued a writ of mandate commanding Metropolitan to exclude demand management costs (previously collected through the Water Stewardship Rate) from its pre-set wheeling rate and transportation rates, a practice Metropolitan earlier ceased. The court will subsequently determine the prevailing party, if any, for purposes of fees and costs. See Subsequent Events, Note 17(a), for additional information.

Also on April 3, 2024, SDCWA filed its notice of appeal from the final judgment. On April 17, 2024, Metropolitan filed a notice of cross-appeal, and on May 3, 2024, the seven member agencies that have joined the litigation as interested parties in support of Metropolitan filed a notice of appeal.

Metropolitan is unable to assess at this time the likelihood of success of the pending appeal, settlements, or any future claims.

(h) Reid Gardner Generating Station

Reid Gardner Generating Station (Plant) is a 557 megawatt coal-fired plant located near Moapa, Nevada. The Plant is owned and operated by Nevada Energy (NE). In 1983, DWR entered into a Participation Agreement to import power from the Plant to serve the SWP energy needs. DWR's interest in the Plant terminated on July 25, 2013. DWR and NE negotiated the terms of the divestiture including DWR's obligations to mitigate any environmental impacts associated with the electricity generated for DWR over the past thirty years. Metropolitan paid approximately 75.0 percent of DWR's costs associated with the generation of electricity at the Plant and will pay this proportion of DWR's assigned mitigation costs.

(i) Landfill Obligation

Federal and State laws and regulations require that Metropolitan perform certain maintenance and monitoring functions at its sole landfill site for 30 years after closure. They further require that a separate funding mechanism be established to ensure that sufficient funds are available for closure and postclosure costs. In October 1995, the landfill was closed and management's estimate of closure and postclosure costs for this site totaled approximately $2.0 million. The required thirty-year postclosure maintenance and monitoring of the landfill officially started in

January 1998; after the installation of the landfill's final cover was completed. Approximately $10,000 and $25,000 were expended for post closure maintenance and monitoring activities in fiscal years 2024 and 2023, respectively.

The actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws or regulations. Funding of these costs has been derived from a separate trust account that has been established for closure and postclosure costs. The balance of the trust account is sufficient to cover the landfill liability. At June 30, 2024 and 2023, approximately $600,000, net of interest receipts and disbursements, was available in this account.

(j) Mining Obligation

State laws and regulations require that mined lands are reclaimed to a usable condition to prevent environmental effects and ensure public health and safety. They further require that Metropolitan, as a user of borrow pits, demonstrate its financial ability to ensure reclamation activities occur in accordance with a reclamation plan through the approval of a financial assurance mechanism. In November 2023, Metropolitan's Board approved the creation of a trust account in the initial amount of $900,000 to comply with reclamation requirements. No amounts were expended for reclamation activities during fiscal year 2024.

The actual cost of reclamation may change due to increase or decrease of mining operations, inflation, changes in labor rates, or changes in applicable laws or regulations. Metropolitan's Board approved the funding of up to $2.5 million, as needed, to meet the reclamation requirements. Funding of these costs will be derived from a separate trust account that will be established for reclamation costs.

12. PARTICIPATION RIGHTS IN STATE WATER PROJECT

Metropolitan is one of 29 water suppliers contracting with the State of California for a system to provide water throughout much of California. Under the terms of the State Water Contract, as amended, Metropolitan is obligated to pay allocable portions of the cost of construction of the system and ongoing operations and maintenance costs through at least the year 2085, regardless of the quantities of water available from the project, see Note 11(a). Metropolitan and the other contractors may also be responsible to the State for certain obligations of any contractor who defaults on its payments to the State.

Approximately 28 percent and 32 percent of Metropolitan's total expenditures during fiscal years ended June 30, 2024 and 2023, respectively, pertained to its net payment obligations for the SWP. These payments were primarily based on the contractual water delivery request, the annually requested and actual deliveries received, and the cost of power required for such deliveries, offset by credits received from the project.

In December 2018, Metropolitan signed Amendment 29 to the State Water Contract extending the contractual period to 2085, under similar terms and based on the Agreement in Principle reached in 2014. This corresponds to an estimated 125-year service life for the original facilities. The State is obligated to provide water throughout the life of the contract, subject to certain conditions.

The State has power generation facilities associated with its reservoirs and aqueducts. The power generated is utilized by the system for water transportation purposes. Power generated in excess of system needs is marketed to various utilities and California's power market. The revenues resulting from sales of excess power reduce the costs of pumping. Metropolitan and the other water contractors are responsible for repaying the operating costs of the power facilities regardless of the amount of power generated.

Metropolitan capitalizes its share of system construction costs as participation rights when such costs are billed by the State, see Notes 1(i), 2, and 13(a). Metropolitan's share of system operations and maintenance costs is charged to expense.

Metropolitan amortizes a portion of capitalized participation rights each month using a formula that considers the total estimated cost of the project, the estimated useful life, and estimated production capacity of the assets based upon maximum annual contracted deliveries provided by the State of California. Amortization expense totaled $139.4 million and $140.1 million in fiscal years 2024 and 2023, respectively.

13. DEPOSITS, PREPAID COSTS, AND OTHER

Balances at June 30, 2024 and 2023 were as follows:

	June 30,	
(Dollars in thousands)	**2024**	2023
Prepaid water costs	**$ 208,204**	$ 226,974
Prepaid costs-Delta Habitat conservation and conveyance	**58,654**	58,627
Prepaid costs-Delta Conveyance Project	**154,900**	96,000
Prepaid costs-California WaterFix	**7,494**	7,494
Prepaid expenses	**18,500**	15,054
Preliminary design/reimbursable projects	**40,139**	47,669
Other	**12,928**	11,702
Total deposits, prepaid costs, and other	**500,819**	463,520
Less current portion	**(59,510)**	(71,804)
Noncurrent portion	**$ 441,309**	$ 391,716

(a) Prepaid Water Costs

Metropolitan has entered into several water exchange and storage agreements with other agencies. These agreements provide Metropolitan with additional reliable water supplies to supplement deliveries of Colorado River and SWP water. Metropolitan is also actively pursuing other agreements, both within and outside its service area, to provide additional water supplies. The exchange and storage agreements generally provide for advance delivery of water during periods when water is available. At a later time when water is needed, these programs can then return water to improve Metropolitan's reliability. Expenditures associated with these agreements have been recorded as prepaid costs and are charged to cost of water as the water is withdrawn. At June 30, 2024 and 2023, prepaid water costs totaled approximately $208.2 million and $227.0 million, respectively, based on volumes of 916.4 TAF and 711.3 TAF, as of such dates.

(b) Prepaid Costs—Delta Habitat Conservation and Conveyance

In March 2009, Metropolitan, other SWP contractors, federal CVP contractors, and the U.S. Department of Interior's Bureau of Reclamation entered into funding agreements with DWR. The agreements are known collectively as the Delta Habitat Conservation and Conveyance Program (DHCCP) Funding Agreement and the Bay Delta Conservation Plan and Delta Habitat Conservation and Conveyance Plan (BDCP - DHCCP) Supplemental Funding Agreement. Metropolitan's three-year DHCCP agreement provides funding of approximately $35.0 million for Metropolitan's share (24 percent). Metropolitan's two-year BDCP-DHCCP agreement provides funding of approximately $25.0 million (25 percent). The funding provided by both agreements supports development of the BDCP which was later on adapted as CWF, see Note 11(b), through environmental analysis, planning and design of Delta conservation measures including Delta water conveyance options. The two-tunnel CWF project shifted to a single tunnel project referred to as the Delta Conveyance Project with the announcement of Governor Newsom on February 12, 2019. Total prepaid costs at June 30, 2024 and 2023 were $58.7 million and $58.6 million, respectively.

(c) Prepaid Costs—Delta Conveyance Project

The Board approved a 47.2 percent funding commitment for planning and pre-construction costs for the Delta Conveyance Project on December 18, 2020. Total prepaid costs for the Delta Conveyance Project as of June 30, 2024 and 2023 was $154.9 million and $96.0 million, respectively.

(d) Prepaid Costs—California WaterFix

In fiscal year 2019, Metropolitan disbursed a total of $41.5 million to DWR for preconstruction planning costs of the CWF in accordance with the advance funding agreement entered into in August 2018. The $41.5 million was Metropolitan's share (31 percent) of the funding and DWR intends to refund Metropolitan for funds advanced through this agreement through bond financing actions. However, as a result of the shift to a single tunnel project and DWR's withdrawal of approval of the CWF Project as well as the rescission of other permitting applications, see Note 11(b), Metropolitan requested, on June 27, 2019, that DWR return its contributions that have not been spent as of May 2, 2019. DWR returned $34.0 million of unspent funds and $0.5 million of interest to Metropolitan in fiscal year 2020. Total advanced funds at June 30, 2024 and 2023 were $7.5 million.

(e) Preliminary Design/Reimbursable Projects

Metropolitan engages in preliminary design activities prior to obtaining Board approval of capital projects. The costs of these designs are recorded as prepaid costs. Once Board approval is obtained, these costs are added to the cost of the relevant construction project.

Reimbursable projects include work Metropolitan is contracted to perform for outside, non-related parties, and is subsequently billed for reimbursement.

14. DEFERRED COMPENSATION AND SAVINGS PLANS

For the benefit of its employees, Metropolitan has adopted a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. Metropolitan does not match the employee's contribution to the deferred compensation plan.

Metropolitan has established another compensation deferral arrangement in accordance with Section 401(k) of the Internal Revenue Code, a defined contribution plan. The 401(k) Savings Plan (savings plan) is available to substantially all employees. Metropolitan matches a maximum of 4.5 percent of the employee's total cash compensation in the savings plan. Amounts deferred by participants, Metropolitan matching contributions, and accumulated earnings thereon are fully vested. At June 30, 2024 and 2023, 1,663 and 1,618 employees, respectively, participated in the savings plan.

Metropolitan's contributions to the savings plan were as follows:

	June 30,	
(Dollars in thousands)	**2024**	2023
Employees	**$ 26,480**	$ 23,835
Metropolitan	**12,186**	10,818
Total Contributions	**$ 38,666**	$ 34,653
Eligible payroll	**$ 314,973**	$ 274,833
Employee contributions as percent of eligible payroll	**8.4 %**	8.7 %

Deferred amounts and matching contributions, if any, for both plans are transferred by Metropolitan each pay period to a third-party administrator who coordinates the investment of such proceeds in a variety of investment vehicles in accordance with the instructions of each participant. Accordingly, neither the assets nor the related liability of each plans were included in the accompanying basic financial statements. Metropolitan is not liable to its employees for any losses that may be incurred in connection with their participation in the plans.

15. NET POSITION

Net position is classified as either restricted, unrestricted, or net investment in capital assets, including SWP costs.

Net investment in capital assets, including SWP costs consist of capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition or construction of those assets and deferred outflows and inflows of resources related to debt. Metropolitan's capital assets, including SWP costs include plant and equipment, see Notes 1(h) and 2, participation rights in SWP, see Notes 1(i), 2, and 12, participation rights in other facilities, see Notes 1(i), 2 and 4, lease assets, see Notes 1(j), 2, and 7, and subscription assets, see Notes 1(k), 2, and 8. Net investment in capital assets, including SWP costs were approximately $6.4 billion at June 30, 2024 and 2023.

The restricted component of net position are those items that have external constraints placed on them by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions of enabling legislation. Restricted net position totaled $628.7 million and $616.8 million at June 30, 2024 and 2023, respectively, of which $189.4 million and $192.3 million, respectively, were set-aside for principal and interest payments on outstanding debt. Restricted amounts of $373.6 million and $345.1 million, respectively, primarily relates to estimated operating and maintenance expense for July and August of the subsequent fiscal year. Each of these requirements is related to bond covenants. In addition, $65.7 million and $79.4 million of state funding for the Pure Water Southern California program was restricted at June 30, 2024 and 2023, respectively.

The unrestricted component of net position are those items that do not meet the definition of "restricted" or "net investment in capital assets, including SWP costs." Unlike the restricted net position, the Board has discretion in determining the use and establishing minimum/maximum balance requirements for the unrestricted cash and investment portion of net position. The Board may at any time change or eliminate amounts established for these purposes. Unrestricted net position totaled $318.5 million and $474.5 million at June 30, 2024 and 2023, respectively.

16. RISK MANAGEMENT

Metropolitan is exposed to various risks of loss related to the design, construction, treatment, and delivery of water resources. Metropolitan self-insures most of its property losses, the first $25.0 million for general liability, fiduciary liability and directors' and officers' liability, and $5.0 million for workers' compensation. Metropolitan supplements its self-insurance program with $75.0 million excess general liability coverage, $60.0 million excess fiduciary liability coverage, $65.0 million excess for directors' and officers' liability coverage, and statutory limits excess workers' compensation coverage. Special insurance policies carried include aircraft hull and liability, a limited property damage policy, crime insurance, specialty crime coverage, and travel accident coverage. Coverage types and limits for fiscal year 2024 were unchanged from fiscal year 2023. Settlement amounts did not exceed the self-insurance or insurance coverage limits in any of the past three years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. The present value of liabilities for unpaid claims is based on a 3.1 percent annual interest rate over the life of the claims. Changes in the balances of claims liabilities during the past three fiscal years were included in accounts payable as follows:

	June 30,		
(Dollars in thousands)	**2024**	2023	2022
Unpaid claims, beginning of fiscal year	**$ 14,706**	$ 12,702	$ 10,289
Incurred claims (including IBNR)	**3,755**	3,366	4,469
Claim payments and adjustments	**(4,589)**	(1,362)	(2,056)
Unpaid claims, end of fiscal year	**13,872**	14,706	12,702
Less current portion	**(8,468)**	(8,759)	(6,013)
Noncurrent portion	**$ 5,404**	$ 5,947	$ 6,689

17. SUBSEQUENT EVENT

(a) Claims and Litigation

Following a hearing on July 18, 2024, related to SDCWA, the Superior Court held that Metropolitan was the prevailing party in the 2014, 2016 and 2018 cases and is therefore entitled to attorney's fees under the parties' Exchange Agreement and litigation costs. The prevailing party decision is subject to appeal.

Metropolitan is unable to assess at this time the likelihood of success of the pending appeal, or any other possible appeals, settlements, or any future claims.

(b) Long-Term Debt

On September 19, 2024, Metropolitan issued two series bonds, a $214.3 million Water Revenue and Refunding Bonds, 2024 Series C (2024 Series C) and a $150.0 million Variable Rate Subordinate Water Revenue Refunding Bonds, 2024 Series D (2024 Series D). The 2024 Series C prepaid $130.6 million and $18.0 million of short-term notes issued on June 28, 2024 and $18.0 million of short-term notes issued on March 21, 2024. In addition, it funded $48.2 million and $29.1 million for Metropolitan's conservation program and Capital Investment Plan, respectively. The 2024 Series D prepaid the remaining $149.4 million balance on the $280.0 million short-term notes issued on June 28, 2024.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

(Dollars in thousands)	**2024**	2023	2022
Measurement date: June 30,	**2023**	2022	2021
TOTAL PENSION LIABILITY			
Service cost	**$ 44,518**	$ 44,093	$ 38,574
Interest on total pension liability	**192,397**	184,342	181,233
Changes in benefit terms	**1,507**	—	—
Changes of assumptions	**—**	66,014	—
Difference between expected and actual experience	**34,799**	(14,115)	3,634
Benefit payments, including refunds of employee contributions	**(153,892)**	(142,551)	(132,584)
Net change in total pension liability	**119,329**	137,783	90,857
Total pension liability - beginning	**2,807,458**	2,669,675	2,578,818
Total pension liability - ending (a)	**$ 2,926,787**	$ 2,807,458	$ 2,669,675
PLAN FIDUCIARY NET POSITION			
Contribution - Employer	**$ 88,219**	$ 81,525	$ 74,339
Contribution - Employee	**18,372**	17,876	17,521
Net investment income(1)	**124,835**	(167,705)	417,420
Benefit payments, including refunds of employee contributions	**(153,892)**	(142,551)	(132,584)
Net plan to plan resource management	**—**	—	—
Administrative expense	**(1,482)**	(1,388)	(1,852)
Other miscellaneous income/(expense)(2)	**—**	—	—
Net change in fiduciary net position	**76,052**	(212,243)	374,844
Plan fiduciary net position - beginning(3)	**2,016,832**	2,229,075	1,854,231
Plan fiduciary net position - ending (b)	**$ 2,092,884**	$ 2,016,832	$ 2,229,075
Plan net pension liability - ending (a) - (b)	**$ 833,903**	$ 790,626	$ 440,600
Plan fiduciary net position as a percentage of the total pension liability	**71.51 %**	71.84 %	83.50 %
Covered payroll	**$ 249,812**	$ 241,288	$ 235,294
Plan net pension liability as a percentage of covered payroll	**333.81 %**	327.67 %	187.26 %

(1) 2015 amount was net of administrative expenses of $1,972.

