



May 20, 2026

Attention: Administrative and Finance Committee

Controller’s Report on Monthly Financial Activity. (Information)

<p>Water Sales Volume (in acre-feet) for the month of April 2026</p>		<p>This chart (left) shows water sales in acre-feet for the month of April 2026, while other sections of the Controller's Report pertain to the 9-month period ending March 31, 2026. The chart shows the most current water sales volume information available as of the date this report was prepared.</p>
Budget	23,263	
Actual	25,796	

Purpose

To provide a summary of key financial information to the Board of Directors.

Financial Information

Attached are the following graphs and financial reports comprising the Controller’s Report:

1. Water Sales Volumes Budget and Actual and YOY Comparisons
2. Water Sales Revenues Budget and Actual Comparison
3. Water Purchases and Treatment Costs Budget and Actual Comparison
4. Budget Status Report
5. Schedule of Cash and Investments

The Budget Status Report compares actual revenues and expenses on a budgetary basis to the period-to-date adopted budget. Below is a summary of the financial activities for the period July 1, 2025 through March 31, 2026, in millions:

	FY 2026	For the 9 months ended March 31, 2026			
	Adopted Budget	Budget	Actual	\$ Variance Positive/ (Negative)	% Budget Above/ (Below)
Water Sales	\$ 782.3	\$ 565.0	\$ 576.7	\$ 11.7	2%
Water Purchases & Treatment	595.0	431.5	421.6	9.9	-2%
Net Water Sales Revenue	187.3	133.5	155.1	21.6	16%
Revenues & Other Income	122.0	83.7	114.4	30.7	37%
Total Revenues	309.3	217.2	269.5	52.3	24%
Total Expenses	243.7	127.9	157.9	(30.0)	23%
Net Revenues Before CIP	65.6	89.3	111.6	22.3	25%
CIP Expenses	80.4	61.8	34.9	26.9	-44%
Net Fund Withdraws	\$ (14.8)	\$ 27.5	\$ 76.7	\$ 49.2	179%

Summary

For the nine months ending March 31, 2026, the Water Authority’s actual net revenues after CIP was a positive \$49.3 million and therefore not requiring a draw from fund balance (reserves) thus

far. However, the \$14.8 million draw as budgeted is expected to be reduced by approximately \$10.5 million.

The favorable variance is primarily due to higher than budget net water sales revenue (\$21.6 million) and capacity charges revenue (\$9.2 million) coupled with lower than budgeted CIP expenses (\$27.0 million) and operating department expenses (\$6.8 million). Higher March water sales due to a drier spring contributed to overall higher revenues and while most of the budgeted CIP expenses are still expected to occur by June 30 and are due to delayed project starts and contractor invoices submission. Also favorable to note in March is that the Water Authority received the Carlsbad Desalination Intake and Discharge Facilities grant proceeds (\$19.0 million). These grant monies have no effect on results as they represent a pass-through to Channelside Water Resources LP for our share of project costs.

Net Water Sales Revenue

Net water sales revenue is the difference between the receipts from the sale of water and the cost of that water, providing the Water Authority's principal source of revenue. Sales include revenues from three variable and five fixed charge components:

Variable Commodity Charges for supply, treatment, and transportation

Fixed Charges for customer service, storage, supply reliability, transportation, and infrastructure access

For the nine-month period ended March 31, 2026, total acre-feet (AF) of water sold was 241,998 AF, which was 9,090 AF or 4 percent higher than budgeted sales volumes of 232,908 AF (Attachment 1). Water sales revenue was higher than the budget by \$11.7 million, while water purchases and treatment costs were lower by \$9.9 million (Attachments 2 and 3), resulting in overall net water sales revenues of \$155.1 million or \$21.7 million higher than the budgeted amount of \$133.5 million (Attachment 4). On a year over year basis, FY 2026 actual water sales volumes through March 2026 were 736 AF or 0.3 percent lower compared to March 2025 water sales volumes of 242,734 AF (Attachment 1).