(2) During Fiscal Year 2017-18, as a result of GASB 75, CalPERS reported its proportionate share of activity related to post-employment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB 68.

(3) Includes any beginning of year adjustment.

See accompanying independent auditors' report

2021	2020	2019	2018	2017	2016	2015
2020	2019	2018	2017	2016	2015	2014
$ 37,178	$ 35,739	$ 33,583	$ 33,685	$ 29,142	$ 28,890	$ 28,505
174,996	168,122	161,023	156,661	152,500	146,852	139,190
—	—	(15,391)	125,734	—	(35,008)	—
13,319	16,205	(10,039)	(15,804)	(12,754)	14,665	—
(125,982)	(117,537)	(107,646)	(100,092)	(92,401)	(86,154)	(81,391)
99,511	102,529	61,530	200,184	76,487	69,245	86,304
2,479,307	2,376,778	2,315,248	2,115,064	2,038,577	1,969,332	1,883,028
$ 2,578,818	$ 2,479,307	$ 2,376,778	$ 2,315,248	$ 2,115,064	$ 2,038,577	$ 1,969,332
$ 66,091	$ 56,497	$ 48,780	$ 42,819	$ 38,393	$ 34,306	$ 33,853
16,230	15,631	15,749	14,895	15,034	14,787	15,185
90,131	114,220	139,003	171,562	8,304	35,301	236,746
(125,982)	(117,537)	(107,646)	(100,092)	(92,401)	(86,154)	(81,391)
—	—	(4)	—	—	—	—
(2,551)	(1,244)	(2,577)	(2,255)	(950)	(1,756)	—
—	4	(4,895)	—	—	—	—
43,919	67,571	88,410	126,929	(31,620)	(3,516)	204,393
1,810,312	1,742,741	1,654,331	1,527,402	1,559,022	1,562,538	1,358,145
$ 1,854,231	$ 1,810,312	$ 1,742,741	$ 1,654,331	$ 1,527,402	$ 1,559,022	$ 1,562,538
$ 724,587	$ 668,995	$ 634,037	$ 660,917	$ 587,662	$ 479,555	$ 406,794
71.90 %	73.02 %	73.32 %	71.45 %	72.22 %	76.48 %	79.34 %
$ 225,707	$ 212,558	$ 204,635	$ 199,186	$ 195,878	$ 190,423	$ 186,850
321.03 %	314.74 %	309.84 %	331.81 %	300.01 %	251.84 %	217.71 %

NOTES TO SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Benefit Changes: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the June 30, 2023 measurement date. However, offers of Two Years Additional Service Credit that occurred after the June 30, 2022 valuation date are not included in the figure above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

SCHEDULE OF PENSION CONTRIBUTIONS

(Dollars in thousands)	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	**$ 89,655**	$ 88,219	$ 81,525	$ 74,339	$ 66,091	$ 56,497	$ 48,780	$ 42,819	$ 38,393	$ 34.306
Contributions in relation to the actuarially determined contribution	**(89,655)**	(88,219)	(81,525)	(74,339)	(66,091)	(56,497)	(48,780)	(42,819)	(38,393)	(34.306)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	**$279,846**	$249,812	$241,288	$235,294	$225,707	$212,558	$204,635	$199,186	$195,878	$190,423
Contributions as a percentage of covered payroll	**32.04 %**	35.31 %	33.79 %	31.59 %	29.28 %	26.58 %	23.84 %	21.50 %	19.60 %	18.02 %

See accompanying independent auditors' report

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS

Methods and assumptions used to set the actuarially determined contribution rates for fiscal year 2024:

Valuation date: June 30, 2021

Actuarial Cost Method	Entry age normal in accordance with the requirements of GASB 68
Amortization Method/Period	Level dollar amount over a 20-year period with no ramps.
Asset Valuation Method	The Actuarial Value of Assets is set equal to the market value of assets.
Discount rate	6.80%
Inflation	2.30%
Mortality, disability, termination, retirement	CalPERS Assumptions set in 2021
Mortality improvement	Base 2017 rates are projected generationally for future years using 80% of the Society of Actuaries' Scale MP-2020.

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

(Dollars in thousands)	**2024**	2023	2022	2021	2020	2019	2018[1]
Measurement Date: June 30,	**2023**	2022	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY							
Service cost	**$ 10,807**	$ 10,124	$ 11,473	$ 11,061	$ 10,635	$ 10,325	$ 10,024
Interest	**29,792**	28,839	30,563	29,322	31,600	30,252	28,951
Changes of assumptions	**25,760**	—	(48,447)	—	(4,217)	—	—
Difference between expected and actual experience	**9,735**	—	6,034	—	(50,116)	—	—
Benefit payments	**(25,690)**	(25,377)	(22,313)	(22,849)	(21,328)	(20,487)	(19,525)
Net change in total OPEB liability	**50,404**	13,586	(22,690)	17,534	(33,426)	20,090	19,450
Total OPEB liability - beginning	**443,189**	429,603	452,293	434,759	468,185	448,095	428,645
Total OPEB liability - ending (a)	**$493,593**	$443,189	$429,603	$452,293	$434,759	$468,185	$448,095
PLAN FIDUCIARY NET POSITION							
Contribution - employer	**$ 21,419**	$ 30,603	$ 27,025	$ 33,506	$ 32,067	$ 34,674	$ 33,646
Net investment income	**21,194**	(53,817)	85,221	10,276	16,240	18,538	20,792
Benefit payments	**(25,690)**	(25,377)	(22,313)	(22,849)	(21,328)	(20,487)	(19,525)
Administrative expense	**(171)**	(194)	(174)	(144)	(57)	(400)	(107)
Net change in fiduciary net position	**16,752**	(48,785)	89,759	20,789	26,922	32,325	34,806
Plan fiduciary net position - beginning	**328,536**	377,321	287,562	266,773	239,851	207,526	172,720
Plan fiduciary net position - ending (b)	**$345,288**	$328,536	$377,321	$287,562	$266,773	$239,851	$207,526
Plan net OPEB liability - ending (a) - (b)	**$148,305**	$114,653	$ 52,282	$164,731	$167,986	$228,334	$240,569
Plan fiduciary net position as a percentage of the total OPEB liability	**69.95 %**	74.13 %	87.83 %	63.58 %	61.36 %	51.23 %	46.31 %
Covered payroll	**$249,812**	$241,288	$235,294	$225,707	$212,558	$204,635	$199,186
Plan net OPEB liability as a percentage of covered payroll	**59.37 %**	47.52 %	22.22 %	72.98 %	79.03 %	111.58 %	120.78 %

[1] Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

See accompanying independent auditors' report

NOTES TO SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

Benefit Changes: There were no benefit changes for the June 30, 2017 through 2023 measurement dates.

Changes of Assumptions: For the June 30, 2023 and 2021 measurement dates, demographic assumptions were updated to CalPERS 2000-2019 experience study and 1997-2015 experience study, respectively, and mortality improvements were updated to Scale MP-2021 and Scale MP-2019, respectively. There were no changes of assumptions for the June 30, 2022, 2020, 2018 or 2017 measurement dates.

SCHEDULE OF OPEB CONTRIBUTIONS

(Dollars in thousands)	**2024**	2023	2022	2021	2020	2019	2018[(1)]
Actuarially determined contribution	**$ 15,349**	$ 14,903	$ 23,922	$ 23,217	$ 28,148	$ 27,328	$ 30,086
Contributions in relation to the actuarially determined contribution	**(21,985)**	(21,419)	(30,603)	(27,025)	(33,506)	(32,067)	(34,674)
Contribution excess	**$ (6,636)**	$ (6,516)	$ (6,681)	$ (3,808)	$ (5,358)	$ (4,739)	$ (4,588)
Covered payroll	**$ 279,846**	$ 249,812	$ 241,288	$ 235,294	$ 225,707	$ 212,558	$ 204,635
Contributions as a percentage of covered payroll	**7.86 %**	8.57 %	12.68 %	11.49 %	14.84 %	15.09 %	16.94 %

[(1)]Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

See accompanying independent auditors' report

NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS

Methods and assumptions used to set the actuarially determined contribution rates for fiscal year 2024 were from the June 30, 2023 actuarial valuation:

Actuarial Cost Method	Entry age, level percentage of payroll
Amortization Method/Period	Level percentage of payroll over 23-year closed period from 6/30/2014 plus 15-year closed layers of future gains/losses/ assumption changes/plan changes
Asset Valuation Method	Gains/losses on the Actuarial Value of Assets spread over five-year rolling periods with corridor of 80% and 120% of market value
Discount rate	6.75%
Inflation	2.80%
Mortality, disability, termination, retirement	CalPERS Asssumptions set in 2021
Medical trend	Pre-Medicare - 12.72% in 2023, grading to 4.14% in 2076 Medicare - 8.45% in 2023, grading to 4.14% in 2076
Mortality improvement	Base 2017 rates are projected generationally for future years using 80% of the Society of Actuaries' Scale MP-2020.

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FIDUCIARY FUND DESCRIPTIONS

PRIVATE PURPOSE TRUST FUNDS

Colorado River Authority

The Colorado River Authority is a separate governmental entity composed of Southern California public agencies formed in 2007 for the purpose of engaging in the study, research and information dissemination among the people of California and representatives of Congress and the State Legislature relative to California's rights to water and other resources from the Colorado River. By means of a Joint Powers Agreement, Metropolitan acts as the trustee for the funds furnished by the public agencies in support of the Colorado River Authority. The Joint Powers Agreement specifies that such moneys will be placed in a special account designated "Colorado River Joint Powers Authority Account" and disbursements from are to be made by Metropolitan in accordance with the agreement.

Delta Conveyance Finance Authority

The Delta Conveyance Finance Authority (Finance Authority) was created on July 3, 2018 through a Joint Powers Authority, whose members consist of water agencies (member agencies) that contract with the Department of Water Resources (DWR) for the purchase of water. The Finance Authority's original purpose was to assist DWR and member agency participants to finance all or a portion of the two-tunnel California WaterFix (CWF) project. At the direction of Governor Newsom, the CWF project was shifted towards a single tunnel Delta Conveyance Project (Project). The Finance Authority may still assist in the financing of the Project after the completion of the environmental review under the California Environmental Quality Act and National Environmental Policy Act and other permitting activities, which is still in progress as of June 30, 2024. The Finance Authority's operation is supported by the collection of contributions from its member agencies. Their funds are deposited in Metropolitan's cash and investment pool and disbursed in accordance with the Treasury and Accounting agreement between the Finance Authority and Metropolitan.

Six Agency Committee

The Six Agency Committee's (Committee) is a member group composed of a member and an alternate member appointed by each of the governing bodies of the six major California public agencies with Colorado River rights and interests. The Committee was created by a Joint Powers Agreement, executed on January 5, 1950 and subsequently amended, to administer funds contributed by the Agencies for purposes that tend to secure their rights in and to the waters of the Colorado River system. In accordance with the purposes of the Joint Powers Agreement, the Committee provides monetary support to the Board in furtherance of its work in safeguarding the Agencies' rights and promoting their interests in and to the water of the Colorado River. Terms and conditions for support of the Colorado River Board are set forth in an annual agreement between the Committee and the Colorado River Board. Funds advanced by the Agencies in accordance with the annual agreement are deposited with Metropolitan, who holds the responsibility to serve as trustee over such funds. Upon completion of the Committee, any funds remaining with the Committee will be ratably refunded to the contributing Agencies.

FIDUCIARY FUND DESCRIPTIONS (CONTINUED)

CUSTODIAL FUNDS

Diamond Valley Lake Multi Species Reserve Fund

The Diamond Valley Lake Multi Species Reserve Fund was created under a Cooperative Management Agreement executed by Metropolitan, the California Department of Fish & Wildlife, the United States Fish & Wildlife service, the Riverside County Habitat Conservation Agency, the Riverside County Regional Park and Open Space District, the County of Riverside, and the Riverside County Park Facilities Corporation for impacts related to Metropolitan's construction of the Diamond Valley Lake reservoir. The Cooperative Management Agreement provides for the acquisition, management, operation and maintenance of certain lands located in the southwestern portion of Riverside County in conformance with and to fulfill the requirements of the Southwestern Riverside Multi-Species Habitat Conservation Plan. The Southwestern Riverside Multi-Species Reserve initially comprised land owned by Metropolitan and the Riverside County Park Facilities Corporation, and now includes Riverside County Habitat Agency and United States Bureau of Land Management property. In accordance with the Cooperative Management Agreement, funds are deposited in Metropolitan's cash and investment pool and disbursements of funds are made by Metropolitan in accordance with the agreement. The balances reported in the Diamond Valley Lake Multi Species Reserve Fund in Metropolitan's fiduciary fund statements exclude Metropolitan's share based on the percentage of Metropolitan owned land in the Multi Species Reserve and do not reflect the balance of funds available for it's management

Water Utility Climate Alliance Membership

The Water Utility Climate Alliance (WUCA) is an association of water utility agencies formed with a mission to provide leadership and collaboration on climate change issues affecting water agencies across the United States. The organization comprises 12 of the nation's largest water providers, including Metropolitan, who agreed to contribute funds to finance WUCA approved expenditures through a Fiscal Agent Agreement. In accordance with the Fiscal Agent Agreement, Metropolitan was designated as the Fiscal Agent for the contributions made by member agencies and the funds are deposited in Metropolitan's interest-bearing cash and investment accounts. Disbursement of funds from the available WUCA resources are made by Metropolitan in accordance with the Fiscal Agent Agreement. The balances reported in the WUCA fund in Metropolitan's fiduciary fund statements exclude Metropolitan's share of contributions and do not reflect the balance of funds available for WUCA.

COMBINING STATEMENTS OF FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUNDS

	June 30, 2024			
(Dollars in thousands)	**Colorado River Association**	**Delta Conveyance Finance Authority**	**Six Agency Committee**	**Total Private Purpose Trust Funds**
Assets				
Restricted pooled cash and investments, at fair value (Notes 1d and 3):	$ 436	$ 255	$ 1,314	**$ 2,005**
Interest receivable	—	1	—	**1**
Total assets	$ 436	$ 256	$ 1,314	**$ 2,006**
Liabilities				
Accounts payable and accrued expenses	$ —	$ 1	$ —	**$ 1**
Total liabilities	—	1	—	**1**
Net Position				
Restricted for organizations and other governments	436	255	1,314	**2,005**
Total Liabilities and Net Position	$ 436	$ 256	$ 1,314	**$ 2,006**

See accompanying Independent Auditors' Report.

COMBINING STATEMENTS OF FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUNDS (CONTINUED)

	June 30, 2023			
(Dollars in thousands)	**Colorado River Association**	**Delta Conveyance Finance Authority**	**Six Agency Committee**	**Total Private Purpose Trust Funds**
Assets				
Restricted pooled cash and investments, at fair value (Notes 1d and 3):	$ 437	$ 336	$ 1,477	$ 2,250
Interest receivable	—	1	—	1
Total assets	$ 437	$ 337	$ 1,477	$ 2,251
Liabilities				
Accounts payable and accrued expenses	$ —	$ —	$ —	$ —
Total liabilities	—	—	—	—
Net Position				
Restricted for organizations and other governments	437	337	1,477	2,251
Total Liabilities and Net Position	$ 437	$ 337	$ 1,477	$ 2,251

See accompanying Independent Auditors' Report.

COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUNDS

	Fiscal Year Ended June 30, 2024			
(Dollars in thousands)	**Colorado River Association**	**Delta Conveyance Finance Authority**	**Six Agency Committee**	**Total Private Purpose Trust Funds**
Additions				
Contributions from participating agencies	$ —	$ —	$ 3,050	**$ 3,050**
Interest	—	13	—	**13**
Total additions	—	13	3,050	**3,063**
Deductions				
Support payments to the Colorado River Board	—	—	2,602	**2,602**
Expensed equipment	—	—	1	**1**
Computer systems and software	—	—	2	**2**
Administrative expenses	1	—	—	**1**
Support payments for Colorado River system augmentation and conservation	—	—	410	**410**
Professional services	—	95	198	**293**
Total deductions	1	95	3,213	**3,309**
Net Decrease in Fiduciary Net Position	(1)	(82)	(163)	**(246)**
Net position, Beginning of Year	437	337	1,477	**2,251**
Net position, End of Year	$ 436	$ 255	$ 1,314	**$ 2,005**

See accompanying Independent Auditors' Report.

COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUNDS (CONTINUED)

	Fiscal Year Ended June 30, 2023			
(Dollars in thousands)	**Colorado River Association**	**Delta Conveyance Finance Authority**	**Six Agency Committee**	**Total Private Purpose Trust Funds**
Additions				
Contributions from participating agencies	$ —	$ —	$ 2,796	$ 2,796
Interest	—	10	—	10
Total additions	—	10	2,796	2,806
Deductions				
Support payments to the Colorado River Board	—	—	2,500	2,500
Expensed equipment	—	—	6	6
Computer systems and software	—	—	12	12
Administrative expenses	54	—	—	54
Support payments for Colorado River system augmentation and conservation	—	—	384	384
Professional services	—	135	115	250
Total deductions	54	135	3,017	3,206
Net Decrease in Fiduciary Net Position	(54)	(125)	(221)	(400)
Net position, Beginning of Year	491	462	1,698	2,651
Net position, End of Year	$ 437	$ 337	$ 1,477	$ 2,251

See accompanying Independent Auditors' Report.

COMBINING STATEMENTS OF FIDUCIARY NET POSITION CUSTODIAL FUNDS

	Fiscal Year Ended June 30, 2024		
(Dollars in thousands)	**Diamond Valley Lake Multi Species Reserve Fund**	**Water Utility Climate Alliance Membership**	**Total Custodial Funds**
Assets			
Restricted pooled cash and investments, at fair value (Notes 1d and 3):	$ 2,112	$ 432	**$ 2,544**
Interest receivable	—	—	**—**
Total assets	$ 2,112	$ 432	**$ 2,544**
Liabilities			
Accounts payable and accrued expenses	$ —	$ 57	**$ 57**
Due to other governments	25	—	**25**
Total liabilities	25	57	**82**
Net Position			
Restricted for organizations and other governments	2,087	375	**2,462**
Total Liabilities and Net Position	$ 2,112	$ 432	**$ 2,544**

See accompanying Independent Auditors' Report.

COMBINING STATEMENTS OF FIDUCIARY NET POSITION CUSTODIAL FUNDS (CONTINUED)

	Fiscal Year Ended June 30, 2023		
(Dollars in thousands)	**Diamond Valley Lake Multi Species Reserve Fund**	**Water Utility Climate Alliance Membership**	**Total Custodial Funds**
Assets			
Restricted pooled cash and investments, at fair value (Notes 1d and 3):	$ 2,052	$ 396	$ 2,448
Interest receivable	7	1	8
Total assets	$ 2,059	$ 397	$ 2,456
Liabilities			
Accounts payable and accrued expenses	$ —	$ 248	$ 248
Due to other governments	28	—	28
Total liabilities	28	248	276
Net Position			
Restricted for organizations and other governments	2,031	149	2,180
Total Liabilities and Net Position	$ 2,059	$ 397	$ 2,456

See accompanying Independent Auditors' Report.

COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS

	Fiscal Year Ended June 30, 2024		
(Dollars in thousands)	**Diamond Valley Lake Multi Species Reserve Fund**	**Water Utility Climate Alliance Membership**	**Total Custodial Funds**
Additions			
Contributions from participating agencies	$ 44	$ 289	**$ 333**
Interest	87	12	**99**
Total additions	131	301	**432**
Deductions			
Payments to other governments for conservation	75	—	**75**
Professional services	—	75	**75**
Total deductions	75	75	**150**
Net Decrease in Fiduciary Net Position	56	226	**282**
Net position, Beginning of Year	2,031	149	**2,180**
Net position, End of Year	$ 2,087	$ 375	**$ 2,462**

See accompanying Independent Auditors' Report.

COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS (CONTINUED)

	Fiscal Year Ended June 30, 2023		
(Dollars in thousands)	**Diamond Valley Lake Multi Species Reserve Fund**	**Water Utility Climate Alliance Membership**	**Total Custodial Funds**
Additions			
Contributions from participating agencies	$ 44	$ 203	$ 247
Interest	56	11	67
Total additions	100	214	314
Deductions			
Payments to other governments for conservation	102	—	102
Professional services	—	404	404
Total deductions	102	404	506
Net Decrease in Fiduciary Net Position	(2)	(190)	(192)
Net position, Beginning of Year	2,033	339	2,372
Net position, End of Year	$ 2,031	$ 149	$ 2,180

See accompanying Independent Auditors' Report.

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STATISTICAL SECTION

This part of Metropolitan's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Metropolitan's overall financial health.

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Sources: Unless otherwise noted, the information in these schedules was derived from the annual comprehensive financial report for the relevant year.

The Metropolitan Water District of Southern California
Table 1
Ten-Year Summary of Net Position by Component (Unaudited)-Accrual Basis
(Dollars in millions)

	Fiscal Year Ended June 30,									
	2024	2023	2022 (1)	2021 (2)	2020 (3)	2019	2018 (4),(5)	2017(5)	2016	2015 (6)
			As Adjusted	As Adjusted	As Adjusted		As Adjusted	As Adjusted		As Adjusted
Net investment in capital assets, including State Water Project costs	$ 6,422.4	$ 6,359.2	$ 6,220.3	$ 6,141.4	$ 6,121.6	$ 6,131.6	$ 5,968.8	$ 6,067.0	$ 5,772.4	$ 5,572.5
Restricted for:										
Debt service	189.4	192.3	235.9	221.6	232.4	180.7	201.4	224.6	199.5	263.2
Other expenses	439.3	424.5	337.6	311.1	276.6	237.9	206.2	182.4	183.3	178.8
Unrestricted	318.5	474.5	663.4	520.7	308.9	286.0	310.1	283.7	528.6	867.2
Total Net Position	$ 7,369.6	$ 7,450.5	$ 7,457.2	$ 7,194.8	$ 6,939.5	$ 6,836.2	$ 6,686.5	$ 6,757.7	$ 6,683.8	$ 6,881.7

(1) Adjustment relates to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* in fiscal year 2023 with a restatement of fiscal year 2022 balances. Fiscal years 2015 through 2021 were not adjusted.

(2) Adjustment relates to the implementation of GASB Statement No. 87, *Leases*, in fiscal year 2022 with a restatement of fiscal year 2021 balances. Fiscal years 2015 through 2020 were not adjusted.

(3) Adjustment relates to the adoption of GASB Statement No. 84, *Fiduciary Activities,* in fiscal year 2021 with a restatement of fiscal year 2020 balances. Fiscal years 2015 through 2019 were not adjusted.

(4) Adjustment relates to Metropolitan's implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Fiscal years 2015 through 2017 were not adjusted.

(5) Net investment in capital assets, including State Water Project costs, restricted for other expenses and unrestricted net position in fiscal years 2018 and 2017 were adjusted to conform to fiscal year 2019 presentation. Fiscal years 2015 and 2016 were not adjusted.

(6) Adjustment relates to Metropolitan's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 2
Ten-Year Summary of Changes in Net Position (Unaudited)-Accrual Basis
(Dollars in millions)

	Fiscal Year Ended June 30,									
	2024	2023	2022[1] As adjusted	2021[2] As adjusted	2020	2019	2018[3] As adjusted	2017	2016	2015[4] As adjusted
Water revenues [5]	$ 1,216.1	$ 1,236.4	$ 1,515.1	$ 1,404.7	$ 1,188.0	$ 1,148.7	$ 1,285.2	$ 1,150.5	$ 1,166.0	$ 1,382.9
Readiness-to-serve charges	160.5	147.0	135.0	133.0	134.5	136.5	137.5	144.0	155.5	162.0
Capacity charge	36.2	37.2	37.0	31.7	30.5	33.0	34.6	39.7	44.7	37.5
Power sales	13.0	5.7	7.7	19.0	15.9	18.3	23.7	20.9	7.5	8.4
Operating revenues	1,425.8	1,426.3	1,694.8	1,588.4	1,368.9	1,336.5	1,481.0	1,355.1	1,373.7	1,590.8
Taxes, net	202.9	189.5	168.1	160.6	146.9	142.7	127.3	115.4	107.9	102.3
State funding for Pure Water Southern California program	—	80.0	—	—	—	—	—	—	—	—
Investment income, net	54.2	35.0	—	4.1	28.9	36.0	10.6	6.2	19.4	—
Intergovernmental revenue	15.7	—	—	—	—	—	—	—	—	—
Gain on sale of plant assets	—	6.2	9.2	—	—	—	—	—	—	—
Other	11.6	17.0	8.7	10.9	24.5	10.4	12.9	7.3	10.2	5.4
Nonoperating revenues	284.4	327.7	186.0	175.6	200.3	189.1	150.8	128.9	137.5	107.7
Total revenues	1,710.2	1,754.0	1,880.8	1,764.0	1,569.2	1,525.6	1,631.8	1,484.0	1,511.2	1,698.5
Power and water costs	(596.8)	(688.3)	(605.7)	(480.9)	(438.7)	(375.8)	(446.5)	(455.4)	(552.3)	(473.6)
Operations and maintenance	(703.9)	(579.8)	(473.9)	(508.2)	(557.4)	(493.9)	(507.4)	(487.5)	(650.1)	(543.4)
Litigation payments	—	—	(50.9)	(44.4)	—	—	—	—	—	—
Depreciation and amortization	(378.2)	(386.5)	(377.4)	(364.5)	(353.0)	(361.1)	(330.3)	(301.7)	(376.5)	(374.8)
Operating expenses	(1,678.9)	(1,654.6)	(1,507.9)	(1,398.0)	(1,349.1)	(1,230.8)	(1,284.2)	(1,244.6)	(1,578.9)	(1,391.8)
Bond interest, net of amount capitalized [6]	(117.2)	(97.4)	(93.5)	(91.6)	(100.7)	(126.9)	(124.5)	(134.6)	(126.9)	(132.5)
Interest and adjustments on OAPF [7]	—	—	—	—	—	—	—	(0.6)	(0.8)	(1.2)
Investment loss, net	—	—	(10.9)	—	—	—	—	—	—	(3.6)
Loss on sale/disposal of plant assets	(0.3)	—	—	(13.2)	(10.2)	(13.7)	(88.7)	(20.9)	—	—
Other	(7.5)	(8.8)	(6.4)	(6.2)	(5.9)	(5.3)	(68.2)	(9.4)	(4.6)	—
Nonoperating expenses	(125.0)	(106.2)	(110.8)	(111.0)	(116.8)	(145.9)	(281.4)	(165.5)	(132.3)	(137.3)
Total expenses	(1,803.9)	(1,760.8)	(1,618.7)	(1,509.0)	(1,465.9)	(1,376.7)	(1,565.6)	(1,410.1)	(1,711.2)	(1,529.1)
Capital contributions	12.8	0.1	0.3	0.3	—	0.8	1.5	—	2.1	2.3
Changes in net position	$ (80.9)	$ (6.7)	$ 262.4	$ 255.3	$ 103.3	$ 149.7	$ 67.7	$ 73.9	$ (197.9)	$ 171.7

(1) Adjustment relates to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* in fiscal year 2023 with a restatement of fiscal year 2022 balances. Fiscal years 2015 through 2021 were not adjusted.

(2) Adjustment relates to the implementation of GASB Statement No. 87, *Leases*, in fiscal year 2022 with a restatement of fiscal year 2021 balances. Fiscal years 2015 through 2020 were not adjusted.

(3) Adjustment relates to Metropolitan's implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.* Fiscal years 2015 through 2017 were not adjusted.

(4) Adjustment relates to Metropolitan's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.*

(5) Water revenues includes revenues from water sales, exchanges, and wheeling.

(6) Beginning fiscal year 2022, construction interest costs were no longer capitalized in accordance with GASB Statement 89, *Accounting for Interest Incurred before the End of a Construction Period.*

(7) Off-Aqueduct Power Facilities. The State relieved Metropolitan of its obligation during the year ended June 30, 2018.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 3
Ten-Year Summary of Water Revenues by Component (Unaudited)-Accrual Basis
(Dollars in thousands)

Fiscal Year Ended June 30,	Water Sales (1)			Exchange	Total
	Treated	Untreated	Tier 2 (2) (3)		
2024	$ 728,310.0	$ 295,006.9	$ 766.7	$ 192,018.2	$ 1,216,101.8
2023	744,018.3	318,161.5	143.2	174,080.3	1,236,403.3
2022	925,817.5	423,797.5	—	165,454.8	1,515,069.8
2021	840,130.7	397,566.6	—	167,038.1	1,404,735.4
2020	754,496.5	293,438.7	—	140,062.6	1,187,997.8
2019	727,511.1	318,940.9	—	102,221.8	1,148,673.8
2018	805,392.6	383,632.6	—	96,139.0	1,285,164.2
2017	704,254.2	358,841.4	—	87,437.0	1,150,532.6
2016	681,045.9	401,837.7	(1,180.3)	84,337.0	1,166,040.3
2015	805,798.0	489,016.4	9,252.8	78,830.9	1,382,898.1

(1) Water sales rates vary based on the program. See Table 4 for rates.

(2) Tier 2 dollars reflect the premium paid by the member agency for water taken in excess of their maximum purchase commitment. Either treated/untreated or both could have caused the agency to exceed their maximum.

(3) The 2016 credit resulted from a correction of water sales between member agencies.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 4
Ten-Year Summary of Water Revenues Rate Structure (Unaudited)
(Dollars per acre-foot unless otherwise specified)

	Calendar Year (1)									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Tier 1 Supply Rate	$ 332	$ 321	$ 243	$ 243	$ 208	$ 209	$ 209	$ 201	$ 156	$ 158
Tier 2 Supply Rate	531	530	285	285	295	295	295	295	290	290
System Access Rate	389	368	389	373	346	326	299	289	259	257
Water Stewardship Rate (2)	—	—	—	—	65	69	55	52	41	41
System Power Rate	182	166	167	161	136	127	132	124	138	126
Full Service Untreated:										
Tier 1	903	855	799	777	755	731	695	666	594	582
Tier 2	1,102	1,064	841	819	842	817	781	760	728	714
Treatment Surcharge	353	354	344	327	323	319	320	313	348	341
Full Service Treated:										
Tier 1	1,256	1,209	1,143	1,104	1,078	1,050	1,015	979	942	923
Tier 2	1,455	1,418	1,185	1,146	1,165	1,136	1,101	1,073	1,076	1,055
Readiness-to-Serve Charge ($ millions)	167	154	140	130	136	133	140	135	153	158
Capacity Charge ($ per cubic foot per second)	11,200	10,600	12,200	10,700	8,800	8,600	8,700	8,000	10,900	11,100

(1) Rates are set on a calendar year basis.