Inclusive of the cost of water added to inventory, \$36.8 million was paid to MWD for 5,740 AF of treated and untreated water plus treatment costs for 25,653 AF of IID Transfer water; \$139.4 million for 156,538 AF of IID Transfer water; and \$109.8 million for 34,833 AF of treated desalinated water from Channelside. 58,275 AF of Canal Lining water was also received but no costs have been paid yet (Canal Lining water costs represent operations and maintenance costs for maintaining the All-American and Coachella canals as the Water Authority previously incurred significant costs to line the canals with cement panels and now has ongoing maintenance responsibilities). The Water Authority also incurred an additional cost of \$136.3 million for exchange and wheeling costs on 214,813 AF paid to MWD (comprised of IID Transfer and Canal Lining water).

Revenues and Other Income

Total revenues and other income were budgeted at \$83.7 million for the nine-month period ended March 31, 2026. Actual revenues were \$114.4 million or \$30.7 million higher than the budget (Attachment 4). Revenue categories materially higher than the budget include the following:

- **Capacity Charges:** \$9.2 million more than the budget due to larger payments received from the cities of San Diego and Oceanside earlier in the year, as well as a one-time revenue accrual adjustment into FY 2026 as a result of higher capacity charges being received than estimated in the prior year.
- **Grant Reimbursements:** \$19.8 million more than the budget is primarily due to the \$19.0 million federal grant received related to the Carlsbad Desalination Plant Intake and Discharge facilities project. *(The \$19.0 million is a pass-thru amount with the Water Authority both receiving and then paying the same amount to the contractor. A variance will show because the grant was budgeted in the net water sales revenue category but for reporting of Actual results the amounts are shown individually as grant revenues and expenses.)*

Expenses

Total expenses were budgeted at \$127.9 million for the nine-month period ended March 31, 2026. Actual expenses were \$157.9 million or \$30.0 million higher than the budget (Attachment 4). Expense categories materially higher or lower than the budget include the following:

- **Debt Service:** \$15.3 million higher due to the paydown of outstanding commercial paper (\$12 million Series 11 and \$5 million Series 9) offset by reduced interest cost and associated fees within the program.
- **Operating Departments:** \$6.8 million lower in expenses due to the periodic nature of incurring such general expenses. The variance is expected to be absorbed in future months. See individual Operating Department results on Attachment 4.
- **Grant Expenses:** \$22.2 million higher in expenses primarily due to the \$19.0 million federal grant received related to the Carlsbad Desalination Plant Intake and Discharge facilities project. *(The \$19.0 million is a pass-thru amount with the Water Authority both receiving and then paying the same amount to the contractor. A variance will show because the grant was budgeted in the net water sales revenue category but for reporting of Actual results the amounts are shown individually as grant revenues and expenses.) The remaining \$2.2 million variance is due to timing and will offset against grant revenues by year end.*

CIP Expenses

Capital Improvement Program expenses were budgeted at \$61.8 million for the nine-month period ended March 31, 2026, and actual expenses amounted to \$34.9 million or \$27.0 million lower than the budget (Attachment 4). It should be noted the actual expenses do not include invoices received but not yet paid, as they are going through the invoice review and payment approval process. This variance is primarily due to some projects experiencing delays due to unforeseen conditions encountered during design (e.g., utility conflicts); however, most of the variance is expected to be made up by the end of the appropriation period. The Pay-As-You-Go (PayGo) fund now assumes full responsibility for CIP expenditures until the next debt issuance.

Cash and Investments

As of March 31, 2026, cash and investments totaled \$417.9 million. Approximately 94 percent is pooled funds available to meet Water Authority needs and Board set reserve requirements, and the remaining 6 percent represents amounts restricted for debt service (Attachment 5). The Water

Authority Treasurer pools the cash of the PayGo fund with total unrestricted funds to maximize investment returns. The PayGo Fund will continue to pay for the CIP until bond proceeds become available in the summer. Additionally, the Water Authority's pooled cash and investments balance is in excess of the 150-day target balance, but this is subject to change based on future financial conditions. Certain of this excess is being evaluated for potential defeasance opportunities during the anticipated 2026 debt issuance.