(2) This rate was not incorporated into Metropolitan's rates and charges beginning calendar year 2021.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 5
Principal Water Revenue Customers (Unaudited) - Accrual Basis
(Dollars in thousands)

	Fiscal Year Ended June 30, 2024			Fiscal Year Ended June 30, 2015		
	Amount	%	Rank	Amount	%	Rank
Treated Water Sales						
Member Agency						
City of Los Angeles	$ 116,915.2	16.0 %	1	$ 60,274.9	7.5 %	5
West Basin MWD	115,512.2	15.9	2	102,221.1	12.7	2
MWD of Orange County	89,127.1	12.2	3	138,420.3	17.2	1
Calleguas MWD	85,030.4	11.7	4	87,831.9	10.9	4
Eastern MWD	54,311.8	7.5	5	51,918.1	6.4	6
Subtotal	$ 460,896.7	63.3 %		$ 440,666.3	54.7 %	
Total Treated Water Sales	$ 728,310.0	100.0 %		$ 805,798.0	100.0 %	
Untreated Water Sales						
Member Agency						
Upper San Gabriel MWD	$ 54,630.2	18.5 %	1	$ —	— %	
Eastern MWD	47,685.2	16.2	2	—	—	
City of Los Angeles	38,682.2	13.1	3	169,720.9	34.7	1
San Diego County Water Authority	36,356.7	12.3	4	149,669.6	30.6	2
Subtotal	$ 177,354.3	60.1 %		$ 319,390.5	65.3 %	
Total Untreated Water Sales	$ 295,006.9	100.0 %		$ 489,016.4	100.0 %	
Tier 2 Sales						
Member Agency						
City of Santa Monica	$ 497.1	64.8 %	1	$ —	— %	
City of San Fernando	269.6	35.2		—	—	
Subtotal	$ 766.7	100.00 %		$ —	— %	
Total Tier 2 Sales	$ 766.7	100.00 %		$ 9,252.8	100.0 %	
Exchange						
Member Agency						
San Diego County Water Authority	$ 154,013.3	80.2 %	1	$ 78,288.9	99.3 %	1
Subtotal	$ 154,013.3	80.2 %		$ 78,288.9	99.3 %	
Total Exchange	$ 192,018.2	100.0 %		$ 78,830.9	100.0 %	
Total Water Revenue	**$ 1,216,101.8**			**$ 1,382,898.1**		

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 6
Ten-Year Summary of Property Tax Levies and Collections (Unaudited)-Cash Basis
(Dollars in thousands)

Fiscal Year Ended June 30,	Total Tax Levy	Tax Collections Current	Tax Collections Delinquent	Tax Collections Total (1)	Outstanding Delinquent Taxes (2)	Percent of Current Taxes Collected to Total Tax Levy	Percent of Total Tax Collections to Total Tax Levy	Percent of Delinquent Taxes to Total Tax Levy
2024	$ 196,001	$ 195,023	$ 6,509	$ 201,532	$ 978	99.5 %	102.8 %	0.5 %
2023	176,719	168,426	29,402	197,828	8,293	95.3	111.9	4.7
2022	164,714	156,528	3,350	159,878	8,186	95.0	97.1	5.0
2021	153,026	153,026	8,081	161,107	—	100.0	105.3	—
2020	143,646	143,646	3,456	147,102	—	100.0	102.4	—
2019	130,566	130,566 (3)	14,588 (3)	145,154	—	100.0 (3)	111.2	—
2018	121,647	121,647 (3)	8,019 (3)	129,666	—	100.0 (3)	106.6	—
2017	112,727	112,727 (3)	2,410 (3)	115,137	—	100.0 (3)	102.1	—
2016	104,829	104,829	5,825	110,654	—	100.0	105.6	—
2015	100,066	97,687	5,320	103,007	2,379	97.6	102.9	2.4

(1) Total tax collections exclude cash payments on new annexations.

(2) Delinquent taxes shown are net of the "Allowance for Uncollectibles" determined by historical trends of collections and payments.

(3) In fiscal year 2020, current and delinquent tax collections were revised for fiscal years 2017 through 2019 but total tax collections was not affected by the changes.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California

Table 7

Ten-Year Summary of Assessed Valuations and Property Tax Rates (Unaudited)
(Dollars in billions)

Fiscal Year Ended June 30,	Gross Assessed Valuation [1]	Homeowner's Exemption	Net Assessed Valuation	Secured Property Percentage Tax Rate
2024	$ 3,875.9	$ 14.5	$ 3,861.4	0.0035 %
2023	3,639.4	14.6	3,624.8	0.0035
2022	3,392.1	14.8	3,377.3	0.0035
2021	3,263.3	15.1	3,248.2	0.0035
2020	3,092.4	15.3	3,077.1	0.0035
2019	2,916.6	15.4	2,901.2	0.0035
2018	2,740.6	15.6	2,725.0	0.0035
2017	2,583.4	15.8	2,567.6	0.0035
2016	2,451.0	15.9	2,435.1	0.0035
2015	2,315.0	16.2	2,298.8	0.0035

(1) Gross assessed valuations (before deduction of Homeowner's and Business Inventory Exemptions), as of August each year, of all secured and unsecured property within Metropolitan's service area, as certified by the County Auditor-Controllers for the respective counties.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 8
Ten-Year Summary of Assessed Valuations Within Metropolitan's Service Area - By Counties (Unaudited)
(Dollars in billions)

Fiscal Year Ended June 30,	Los Angeles		Orange		San Diego		Riverside		San Bernardino		Ventura		Total	
	AV [1]	% [2]	AV	%	AV	%	AV	%	AV	%	AV	%	AV	%
2024	$ 1,869.4	48.2	$ 769.4	19.9	$ 680.1	17.5	$ 264.7	6.8	$ 160.9	4.2	$ 131.4	3.4	$ 3,875.9	100.0
2023	1,766.2	48.6	724.3	19.9	635.5	17.5	241.8	6.6	147.2	4.0	124.4	3.4	3,639.4	100.0
2022	1,652.7	48.7	681.0	20.1	586.2	17.3	221.0	6.5	135.0	4.0	116.2	3.4	3,392.1	100.0
2021	1,593.5	48.8	655.0	20.1	566.4	17.4	209.0	6.4	127.1	3.9	112.3	3.4	3,263.3	100.0
2020	1,504.9	48.7	625.2	20.2	537.7	17.4	196.2	6.3	120.2	3.9	108.2	3.5	3,092.4	100.0
2019	1,415.3	48.5	591.4	20.3	508.6	17.4	184.6	6.3	113.0	3.9	103.7	3.6	2,916.6	100.0
2018	1,327.5	48.5	557.1	20.3	479.7	17.5	172.9	6.3	104.2	3.8	99.2	3.6	2,740.6	100.0
2017	1,251.3	48.4	524.5	20.3	452.0	17.5	163.1	6.3	97.8	3.8	94.7	3.7	2,583.4	100.0
2016	1,185.4	48.4	498.3	20.3	427.9	17.5	154.7	6.3	93.9	3.8	90.8	3.7	2,451.0	100.0
2015	1,117.4	48.3	470.7	20.3	405.0	17.5	146.3	6.3	89.1	3.8	86.5	3.8	2,315.0	100.0

(1) Gross Assessed Valuation.

(2) Percent of Total Assessed Valuation within Metropolitan.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California

Table 9

Ten-Year Summary of Ratios of General Obligation Debt to Net Assessed Valuations, Total Outstanding Debt to Total Household Income, and Amounts of Total and Net Outstanding Debt per Capita (Unaudited)

(Amounts in thousands)

Fiscal Year Ended June 30,	Population (1)	Net Assessed Valuations (NAV)	General Obligation (G.O.) Debt	Revenue Bond Debt	Unamortized Bond Discounts and Premiums, net	Leases and Subscriptions Payables	Notes and Loans	Total Outstanding Debt	Accumulated Resources Restricted for Repayment of Principal	Net Total Outstanding Debt	Ratio of G.O. Debt to NAV	Net Outstanding Debt per Capita
2024	18,517	$3,861,420,079	$ 18,210	$ 3,771,555	$ 450,530	$ 11,227	$384,400	$ 4,635,922	$ (118,875)	$ 4,517,047	0.00 %	$ 243.9
2023	18,573	3,624,835,574	19,215	3,881,160	420,924	11,441	56,400	4,389,140	(112,625)	4,276,515	0.00	230.3
2022	18,602	3,377,339,505	20,175	3,848,425	425,160	11,092	35,645	4,340,497 (4)(5)	(123,525)	4,216,972 (4)(5)	0.00	226.7
2021	18,671	3,248,320,002	26,830	3,994,265	464,184	8,824	35,645	4,529,748 (4)	(111,810)	4,417,938 (4)	0.00	236.6
2020	18,812	3,077,116,471	37,300	3,968,845	366,281	—	82,445	4,454,871	(123,940)	4,330,931	0.00	230.2
2019	18,829	2,901,199,673	48,050	3,933,245	307,310	—	46,800	4,335,405	(116,825)	4,218,580	0.00	224.0
2018	18,848	2,725,018,457	60,600	4,233,860	212,499	—	—	4,506,959	(96,725)	4,410,234 (3)	0.00	234.0
2017	18,818	2,567,616,063	74,905	4,301,985	202,848	—	—	4,579,738	(114,730)	4,465,008	0.00	237.3
2016	18,751	2,435,059,261	92,865	4,188,950	232,467	—	9,153	4,523,435	(153,270)	4,370,165	0.00	233.1
2015	18,684	2,298,791,445	110,420	4,157,105	200,028	—	10,684	4,478,237	(98,595)	4,379,642	0.00	234.4

Fiscal Year Ended June 30,	Population (1)	Total Household Income (THI) (2)	General Obligation (G.O.) Debt	Revenue Bond Debt	Unamortized Bond Discounts and Premiums, net	Leases and Subscriptions Payables	Notes and Loans	Total Outstanding Debt	Ratio of Total Outstanding Debt to THI	Total Outstanding Debt per Capita
2024	18,517	$ n/a	$ 18,210	$ 3,771,555	$ 450,530	$ 11,227	$384,400	$ 4,635,922	n/a %	$ 250.4
2023	18,573	n/a	19,215	3,881,160	420,924	11,441	56,400	4,389,140	n/a	236.3
2022	18,602	1,533,779,288	20,175	3,848,425	425,160	11,092	35,645	4,340,497 (4)	0.28	233.3
2021	18,671	1,523,519,485	26,830	3,994,265	464,184	8,824	35,645	4,529,748 (4)	0.30	242.6
2020	18,812	n/a	37,300	3,968,845	366,281	—	82,445	4,454,871	n/a	236.8
2019	18,829	1,341,790,418	48,050	3,933,245	307,310	—	46,800	4,335,405	0.32	230.3
2018	18,848	1,288,257,814	60,600	4,233,860	212,499	—	—	4,506,959	0.35	239.1
2017	18,818	1,224,898,669	74,905	4,301,985	202,848	—	—	4,579,738	0.37	243.4
2016	18,751	1,155,679,001	92,865	4,188,950	232,467	—	9,153	4,523,435	0.39	241.2
2015	18,684	1,107,415,207	110,420	4,157,105	200,028	—	10,684	4,478,237	0.40	239.7

(1) Population data is reported for Metropolitan's service area based on information from the State of California Department of Finance estimates. Fiscal year 2024 population was extrapolated and amounts from prior years reflect revisions based on current data and/or revision to service area boundaries.

(2) THI is based on population data and per capita income for Metropolitan's six county service area. Population data is from the State of California Department of Finance and per capita income data is from the U.S. Department of Commerce. Amounts reflect revisions based on current data available.

(3) Accumulated Resources Restricted for Repayment of Principal for fiscal year 2018 were corrected in fiscal year 2020 resulting in revisions to previously reported amounts for Net Total Outstanding Debt.

(4) Lease liabilities for fiscal years 2021 and 2022 were added in fiscal year 2023 resulting in revisions to previously reported amounts for Total Outstanding Debt and Net Total Outstanding Debt.

(5) Subscription liabilities for fiscal year 2022 were added in fiscal year 2023 resulting in revisions to previously reported amounts for Total Outstanding Debt and Net Total Outstanding Debt.

n/a: not available

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration, State of California Department of Finance, and U.S. Department of Commerce

The Metropolitan Water District of Southern California
Table 10
Direct and Overlapping Bonded Debt (Unaudited)
As of June 30, 2024

2023-24 Net Assessed Valuation	$ 3,861,420,078,590		
OVERLAPPING TAX AND ASSESSMENT DEBT:	Percentage Applicable		Debt June 30, 2024
Community College Districts	Various	$	14,568,257,699
Los Angeles Unified School District	99.318		10,650,251,514
San Diego Unified School District	99.961		5,500,617,738
Other Unified School Districts	Various		17,724,355,937
High School and School Districts	Various		8,826,506,908
City of Los Angeles	99.992		948,534,111
Other Cities	Various		136,492,532
Irvine Ranch Water District Improvement Districts	100		484,405,003
Santa Margarita Water District Improvement Districts	100		29,615,000
Other Water Districts	Various		17,063,027
Healthcare Districts	Various		605,851,125
Other Special Districts	Various		2,671,138
Community Facilities Districts	Various		8,065,008,105
1915 Act Bonds and Other Special Assessment District Bonds	Various		890,188,360
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		$	68,449,818,197
Less: Obligations supported from other revenue sources			297,434,007
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$	68,152,384,190
METROPOLITAN WATER DISTRICT TOTAL DIRECT DEBT		**$**	**18,210,000**
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$	68,468,028,197
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$	68,170,594,190
OVERLAPPING GENERAL FUND DEBT:	Percentage Applicable		Debt June 30, 2024
Los Angeles County Obligations	93.067	$	2,310,003,936
Orange County Obligations	99.927		450,086,197
Riverside County Obligations	66.440		878,982,620
San Bernardino County Obligations	50.105		84,607,303
San Diego County Obligations	96.711		572,408,232
Ventura County Obligations	76.081		213,757,177
City of Anaheim General Fund Obligations	99.898		597,242,951
City of Long Beach General Fund Obligations and Pension Obligation Bonds	100		131,725,000
City of Los Angeles General Fund Obligations	99.992		1,339,319,665
City of Pasadena General Fund and Pension Obligation Bonds	100		491,193,265
City of San Diego General Fund Obligations	99.952		605,935,857
Other City General Fund Obligations	Various		8,570,241,458
Water District General Fund Obligations	Various		51,320,691
Los Angeles Unified School District Certificates of Participation	99.318		468,373,756
Other School District General Fund Obligations	Various		1,870,956,856
Other Special District General Fund Obligations	Various		54,786,209
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$	18,690,941,173
Less: Obligations supported from other revenue sources			841,991,520
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$	17,848,949,653
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$	4,183,312,673
GROSS COMBINED TOTAL DEBT		$	91,342,282,043 (1)
NET COMBINED TOTAL DEBT		$	90,202,856,516

(1) Debt instruments included are general obligation bonds, lease revenue bonds and certificates of participation (when supported by the general fund), pension obligation bonds, 1915 Act special assessment bonds and Mello-Roos Act special assessment bonds. Excluded are enterprise revenue bonds, mortgage revenue bonds, tax and revenue anticipation notes and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2023-24 Net Assessed Valuation:		
Direct Debt ($18,210,000)		**0.005%**
Total Gross Direct and Overlapping Tax and Assessment Debt		1.77 %
Total Net Direct and Overlapping Tax and Assessment Debt		1.77 %
Gross Combined Total Debt		2.37 %
Net Combined Total Debt		2.34 %
Ratios to Redevelopment Incremental Valuation:	$ 555,574,632,556	
Total Overlapping Tax Increment Debt		0.75 %

See accompanying Independent Auditors' Report.

Source: California Municipal Statistics, Inc. San Francisco, California

The Metropolitan Water District of Southern California
Table 11
Ten-Year Summary of Legal Debt Margin Information (Unaudited)
(Dollars in millions)

	Fiscal Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
15 Percent of Assessed Value [1a]										
Debt limit	$ 581,383	$ 545,916	$ 508,810	$ 489,492	$ 463,864	$ 437,493	$ 411,095	$ 387,508	$ 367,651	$ 347,242
Debt applicable to the limit [2]	4,625	4,378	4,329	4,521	4,455	4,335	4,507	4,842	4,773	4,478
Legal debt margin	$ 576,758	$ 541,538	$ 504,481	$ 484,971	$ 459,409	$ 433,158	$ 406,588	$ 382,666	$ 362,878	$ 342,764
Total debt applicable to the limit as a percentage of debt limit	0.80 %	0.81 %	0.85 %	0.92 %	0.96 %	0.99 %	1.10 %	1.25 %	1.30 %	1.29 %
100 Percent of Equity [1b]										
Debt limit	$ 7,370	$ 7,451	$ 7,456	$ 7,194	$ 6,940	$ 6,836	$ 6,686	$ 6,758	$ 6,684	$ 6,882
Debt applicable to the limit [2]	3,772	3,881	3,848	3,994	3,969	3,933	4,234	4,302	4,189	4,157
Legal debt margin	$ 3,598	$ 3,570	$ 3,608	$ 3,200	$ 2,971	$ 2,903	$ 2,452	$ 2,456	$ 2,495	$ 2,725
Total debt applicable to the limit as a percentage of debt limit	51.18 %	52.09 %	51.61 %	55.52 %	57.19 %	57.53 %	63.33 %	63.66 %	62.67 %	60.40 %

Legal Debt Margin Calculations for Fiscal Year Ended June 30, 2024

15 Percent of Assessed Value	
2023-24 taxable gross assessed valuation	$ 3,875,887
Debt limit (15% of total assessed value)	$ 581,383
Applicable debt outstanding as of June 30, 2024	$ 4,625
Legal debt margin	$ 576,758
100 Percent of Equity (Net Position)	
Net position of Metropolitan as of June 30, 2024	$ 7,370
Debt limit (100% of equity/net position)	$ 7,370
Revenue bonds outstanding as of June 30, 2024	$ 3,772
Legal debt margin	$ 3,598

[1] The Metropolitan Water District Act (Act) provides for two limitations on indebtedness, which may be incurred by Metropolitan:

[a] Indebtedness is limited to 15 percent of the assessed value of all taxable property within Metropolitan.

[b] Revenue bonds limited to 100 percent of equity (net position) as of the end of the last fiscal year prior to the issuance of such bonds.

[2] The Act defines the calculations for debt limits based on gross debt outstanding. Accordingly, debt applicable to the limit is not netted for applicable reserves.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 12
Ten-Year Summary of Revenue Bond Debt Service Coverage [1] (Unaudited)
(Dollars in millions)

	Fiscal Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Water Revenues[2]	$ 1,167	$ 1,323	$ 1,515	$ 1,405	$ 1,188	$ 1,149	$ 1,285	$ 1,151	$ 1,166	$ 1,383
Additional Revenues[3]	197	182	172	165	165	170	172	184	200	199
Total Revenues	1,364	1,505	1,687	1,570	1,353	1,319	1,457	1,335	1,366	1,582
Operating Expenses[4]	(1,303)	(1,275)	(1,255)	(1,029)	(1,026)	(916)	(963)	(927)	(1,201)	(1,005)
Net Operating Revenues	61	230	432	541	327	403	494	408	165	577
Power Sales & Other [5]	263	183	47	32	30	40	52	72	252	171
Interest on Investments[6]	42	21	7	10	20	34	8	4	18	13
Adjusted Net Operating Revenues	366	434	486	583	377	477	554	484	435	761
Senior and Subordinate Bonds Debt Service[7]	(322)	(293)	(275)	(279)	(272)	(333)	(340)	(306)	(309)	(280)
Subordinate Revenue Obligations	—	—	—	—	—	—	—	(2)	(1)	(1)
Funds Available from Operations	$ 44	$ 141	$ 211	$ 304	$ 105	$ 144	$ 214	$ 176	$ 125	$ 480
Ratios										
Debt Service Coverage on all Senior and Subordinate Bonds[8]	1.14	1.48	1.77	2.09	1.39	1.43	1.63	1.58	1.41	2.72
Bonds and Additional Bonds Debt Service Coverage[9]	—	—	—	—	—	—	—	1.57	1.41	2.71

(1) Prepared on a cash basis in fiscal years 2023-2024 and modified accrual basis for fiscal years 2015-2022.

(2) Water Revenues include revenues from water sales, exchanges, and wheeling.

(3) Additional Revenues include readiness-to-serve and capacity charges.

(4) Operating expenses include only the expenses applicable to the debt service coverage calculation. Therefore, operating expenses in this table do not tie to total operating expenses per the Statement of Revenues, Expenses and Changes in Net Position.

(5) Fiscal year 2024 and 2023, includes $231 million and $153 million transfers from revenue reserves to fund overall O&M expenses, respectively.

(6) Excludes interest applicable to Bond Construction accounts, Excess Earning account(s), and Other Trust accounts.

(7) Previously reported as Bonds and Additional Bonds Debt Service for fiscal years 2015-2017.

(8) Previously reported as Bonds and Additional Bonds Debt Service Coverage for fiscal years 2015-2017.

(9) Previously reported as Debt Service Coverage on all Obligations for fiscal years 2015-2017. The State Revolving Fund Loan was paid off at the end of fiscal year 2017, therefore the ratio is the same as Debt Service Coverage on all Senior and Subordinate Bonds and is not presented beginning with fiscal year 2018.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 13
Ten-Year Summary of Demographic Statistics (Unaudited)

	Calendar Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Population (in thousands) [1]										
Los Angeles County	9,826	9,841	9,905	10,015	10,064	10,101	10,223	10,215	10,192	10,069
Orange County	3,142	3,154	3,164	3,189	3,191	3,193	3,189	3,182	3,165	3,133
Riverside County	2,431	2,432	2,431	2,423	2,401	2,384	2,383	2,362	2,331	2,295
San Bernardino County	2,171	2,179	2,187	2,185	2,174	2,160	2,147	2,145	2,128	2,092
San Diego County	3,298	3,294	3,284	3,305	3,294	3,293	3,315	3,297	3,276	3,212
Ventura County	826	830	839	844	845	850	849	854	853	844
Per Capita Income [2]										
Los Angeles County	n/a	$ 74,142	$ 74,141	n/a	$ 65,094	$ 62,224	$ 58,419	$ 55,624	$ 53,521	$ 49,366
Orange County	n/a	83,553	81,034	n/a	71,711	69,268	65,400	60,360	57,749	55,200
Riverside County	n/a	51,415	51,180	n/a	42,418	40,637	39,261	36,782	35,589	33,945
San Bernardino County	n/a	49,270	49,493	n/a	42,043	40,316	38,816	36,835	35,431	32,932
San Diego County	n/a	74,326	72,637	n/a	63,729	61,386	57,913	55,168	53,298	51,711
Ventura County	n/a	76,375	73,375	n/a	64,715	61,712	59,178	55,779	54,155	50,928
Median Household Income [3]										
Los Angeles County	n/a	$ 82,516	$ 77,456	n/a	$ 72,797	$ 68,093	$ 65,006	$ 61,338	$ 59,134	$ 55,746
Orange County	n/a	106,209	100,559	n/a	95,934	89,759	86,217	81,827	78,428	76,306
Riverside County	n/a	86,748	79,024	n/a	73,260	66,964	63,944	60,134	58,292	57,006
San Bernardino County	n/a	79,091	74,845	n/a	67,903	63,857	60,420	56,337	53,803	52,041
San Diego County	n/a	98,928	91,003	n/a	83,985	79,079	76,207	70,824	67,320	66,192
Ventura County	n/a	102,569	96,454	n/a	92,236	84,566	82,857	80,135	80,032	75,449
Unemployment Rate [4]										
Los Angeles County	5.0 %	5.0 %	8.9 %	12.3 %	4.4 %	4.7 %	4.8 %	5.3 %	6.6 %	8.2 %
Orange County	3.6	3.2	6.0	8.9	2.8	3.0	3.5	4.0	4.4	5.5
Riverside County	4.8	4.2	7.3	10.2	4.3	4.5	5.3	6.1	6.7	8.2
San Bernardino County	4.7	4.1	7.4	9.7	3.9	4.1	5.0	5.8	6.4	8.0
San Diego County	3.9	3.4	6.5	9.4	3.3	3.4	4.0	4.7	5.2	6.4
Ventura County	4.3	3.7	6.2	8.7	3.7	3.8	4.5	5.2	5.6	6.6

n/a: not available

Sources:

(1) Data from State of California Department of Finance. The most recent calendar year for which information is available is 2023. Includes population for the entire county. Amounts from prior years reflect revisions based on current data.

(2) Data from U.S. Department of Commerce. The most recent calendar year for which information is available is 2022.

(3) Data from U.S. Census Bureau (American Community Survey). The most recent calendar year for which information is available is 2022. Calendar year 2020 data is not included due to a change in methodology for surveying and calculating the data in that year, which was not comparative to the prior years presented. Calendar year 2021 returned to the prior methodology for surveying and calculating data.

(4) Data from U.S. Bureau of Labor Statistics and State of California Employment Development Department. The most recent calendar year for which information is available is 2023. Rates from prior years reflect revisions based on current data.

See accompanying Independent Auditors' Report.

The Metropolitan Water District of Southern California
Table 14
Principal Employers within Service Area (Unaudited)

	Calendar Year					
	2023			2014		
Company or Organization	Employees	Rank	Percentage of total employment	Employees	Rank	Percentage of total employment
Allied Universal	800,000	1	27.57 %	n/a	n/a	n/a %
Walt Disney Co	225,000	2	7.75	180,000	1	8.80
Taco Bell Corp	210,000	3	7.24	166,000	2	8.11
Alorica Inc	100,000	4	3.45	n/a	n/a	n/a
Gores Group	84,000	5	2.89	84,000	5	4.11
Kaiser Permanente Southern CA	75,740	6	2.61	n/a	n/a	n/a
Dole Food Co Inc	74,800	7	2.58	74,800	7	3.66
Advantage Solutions Inc	70,000	8	2.41	n/a	n/a	n/a
Board of Trustees California State University	47,000	9	1.62	47,000	9	2.30
Los Angeles Intl Airport-LAX	45,000	10	1.55	n/a	n/a	n/a
	1,731,540		59.67 %	551,800		26.98 %
Total Employment	2,902,120			2,046,195		

n/a: not available

Note: The most recent year for which information is available is 2023. Population includes companies with employees of 10,000 or more.

See accompanying Independent Auditors' Report.

Source: Data Axle (formerly Infogroup)

The Metropolitan Water District of Southern California
Table 15
Ten-Year Summary of Operating Information (Unaudited)

Mission Statement: The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

	Fiscal Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Acre-feet (1) water sold:										
Treated	590	636	825	771	705	707	788	736	731	892
Untreated	345	394	540	520	381	449	553	573	683	829
Exchange	272	274	298	304	277	221	219	178	179	180
	1,207	1,304	1,663	1,595	1,363	1,377	1,560	1,487	1,593	1,901
Acre-feet (1) water sold by usage:										
Domestic and municipal uses	1,137	1,273	1,612	1,522	1,255	1,352	1,481	1,454	1,569	1,858
Replenishment and other	70	31	51	73	108	25	79	33	24	43
	1,207	1,304	1,663	1,595	1,363	1,377	1,560	1,487	1,593	1,901
Source of Water Supplies-Acre-feet (1), (2), (3):										
Local Supplies	1,710.8	1,580.0	1,729.6	1,847.3	1,704.6	1,667.1	1,742.9	1,717.2	1,679.9	1,711.7
L.A. Aqueduct	299.2	185.2	66.7	133.0	274.2	322.6	307.7	224.7	57.9	57.7
Colorado River Aqueduct	479.2	839.6	1,082.8	891.1	410.0	601.8	494.6	594.6	1,086.5	1,184.4
State Water Project (California Aqueduct)	925.0	627.8	516.2	633.3	1,036.4	921.8	1,222.5	1,242.7	691.7	592.4
	3,414.2	3,232.6	3,395.3	3,504.7	3,425.2	3,513.3	3,767.7	3,779.2	3,516.0	3,546.2
Number of employees	1,906	1,847	1,838	1,879	1,876	1,877	1,832	1,794	1,772	1,770
Colorado River Aqueduct (miles)	242	242	242	242	242	242	242	242	242	242
Distribution System Pipeline (miles)	830	830	830	830	830	830	830	830	830	830
Storage Capacity (thousand acre-feet)	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072
Pumping Plants	6	6	6	6	6	6	6	6	6	6
Water Filtration Plants	5	5	5	5	5	5	5	5	5	5
Hydroelectric Plants (4)	15	15	16	16	16	16	16	16	16	16

(1) Water volumes are reported in thousand acre-feet. Includes water transactions from non-member agencies.

(2) Reflects regional sources of water supply within Metropolitan's service area.

(3) Actual production data from prior years are updated based on the most current available information.

(4) Greg Avenue plant was converted into a Pressure Control Structure.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 16
Construction Contracts Completed as of June 30, 2024 (Unaudited)

Completion Date	Contract/ Spec. No.	Contract	Bid Amount [1]	Final Amount [2]
7/27/23	1958/1958	CRA replacement of Casa Loma siphon barrel no. 1	$ 11,499,000	$ 11,759,320
8/28/23	1926/1760A	CRA mile 12 flow monitoring station upgrades	2,022,000	2,067,096
9/15/23	1891/1857	Etiwanda pipeline north relining - stage 3	25,972,700	25,694,421
9/22/23	2036/2036	Skinner water treatment plant ozone contactor structure rehabilitation	394,534	394,534
10/5/23	2053/2053	Julian Hinds pumping plant village paving	109,710	121,723
11/6/23	M-3063/M-3063	Iron mountain pumping plant operation and maintenance building demolition and abatement	34,000	34,000
12/21/23	1894/M-3055	Mills plant maintenance building roof replacement	287,824	456,979
1/22/24	2007/2007	Metropolitan headquarters building level P1 fire protection piping replacement	3,740,792	3,740,792
1/29/24	M-3072/M-3072	Advance water treatment demonstration plant operation trailer rehabilitation	228,425	431,657
2/2/24	1961/1961	Orange County Feeder relining - reach 3	17,226,250	17,184,775
4/4/24	1944/1944A	Lake Mathews reservoir wastewater system replacement	3,815,000	4,010,000
4/11/24	2084/2084	San Diego canal concrete liner rehabilitation	4,400,000	4,400,000
5/1/24	1966/1966	Sepulveda, West Valley, and East Valley feeders interconnection upgrades	3,143,592	2,949,018
5/17/24	2088/2088	Sepulveda feeder CFRP urgent relining	1,962,691	3,112,691
6/12/24	2051/2051	Lake Mathews administration and warehouse building roof replacement	452,886	452,886
6/17/24	1946/1946	CRA pumping plants overhead crane replacement	13,419,000	13,690,970

(1) Bid amount represents the original approved contract amount and does not include approved change orders.

(2) Final contract amounts represent actual earnings through end of June 2024 and may change as resolution of pending issues are finalized.

See accompanying Independent Auditors' Report.