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Approved by: Christopher Woidzik, CPA, Controller

Attachments:

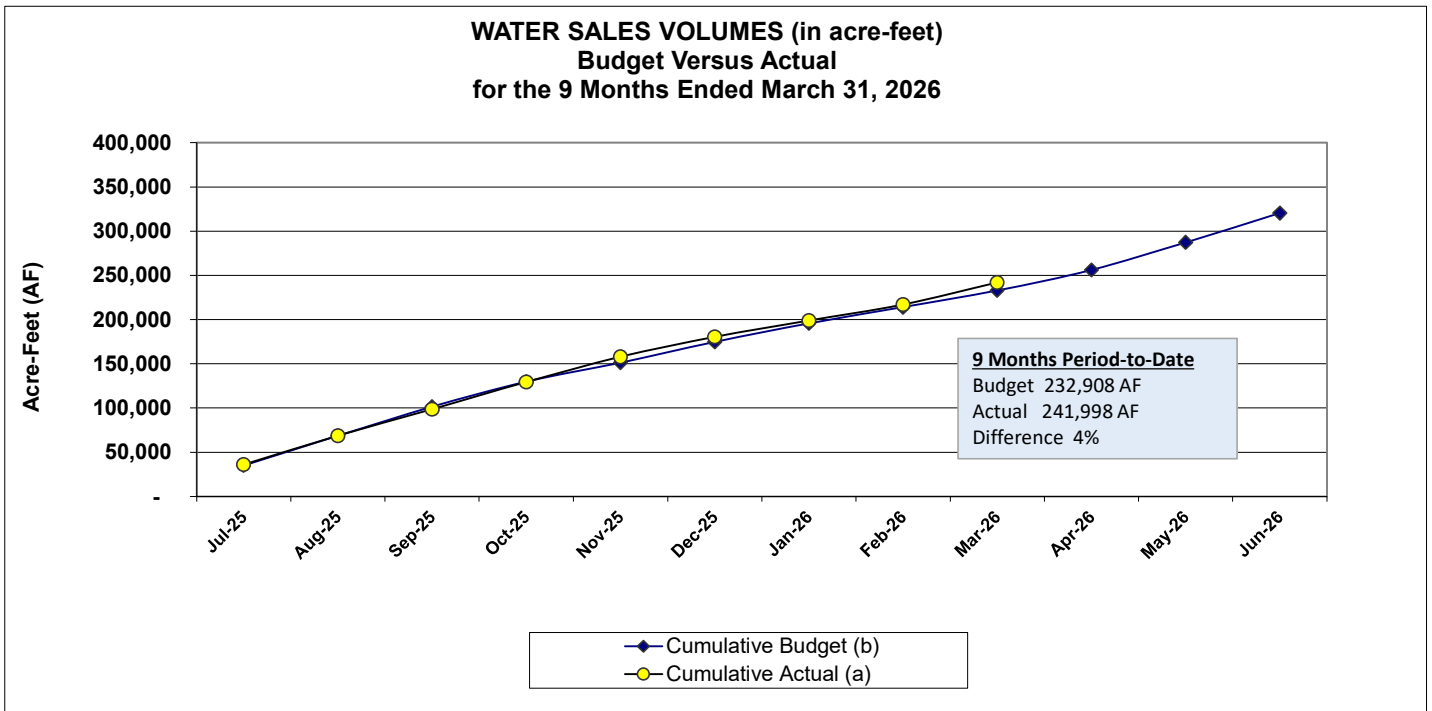
Attachment 1 – Water Sales Volumes Budget and Actual and YOY Comparisons