Source: Engineering Services Group

The Metropolitan Water District of Southern California
Table 17
Major Construction Contracts in Progress as of June 30, 2024 (Unaudited)-Accrual Basis

Contract No.	Contract	Percentage Contract Complete through 6/30/2024[1]	Estimated Contract Completion Date	Contract Earnings through 6/30/2024[2]	Bid Amount[3]
1885	La Verne shops building completion - stage 5	96%	October 2024	$ 18,120,347	$ 18,930,000
1895	Colorado River Aqueduct (CRA) conduit structural protection	96%	August 2024	8,337,112	8,656,568
1896	Jensen admin. bldg. entrance glass fiber reinforced concrete panels replacement	38%	August 2024	105,898	281,900
1898	Metropolitan headquarters courtyard improvements	99%	July 2024	248,474	250,974
1909	Gene pumping plant pilot security improvements	—	August 2024	—	295,561
1928	Perris Valley pipeline interstate 215 tunnel crossing	74%	March 2025	43,902,885	59,489,720
1949	CRA pumping plants domestic water treatment system replacement	41%	March 2025	13,492,308	32,824,000
1962	MWD headquarters building fire alarm and smoke control improvements	94%	August 2024	13,159,228	13,999,000
1963	Santa Monica feeder cathodic protection	—	March 2025	—	897,469
1976	Gene communication system upgrade	7%	November 2024	85,000	1,244,935
1982	Weymouth water treatment plant basins nos. 5-8 & filter building no. 2 rehabilitation	73%	July 2025	68,751,048	93,840,000
1989	Metropolitan headquarters building first floor video suite renovation	100%	September 2024	637,520	637,520
1990	Mills water treatment plant electrical upgrades, stage 2	69%	March 2025	6,346,476	9,200,000
1992	Weymouth water treatment plant hazardous waste staging and containment	9%	April 2025	215,610	2,375,700
1998	Jensen and Skinner water treatment plants battery energy storage systems	55%	July 2025	6,423,160	11,604,521
1999	Foothill hydroelectric power plant seismic upgrade	68%	September 2024	4,175,732	6,174,000
2000	Hinds, Eagle Mountain, and Iron Mountain pumping plants storage buildings	39%	April 2026	6,355,679	16,490,000
2001	Jensen water treatment plant ozone power supply units (PSU) replacement	97%	July 2024	2,189,323	2,257,897
2003	Metropolitan headquarters building exterior physical security improvements	91%	August 2024	1,975,530	2,165,000
2004	DVL floating wave attenuator replacement	5%	March 2026	376,100	7,842,856
2013	Lake Mathews PCCP rehabilitation valve storage building	105%	July 2024	4,982,022	4,759,000
2014	Weymouth plant battery energy storage system	81%	November 2024	4,978,069	6,176,521
2018	Weymouth water treatment plant asphalt pavement rehabilitation	27%	December 2024	468,757	1,754,000
2020	Wadsworth pumping plant bypass pipeline	87%	June 2025	12,954,562	14,820,500
2021	Inland feeder/Rialto pipeline intertie	16%	June 2025	2,440,000	15,681,000
2024	OC-88 pump station chiller replacement	67%	November 2024	1,785,600	2,654,000
2026	Second lower feeder PCCP rehabilitation - reach 3B	81%	September 2025	56,063,285	68,847,000
2040	Inland feeder Badlands tunnel surge protection facility	14%	May 2025	2,720,000	18,840,000
2042	CRA conveyance system solar level sensor installation	72%	September 2024	3,786,618	5,266,000
2057	CRA Freda Siphon barrel no.1 internal seals installation	48%	May 2025	1,864,320	3,895,000
2108	Allen-McColloch pipeline PCCP 2024 urgent relining	—	February 2025	—	24,912,000

(1) Calculated as a percentage of contract earnings relative to the bid amount.

(2) Earnings reflected represent the value of work performed by the contractor as of the date indicated and include contract retention and other similar deductions from amounts earned by the contractor but otherwise required to be withheld by Metropolitan by law or contract.

(3) Bid amount represents the original approved contract amount and does not include approved change orders.

See accompanying Independent Auditors' Report.

Source: Engineering Services Group

Finance and Asset Management Committee

FY 2023/24 Annual Comprehensive Financial Report

Item 6a

December 10, 2024

Item # 6a

Receipt of Financial Report

Subject

- The District's Fiscal Year 2024 Annual Comprehensive Financial Report (ACFR)

Purpose

- For the Board to receive the audited 2024 ACFR
- Present an analysis of the trends observed in the balance sheet and cash flow data.

Audit Timeline and Results

May 2024
- Audit Interim Fieldwork**

August 2024-October 2024
- Final Audit Fieldwork**

November 2024
- Released of the ACFR
- MGO Presentation to the Subcommittee on Audit

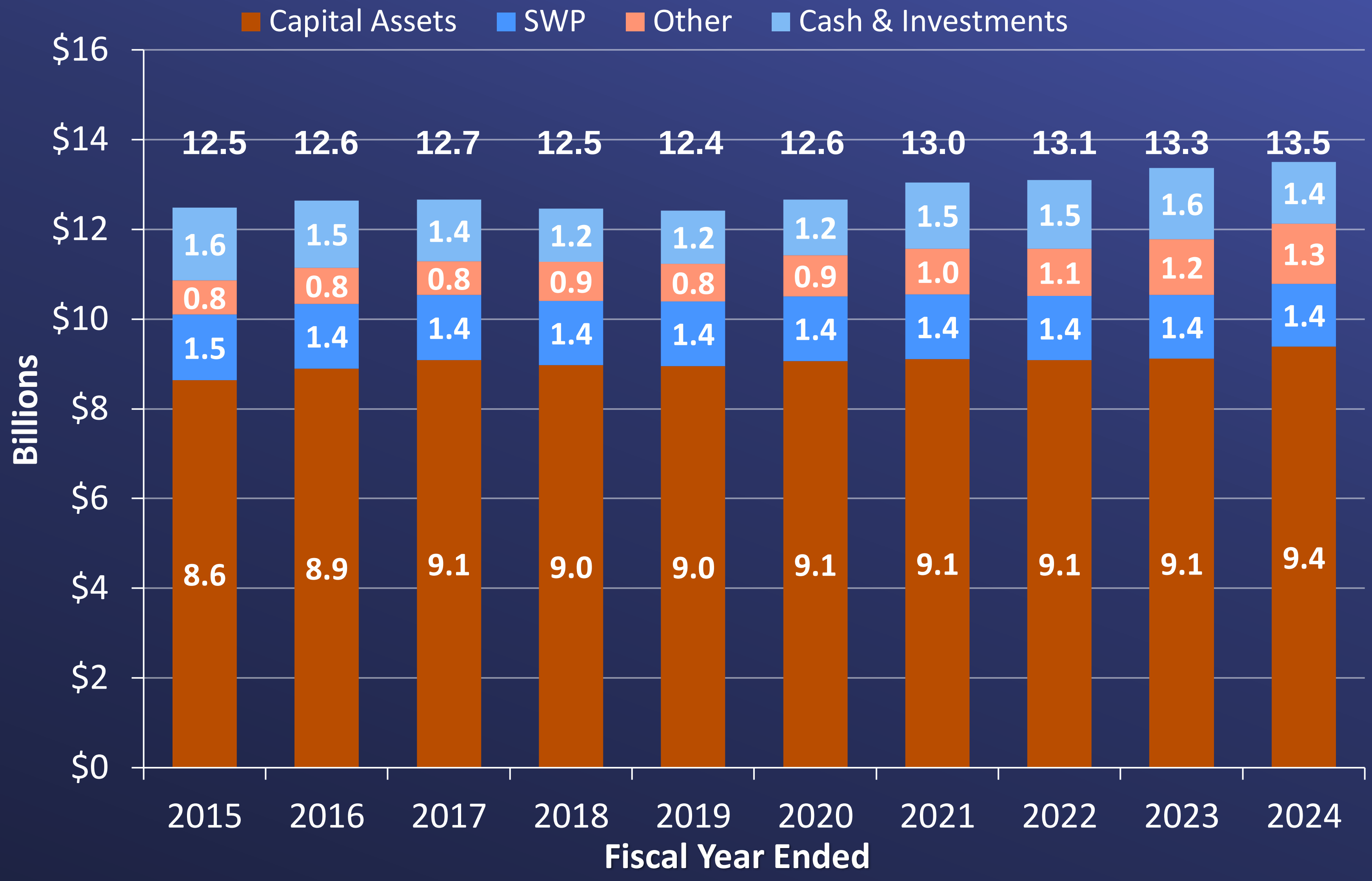
**Utilized 642 hours of Internal Audit Staff Time

Audit Results

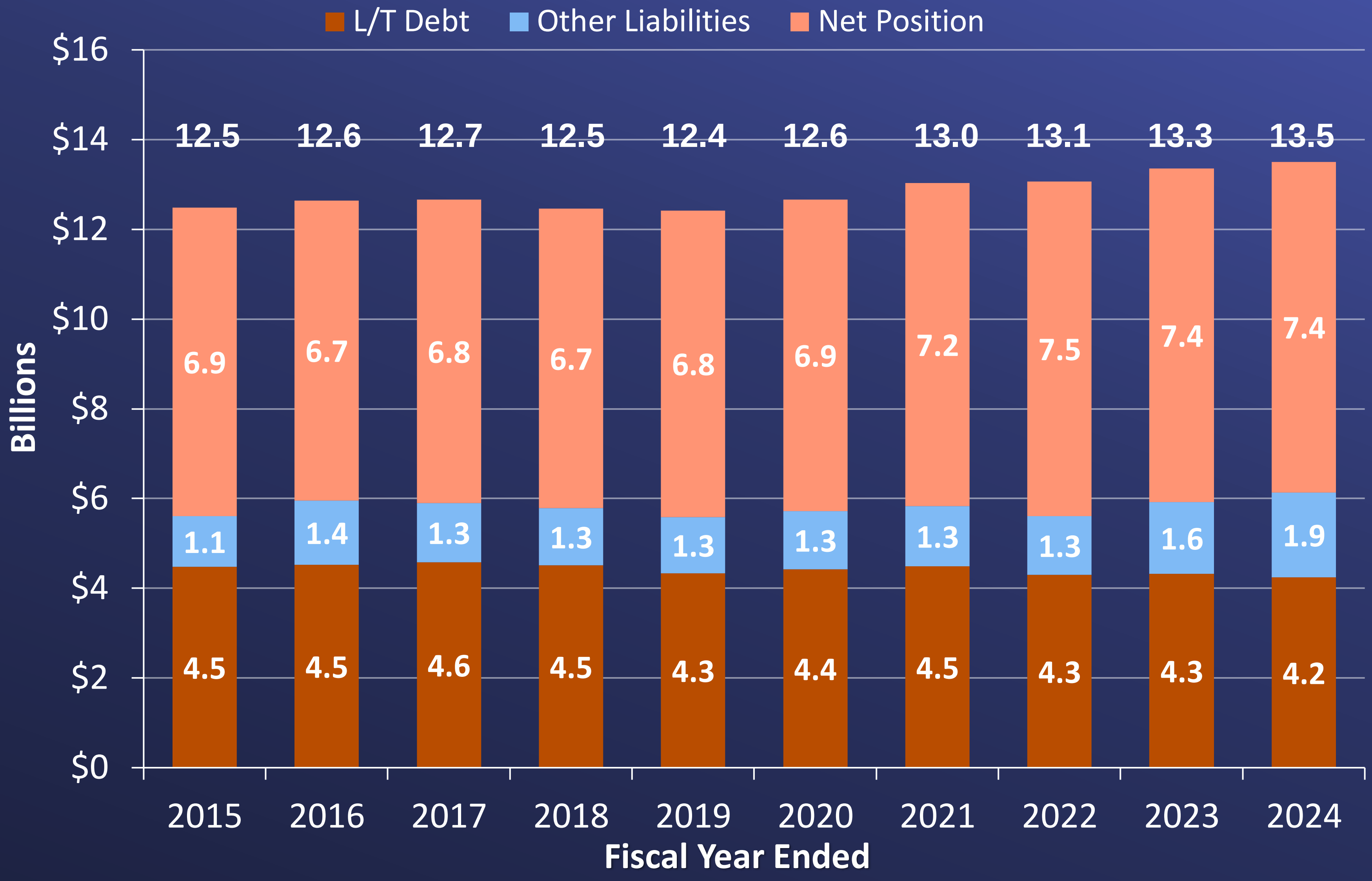
- Unqualified Opinion
- No Internal Control Deficiency
- No Audit Adjustments

Balance Sheet Trends

Total Assets and Deferred Outflows

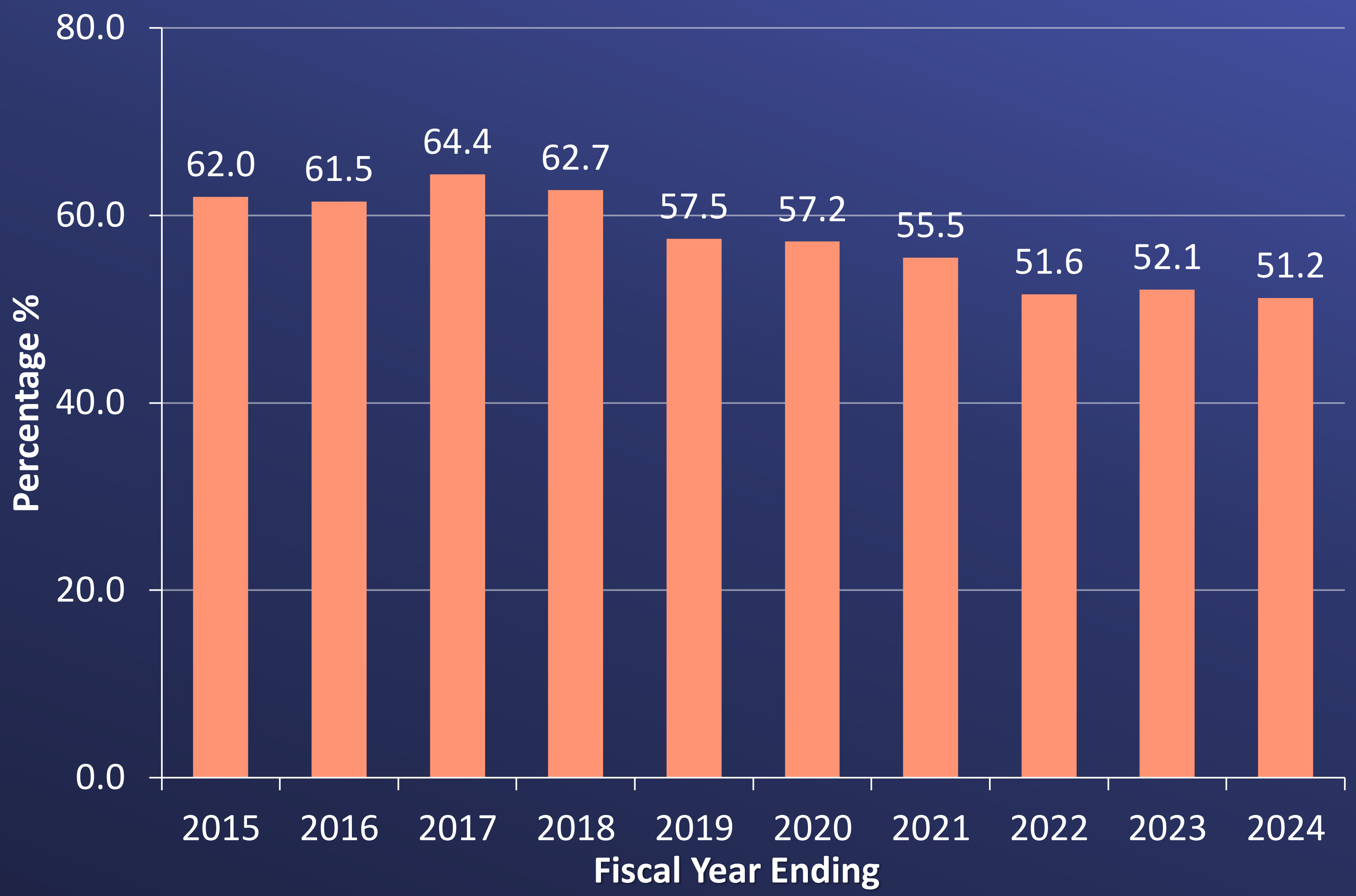


Total Liabilities, Deferred Inflows and Net Position



Revenue Bond Debt to Equity Ratio

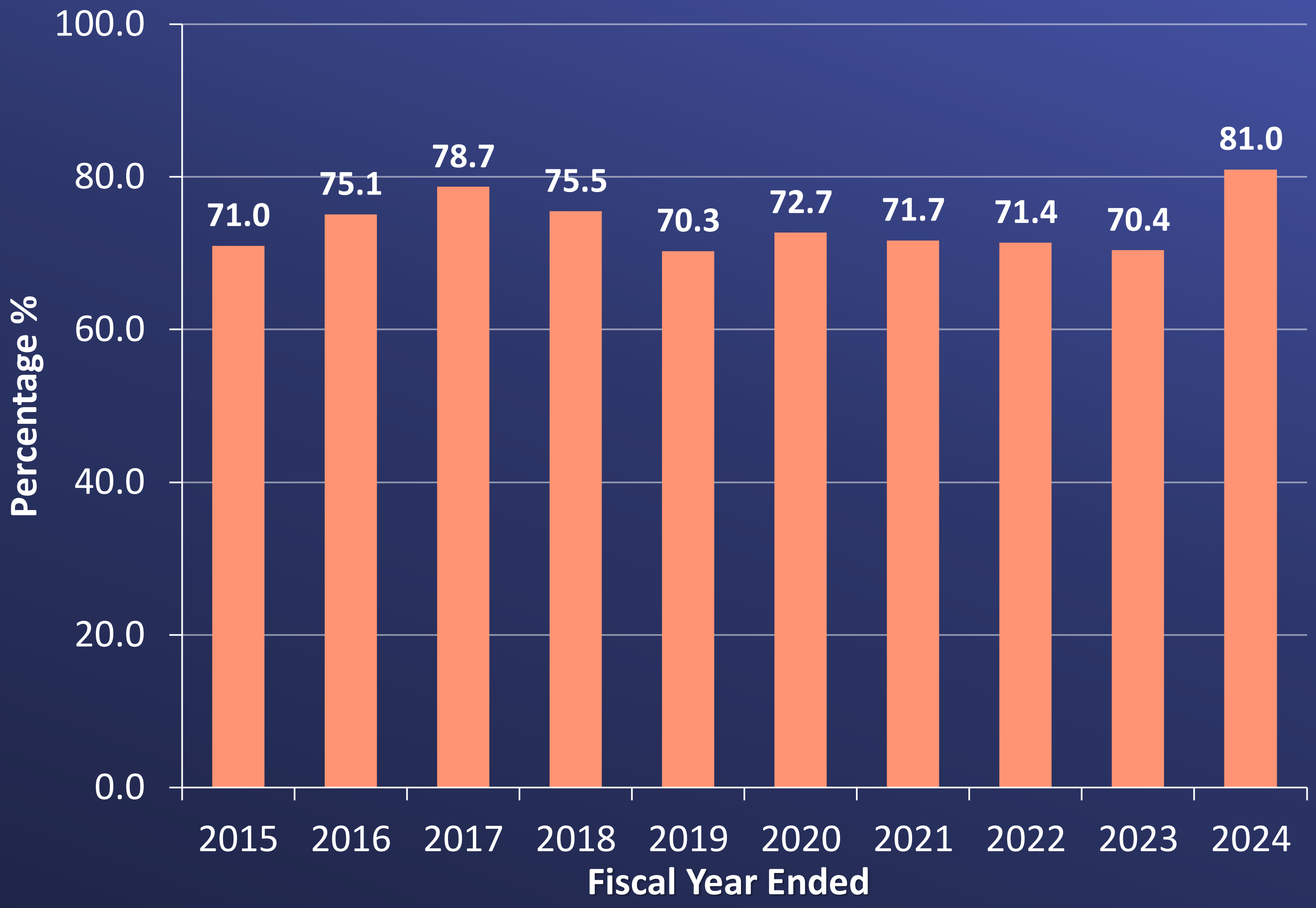
- Lower ratio means more bonding capacity or financial flexibility for Metropolitan



Pension Funded Ratio

Relationship between Market Value of Assets (MVA) and Accrued Liability (AL)

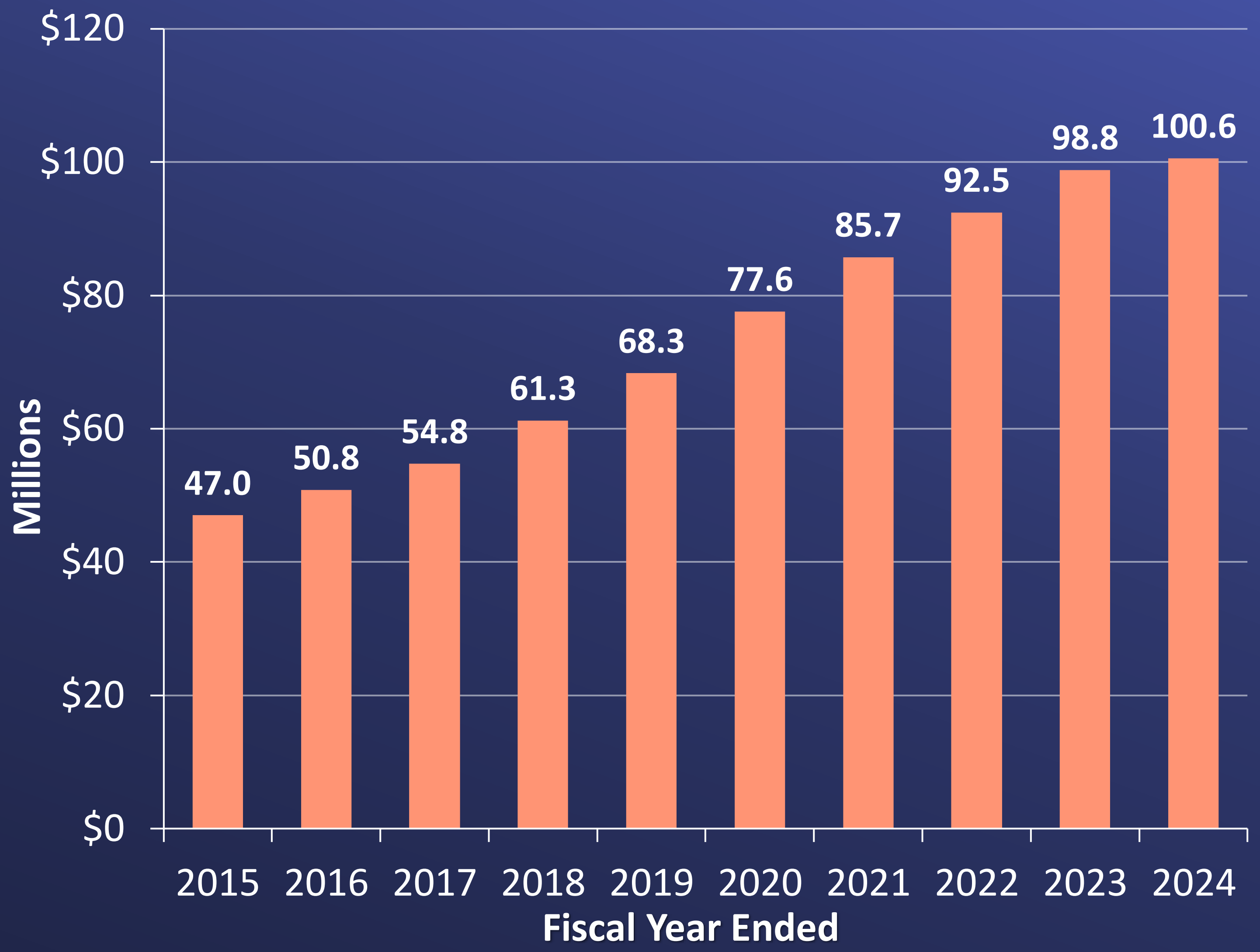
2024 MVA - $2.22B
2024 AL - $2.75B



Pension Actuarially Determined Contribution[1]

Factors Affecting Contributions:

- Lowering of Discount Rate
- Adoption of New Actuarial Assumptions
- Change in Amortization Policy
- Investment Returns

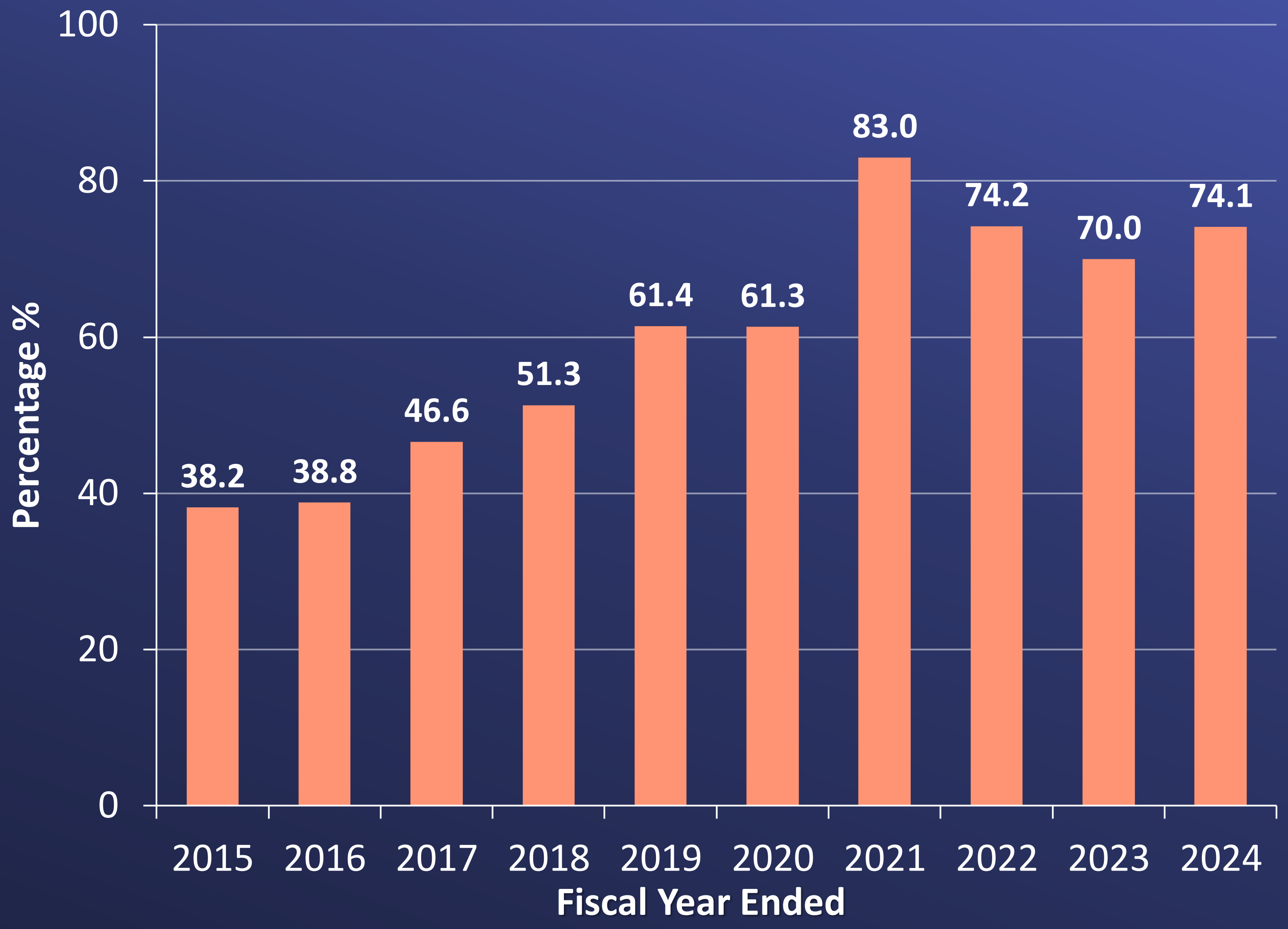


[1] Annual Required Contribution (ARC) in fiscal years 2015 through 2017

OPEB Funded Ratio

Relationship between Market Value of Assets (MVA) and Actuarial Accrued Liability (AL)

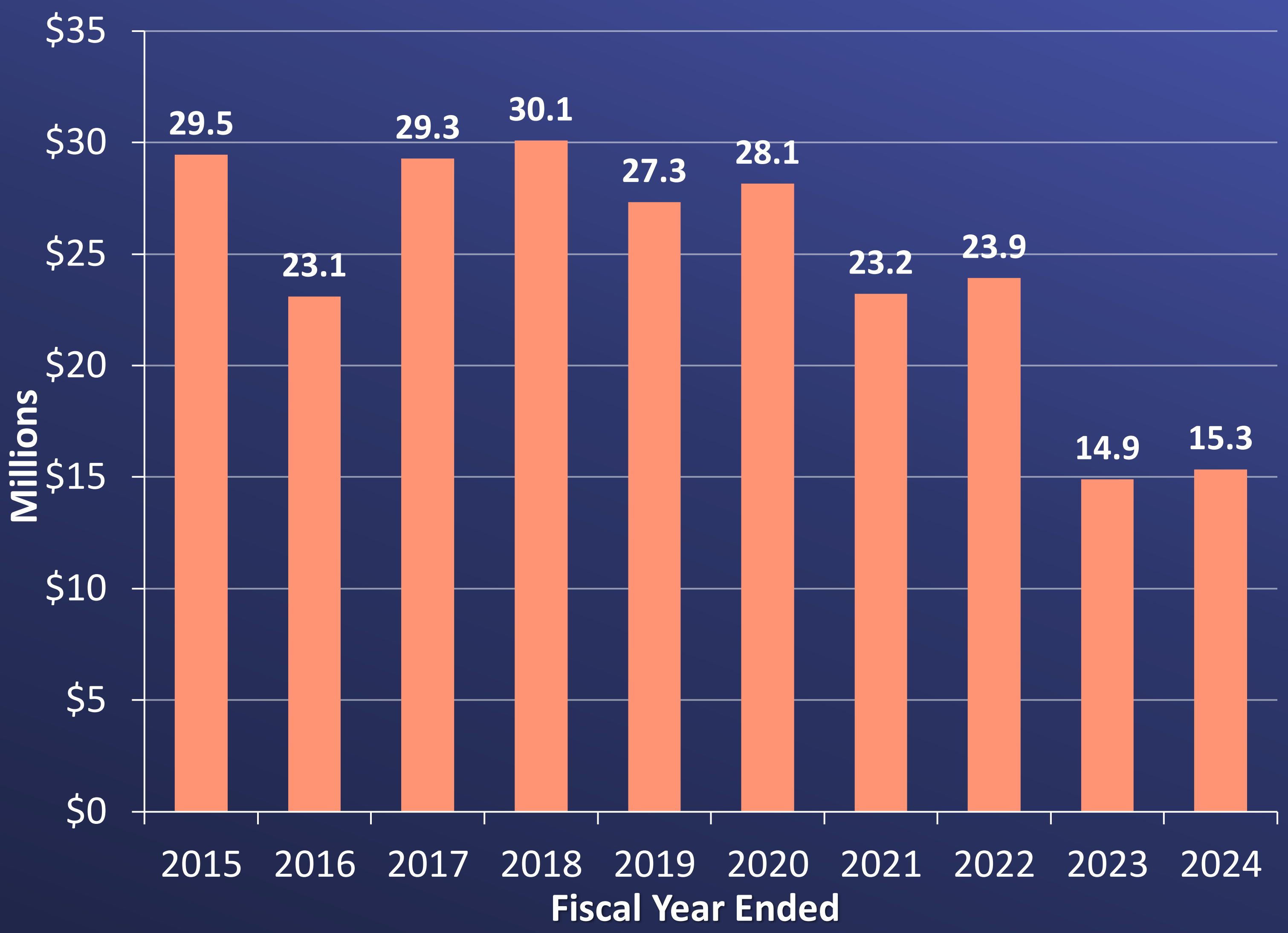
2024 MVA - $378.7M
2024 AAL - $511.1M



OPEB Actuarially Determined Contribution[1]

Factors Affecting Contributions:

- Changes in Actuarial Assumptions
- Lowering of Discount Rate
- Investment Returns



[1] Annual Required Contribution (ARC) in fiscal years 2015 through 2017

Cash Flow Statement Summary

Inflow (Outflow) ($ in millions)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating Activities	$636.9	$218.3	$385.2	$504.3	$515.7	$307.7	$535.8	$566.2	$196.8	$(8.7)
Capital and Related Financing Activities	(531.3)	(374.4)	(519.1)	(704.1)	(565.5)	(277.8)	(317.3)	(501.5)	(280.0)	(278.2)
Investing Activities	(89.8)	141.1	126.8	353.6	(122.5)	(37.3)	(220.6)	(78.5)	(24.6)	261.1

A Cash Flow Statement provides key information about an entity's financial health and its capacity to generate cash over a period of time.