Attachment 2 – Water Sales Revenues Budget and Actual Comparison

Attachment 3 – Water Purchases and Treatment Costs Budget and Actual Comparison

Attachment 4 – Budget Status Report

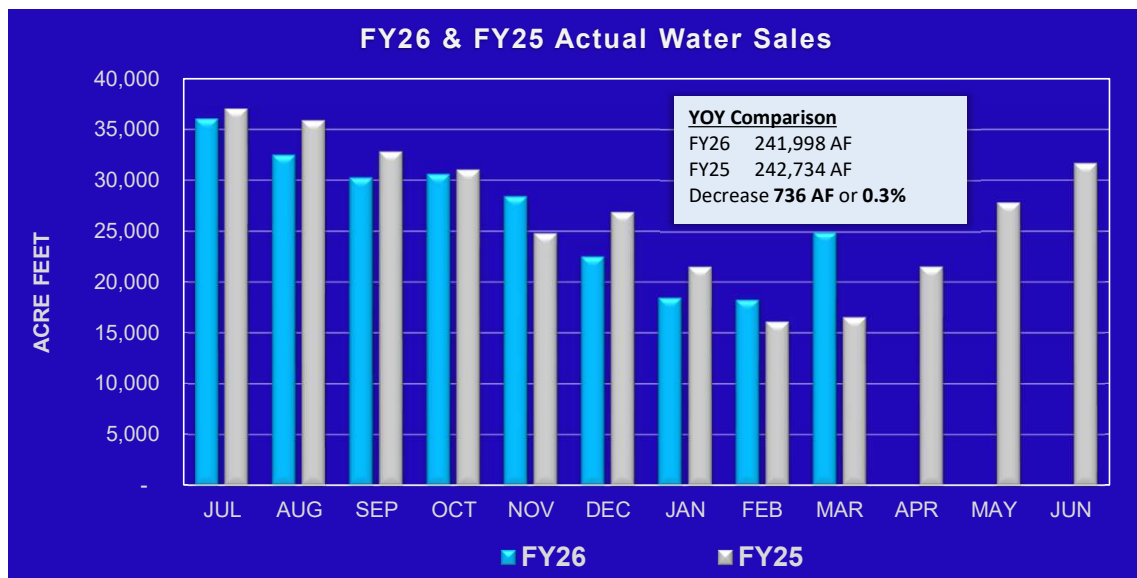
Attachment 5 – Schedule of Cash and Investments

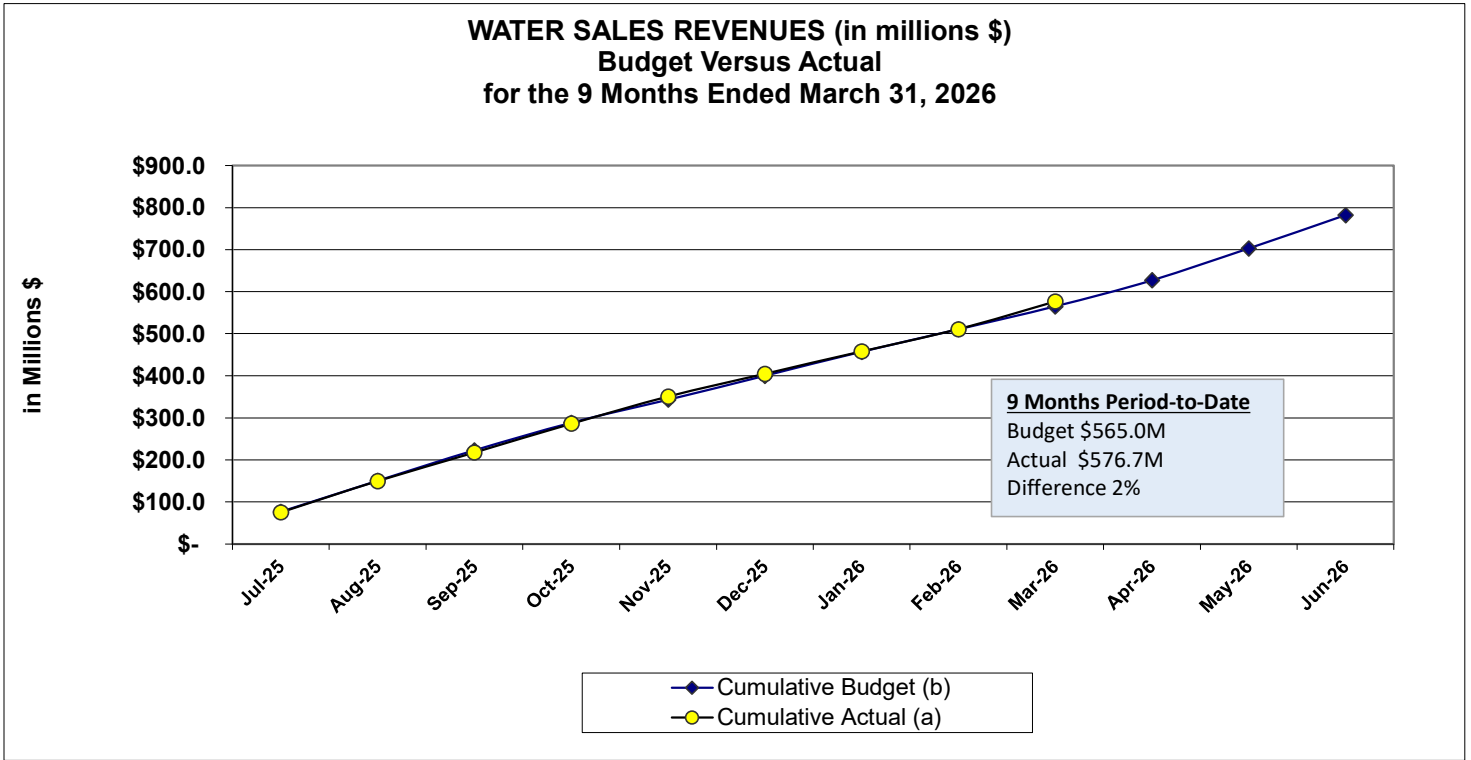


Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2026 and 2027.

Fiscal Year 2026 Cumulative Water Sales (AF)

Months	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Monthly Actual	36,056	32,483	30,265	30,618	28,418	22,505	18,453	18,253	24,947	-	-	-
Cumulative Actual (a)	36,056	68,539	98,804	129,422	157,840	180,345	198,798	217,051	241,998	241,998	241,998	241,998
Monthly Budget	35,167	33,417	32,868	28,430	21,355	23,566	20,786	18,430	18,889	23,263	31,042	33,197
Cumulative Budget (b)	35,167	68,584	101,452	129,882	151,237	174,803	195,589	214,019	232,908	256,171	287,213	320,410
AF Difference (c) (a-b)	889	(45)	(2,648)	(460)	6,603	5,542	3,209	3,032	9,090			
% Difference (c/b)	3%	0%	-3%	0%	4%	3%	2%	1%	4%			