3 Major Components:

- Operating Activities – includes transactions from all operational business activities
- Capital and Related Financing Activities – includes transactions from debt financing
- Investing Activities – includes acquisitions and/or disposal of investment including gains and losses and investment income

Cash Flows – Operating Activities

Inflow (Outflow) ($ in millions)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water Revenues [1]	$1,448.8	$1,164.9	$1,176.3	$1,252.3	$1,199.6	$1,135.1	$1,354.4	$1,522.6	$1,322.7	$1,167.3
Readiness-to-Serve Charge	163.3	155.3	145.6	137.6	137.2	134.2	133.4	134.6	144.4	160.4
Capacity Charge	36.8	44.7	40.6	34.6	33.3	30.4	31.8	36.1	37.8	36.1
Power Sales	8.3	7.4	17.2	27.3	17.5	16.7	18.9	8.8	5.9	13.1
O&M Expenses	(369.0)	(446.9)	(279.9)	(248.0)	(268.7)	(267.1)	(240.6)	(260.1)	(324.8)	(368.3)
Labor Costs	(228.8)	(185.1)	(199.0)	(220.2)	(226.6)	(247.7)	(262.2)	(272.3)	(268.8)	(299.2)
Power and Water Costs	(418.3)	(517.1)	(514.0)	(481.3)	(378.2)	(495.5)	(457.4)	(555.8)	(727.4)	(731.0)
Litigation Expenses	-	-	-	-	-	-	(44.4)	(50.5)	-	-
Other, Net	(4.2)	(4.9)	(1.6)	2.0	1.6	1.6	1.9	2.8	6.9	12.9
Net Cash Provided (Used) by Operating Activities	$636.9	$218.3	$385.2	$504.3	$515.7	$307.7	$535.8	$566.2	$196.8	$(8.7)

[1] Includes exchange and wheeling transactions

Cash Flows – Capital and Related Financing Activities

Inflow (Outflow) ($ in millions)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Capital Asset Spending	$(210.9)	$(551.4)	$(390.5)	$(222.1)	$(231.7)	$(335.5)	$(277.8)	$(227.6)	$(277.3)	$(408.5)
Debt Service	(296.3)	(324.3)	(370.3)	(606.0)	(360.5)	(282.0)	(282.8)	(283.3)	(330.8)	(324.1)
Payments for State Water Project costs	(127.4)	(108.6)	(131.6)	(126.4)	(140.7)	(144.4)	(141.8)	(141.4)	(136.2)	(122.1)
DCP Funding	-	-	-	-	-	-	(25.0)	(25.0)	(34.5)	(64.5)
Debt Proceeds	14.3	498.2	298.2	157.7	43.4	301.5	252.8	(2.4)	293.5	427.8
Tax Proceeds	103.0	110.7	115.1	129.7	145.2	147.1	161.1	160.0	197.8	201.5
Others	(14.0)	1.0	(40.0)	(37.0)	(21.2)	35.5	(3.8)	18.2	7.5	11.7
Net Cash Used by Capital and Related Financing Activities	$(531.3)	$(374.4)	$(519.1)	$(704.1)	$(565.5)	$(277.8)	$(317.3)	$(501.5)	$(280.0)	$(278.2)

Cash Flows – Investing Activities

Inflow (Outflow) ($ in millions)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Purchase of Securities	$(8,685.2)	$(13,178.7)	$(10,621.7)	$(7,571.2)	$(6,377.3)	$(2,992.9)	$(3,432.7)	$(3,308.3)	$(4,006.1)	$(3,031.9)
Sale of Securities	8,573.9	13,303.7	10,733.3	7,909.3	6,223.4	2,937.5	3,199.4	3,218.5	3,959.0	3,248.0
Investment Income	21.5	16.1	15.2	15.5	31.4	18.1	12.7	11.3	22.5	45.0
Net Cash Provided (Used) by Investing Activities	$(89.8)	$141.1	$126.8	$353.6	$(122.5)	$(37.3)	$(220.6)	$(78.5)	$(24.6)	$261.1

Finance and Asset Management Committee

FY 2026/27 and 2027/28 Biennial Budget Impacts

Item 6b

December 10, 2024

Item 6b

Budget Impacts

Subject

FY 2026/27 and 2027/28 Biennial Budget Impacts

Purpose

Summarize current challenges facing Metropolitan, foreseen challenges for the FY 2026/27 and FY 2027/28 Budget and schedule of future meetings in advance of the proposed budget.

Next Steps

TBD

FY 2026/27 and FY 2027/28 Budget Calendar

Tentative Timeline

June to Dec 2025	Develop proposed 2026/27 and 2027/28 biennial budget, proposed water rates and charges for calendar years 2027 and 2028; ten-year forecast; and cost of service report
Jan/Feb 2026	Post draft proposed 2026/27 and 2027/28 biennial budget document
Feb 9, 2026	FAM Committee, proposed 2026/27 and 2027/28 biennial budget; CIP; proposed water rates and charges for calendar years 2027 and 2028; ten-year forecast; and cost of service report (Workshop #1)
Feb – April 2026	Workshop #2, Workshop #3 and Workshop #4
April 7, 2026	Board **action** regarding biennial budget and calendar year rates and charges

Challenges for Current Biennial Budget

FY 2024/25 and FY 2025/26 Budget

- Projected Water Transactions for FY 2024/25 at 1.2MAF
  - Experiencing second year of very low water demands
  - FY 2024/25 Budget assumed water transactions of 1.34MAF
- Unrestricted Reserve balance is near the minimum level
- Rising costs to maintaining critical & aging infrastructure for operational integrity
- Addressing organization-wide resource and staffing needs

Challenges for Next Biennial Budget

FY 2026/27 and FY 2027/28 Budget

- Water demands continue to trend low?
- Rate impact of eliminating one-time unidentified revenue generation and expenditure cuts to balance budget
- Use of one-time resources (i.e., reserves) is no longer available to support future ongoing needs, both known and unknown
- Addressing organization-wide resource and staffing needs
- Additional capital funds needed to support replacement and refurbishments of aging infrastructure
- Costs of investments in potential new infrastructure and projects (CAMP4W) like PWSC, DCP, Sites, additional storage projects, etc.

Board Agenda

- Feb 2025 FAM – Report to Board on Status of Treatment Surcharge Workshop recommendations
  Feb 2025 FAM – Q2 Financial Update, fixed vs. volumetric revenues and reserve policy
- March 2025 – Business Model update (tentative)
- April 2025 FAM – Based on updated business model ***evaluate impacts*** for potential new infrastructure, staffing, water demands, etc. on next biennial budget
- May 2025 FAM – Q3 Financial Update
- July 2025 FAM – Overview of Metropolitan's Finances
- August 2025 FAM – Q4 Unaudited for prior year / Mid-cycle biennial budget review and potential issues that are going to drive the budget
- Jan 2026 – Post proposed 2026/27 and 2027/28 biennial budget

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

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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 October 2024 and November 2024.

Purpose

Informational

Attachments

Attachment 1–Finance and Administration group activities for October 2024 and November 2024.

Date of Report: 12/10/2024

Finance and Administration Group Activities Report for October 2024 and November 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 November, an informational report was provided to the Finance and Asset Management Committee on the District's first quarter financial condition for the fiscal year ended June 30, 2025. In addition, Metropolitan is continuing its Member Agency Manager Treated Water Cost Recovery Workshops.

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

The Risk Management Unit completed 28 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits, and spills.

Risk Management completed 43 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.

- Collaborated with Water Quality to finalize Business Continuity Plan updates.
- Participated in the Fire Management Plan Technical Advisory Committee to provide input regarding items relating to critical business operations and contingency plans.
- Continued working with the core planning team on finalizing the draft Hazard Mitigation Plan.
- In preparation for the annual ShakeOut earthquake preparedness drill on 10/17 at 10:17am, led the planning efforts for an employee-wide GM memo distribution, MetAlert notification, digital display board signage, and promotion of earthquake preparedness on the MWD intramet.

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	113,715	(19,435)	-15%	141,775,001	121,901,017	(19,873,983)	-14%
August	October	136,454	116,650	(19,804)	-15%	145,410,622	129,047,328	(16,363,293)	-11%
September	November	127,137	115,902	(11,235)	-9%	133,836,426	125,914,754	(7,921,673)	-6%
October	December	123,989	118,330	(5,659)	-5%	128,665,932	125,400,378	(3,265,554)	-3%
YTD Total		**751,939**	**659,844**	**(92,096)**	**-12%**	**807,866,249**	**714,548,281**	**(93,317,968)**	**-12%**
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**	**659,844**	**N/A**	**N/A**	**1,418,543,293**	**714,548,281**	**N/A**	**N/A**

[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.

On October 16, 2024, Metropolitan received twenty-six responses from underwriting firms and banks to a Request for Qualifications (“RFQ:) to select financing teams for Metropolitan financings planned in 2025. Staff expects to complete the review of the RFQs in November 2024, with a final selection of financing teams completed in December 2024.

Staff drafted for Metropolitan board approval an action item presenting a reimbursement resolution for capital expenditures made from operating revenues and/or reserves to be reimbursed with bond proceeds. A similar resolution was drafted, presented and adopted by the AVEK Financing Authority (JPA) specifically for the High Desert Groundwater Banking program.

Staff prepared the annual compliance report for Metropolitan’s board as an informational item, certifying compliance with all the relevant covenants and requirements for our bond program.

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

As of October 31, 2024, Metropolitan’s investment portfolio balance was $979.86 million; the total October earnings were $3.21 million, and the effective rate of return was 4.11%.

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

In October 2024, Metropolitan’s portfolio manager executed eight buy and one sell trades.

Treasury staff completed the following transactions:

- 34 Dreyfus Cash Management Fund transactions
- 23 CAMP Investment Pool transactions
- $58.53 million in Metropolitan’s bond and SWAP payments
- 1,139 disbursements by check, 20 by Automated Clearing House (ACH), and 166 by wire transfer
- 71 receipts by check, 24 by ACH, and 53 by incoming wires and bank transfers
- 2 Exceptions and prevented two unauthorized ACH 2 transactions

The Treasury staff also processed for DCA the following transactions:

- Received and deposited 11 checks totaling $3.86 million
- Issued 5 checks and 14 wires totaling approximately $3.98 million

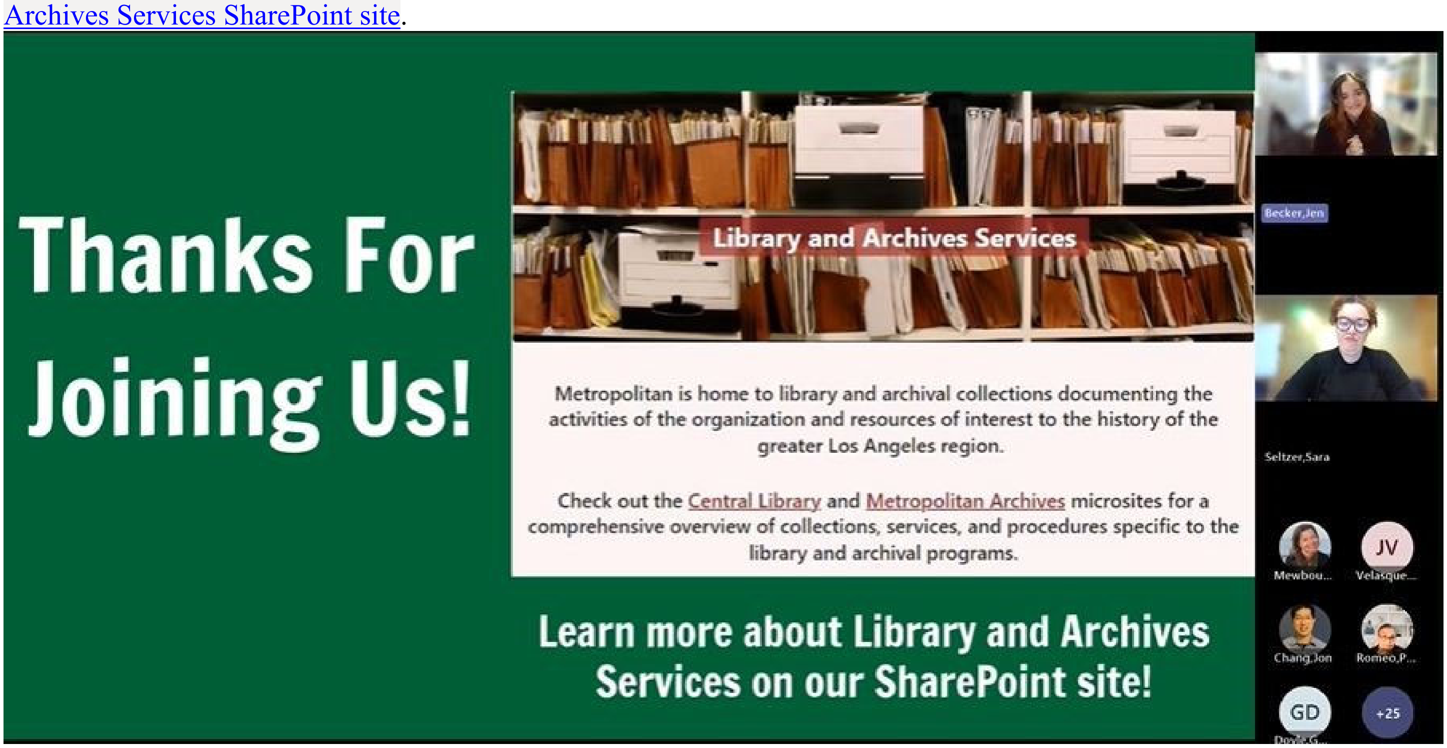
In addition, Treasury staff processed fourteen professional services invoice payment requests totaling approximately $0.31 million.

Furthermore, 9,561 P-One Card transactions, totaling $1.44 million, recorded in the October bank statement were monitored by the P-One Card Administrator.

Administrative Services

Accomplishments

Records Management and Imaging Services participated in HR's Job Spotlight Series on October 1st, highlighting the team's Library and Archives Services function. Jen Becker (Librarian) and Sara Seltzer (Archivist) provided an overview of the library and archival collections, insight into the type of work performed in their respective roles, and shared goals and future plans on the horizon for the RMIS team. A recording of the presentation is available on the Library and Archives Services SharePoint site.



Records Management and Imaging Services (RMIS) participated in the LA as Subject Archives Bazaar on October 19th, an annual event held at the USC Doheny Memorial Library that showcases archival collections from around Los Angeles. RMIS presented a display of archival materials pertaining to the Colorado River Aqueduct, which included photographs of early desert surveying and aqueduct construction, and publications, clippings, and brochures documenting the formation and expansion of the district and CRA. The display also featured several publications from the Central Library collection that attendees were invited to explore. The theme of this year's event, "Water," allowed Metropolitan to engage with many water researchers and historians in various disciplines and provided an opportunity for community visibility.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The Showdown on the Colorado