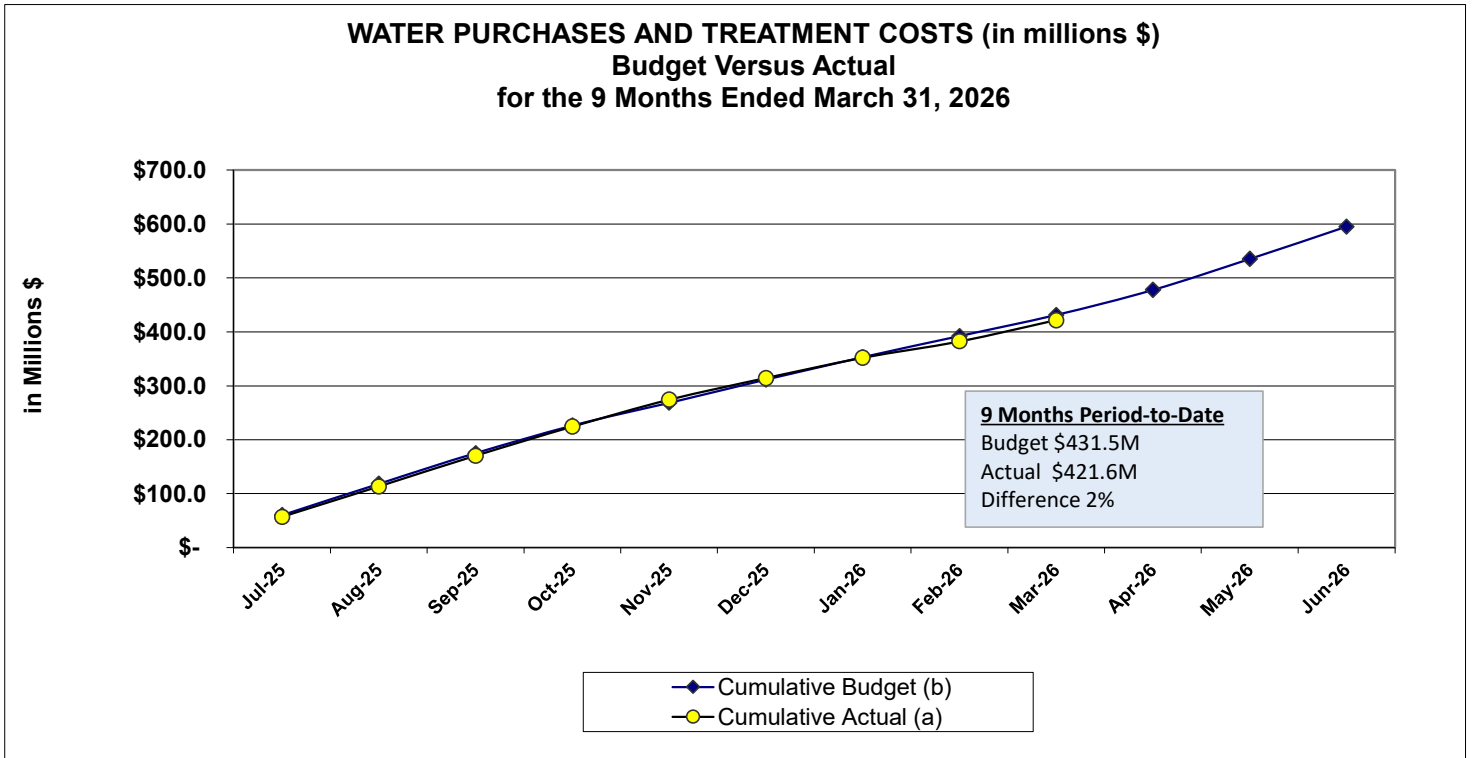




Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2026 and 2027.

Fiscal Year 2026 Cumulative Water Sales (in millions \$)

Months	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Monthly Actual	\$ 75.3	\$ 74.4	\$ 68.0	\$ 68.6	\$ 64.1	\$ 54.4	\$ 53.2	\$ 52.9	\$ 65.8	\$ -	\$ -	\$ -
Cumulative Actual (a)	\$ 75.3	\$ 149.7	\$ 217.7	\$ 286.3	\$ 350.4	\$ 404.8	\$ 458.0	\$ 510.9	\$ 576.7	\$ -	\$ -	\$ -
Monthly Budget	\$ 76.7	\$ 73.9	\$ 72.4	\$ 65.5	\$ 54.6	\$ 56.8	\$ 57.4	\$ 53.5	\$ 54.2	\$ 62.3	\$ 75.6	\$ 79.4
Cumulative Budget (b)	\$ 76.7	\$ 150.6	\$ 223.0	\$ 288.5	\$ 343.1	\$ 399.9	\$ 457.3	\$ 510.8	\$ 565.0	\$ 627.3	\$ 702.9	\$ 782.3
Difference (c) (a-b)	\$ (1.4)	\$ (0.9)	\$ (5.3)	\$ (2.2)	\$ 7.3	\$ 4.9	\$ 0.7	\$ 0.1	\$ 11.7			
% Difference (c/b)	-2%	-1%	-2%	-1%	2%	1%	0%	0%	2%			



Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2026 and 2027.

Fiscal Year 2026 Cumulative Cost of Water Purchases and Treatment (in millions \$)

Months	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Monthly Actual	\$ 56.9	\$ 56.5	\$ 56.8	\$ 54.1	\$ 49.7	\$ 40.2	\$ 37.7	\$ 30.4	\$ 39.3	\$ -	\$ -	\$ -
<i>Cumulative Actual (a)</i>	\$ 56.9	\$ 113.4	\$ 170.2	\$ 224.3	\$ 274.0	\$ 314.2	\$ 351.9	\$ 382.3	\$ 421.6	\$ -	\$ -	\$ -
Monthly Budget	\$ 59.9	\$ 58.3	\$ 56.7	\$ 51.3	\$ 42.2	\$ 42.8	\$ 41.9	\$ 38.9	\$ 39.5	\$ 46.4	\$ 57.3	\$ 59.8
<i>Cumulative Budget (b)</i>	\$ 59.9	\$ 118.2	\$ 174.9	\$ 226.2	\$ 268.4	\$ 311.2	\$ 353.1	\$ 392.0	\$ 431.5	\$ 477.9	\$ 535.2	\$ 595.0
Difference (c) (a-b)	\$ (3.0)	\$ (4.8)	\$ (4.7)	\$ (1.9)	\$ 5.6	\$ 3.0	\$ (1.2)	\$ (9.7)	\$ (9.9)			
% Difference (c/b)	-5%	-4%	-3%	-1%	2%	1%	0%	-2%	-2%			

San Diego County Water Authority
Fiscal Year 2026 Budget Status Report
For the 9 Months Ended March 31, 2026
Unaudited

[A]	[B]	[C]	Revenues = [-B + C] Expenses = [B - C]	[C / A]
	FY 2026 (9 Months - 75%)			
	9 Months Period-to-Date Adopted Budget (n)	9 Months Period-to-Date Actual	Variance Positive (Negative)	Actual to FY 2026 Adopted Budget
	FY 2026 Adopted Budget			
Net Water Sales Revenue				
Water Sales (a)	\$ 782,337,287	\$ 564,972,077	\$ 576,721,547	74%
Water Purchases & Treatment (a)(b)	595,013,972	431,488,037	421,572,140	71%
Total Net Water Sales Revenue	187,323,315	133,484,040	155,149,407	83%
Revenues and Other Income				
Infrastructure Access Charges	49,641,688	37,239,939	37,100,179	(139,760) 75%
Property Taxes & In-lieu Charges (c)	20,026,000	12,513,653	12,482,349	(31,304) 62%
Investment Income (d)	9,249,689	8,244,529	10,049,477	1,804,948 109%
Hydroelectric Revenue (e)	-	-	-	- 0%
Grant Reimbursements	9,904,854	5,361,218	25,145,713	19,784,495 254%
Build America Bonds Subsidy (f)	10,623,541	7,967,656	7,967,656	-
Other Income	885,390	396,206	1,186,729	790,523 134%
Capital Contributions:				
Capacity Charges (g)	11,155,355	5,354,570	14,556,999	9,202,429 130%
Water Standby Availability Charges (h)	10,531,935	6,606,074	5,940,080	(665,994) 56%
Contributions in Aid of Capital Improvement Program (CIP) (i)	-	-	-	- 0%
Total Revenues and Other Income	122,018,452	83,683,845	114,429,182	30,745,337 94%
Total Revenues	309,341,767	217,167,885	269,578,589	52,410,704 87%
Expenses				
Debt Service (j)	158,951,100	69,412,880	84,670,923	(15,258,043) 53%
QSA Mitigation (k)	266,548	266,548	146,152	120,396 55%
Equipment Replacement	2,559,914	1,602,372	631,128	971,244 25%
Grant Expenses	9,149,199	2,733,607	24,976,877	(22,243,270) 273%
Other Expenses	944,422	708,317	1,146,563	(438,246) 121%
Operating Departments (l)	71,849,217	53,134,317	46,314,873	6,819,444 64%
Total Expenses	243,720,400	127,858,041	157,886,516	(30,028,475) 65%
Net Revenues Before CIP	\$ 65,621,367	\$ 89,309,844	\$ 111,692,073	\$ 22,382,229 170%
CIP Expenses	\$ 80,385,589	\$ 61,830,658	\$ 34,877,287	\$ 26,953,371 43%
Net Fund Withdraws (m)	\$ (14,764,222)	\$ 27,479,186	\$ 76,814,786	\$ 49,335,600 -520%
CIP Expenses by Funding Source				
Pay-As-You-Go Fund			\$ 34,877,287	100%
			Operating Departments Detail	
Administrative Services	\$ 9,227,392	\$ 6,345,697	\$ 6,521,364	\$ (175,667) 71%
Engineering	4,927,560	3,679,009	3,145,355	533,654 64%
Finance	5,504,507	4,076,808	4,021,851	54,957 73%
General Counsel	2,684,857	2,009,456	890,195	1,119,261 33%
General Manager & Board of Directors	4,785,363	3,564,149	2,735,295	828,854 57%
Human Resources	1,387,553	980,189	921,958	58,231 66%
Imported Water *	4,049,551	3,030,644	2,179,426	851,218 54%
Operations & Maintenance	29,094,243	21,794,691	19,319,302	2,475,389 66%
Public Affairs	3,344,709	2,493,283	2,015,593	477,690 60%
Water Resources	6,843,482	5,160,391	4,564,534	595,857 67%
Total Operating Departments	\$ 71,849,217	\$ 53,134,317	\$ 46,314,873	\$ 6,819,444 64%

* Colorado River Program, MWD Program, and Imperial Valley Outreach Program are included in Imported Water.

**San Diego County Water Authority
Fiscal Year 2026 Budget Status Report
For the 9 Months Ended March 31, 2026**

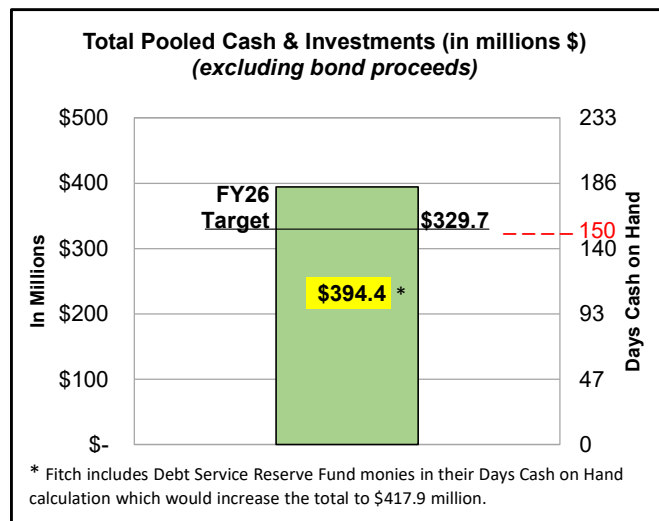
Notes to the Budget Status Report:

- a) Water sales and water purchases period-to-date budgeted amounts are based on projected acre-feet activity calculated per month.
- b) Water purchases and treatment costs are comprised of water (treated and untreated) that has been both purchased and sold. Other purchased water may be added into inventory and sold in future months. The cost of the water added to inventory is not recorded as an expense until it is withdrawn from storage and sold. Water may be added to inventory as a result of take or pay contracts or to meet future needs from scheduled pipeline maintenance shut down projects.
- c) Property taxes are primarily received in December and April. The City of San Diego alternatively pays In-lieu charges each year in quarterly installments. In-lieu charges for Fiscal Year 2026 total \$3,341,928.
- d) Investment income excludes unrealized gains/losses, which are non-cash transactions.
- e) Hydroelectric revenues have not been budgeted for Fiscal Year 2026.
- f) The 2010B Water Revenue Bonds were issued under the American Recovery and Reinvestment Act which allowed for taxable Build America Bonds (BABs) to be issued at a lower cost, effectively subsidized by the federal government. Semi-annual subsidy payments from the United States Treasury equal to 33.5 percent of the interest payments are received as a reimbursement. (The original subsidy was 35% but has been lowered due to Congressionally-mandated sequestration reductions and this subsidy amount will remain unchanged until 2030.)
- g) Capacity charges are primarily received in July, October, January and April, after the quarterly period ends, and accrued revenue is recorded for the quarter ending June.
- h) Water standby availability charges are primarily received each November to January and April to May periods.
- i) Contributions in aid of capital improvement program revenues have not been budgeted for Fiscal Year 2026. Any such revenues received may include payments or reimbursements from state or other local agencies for miscellaneous projects in the form of cash payments or contribution of physical assets.
- j) Bonds and Certificates of Participation debt service payments are due semi-annually on November 1 (interest) and May 1 (principal and interest). Pipeline Bonds, Series 2019 debt service payments are due semi-annually on July 1 (principal and interest) and January 1 (interest). Debt Service includes principal, interest expense, and debt service fees. Amortization expense relating to long-term debt, such as discounts, premiums, and deferred gain/loss on refundings are excluded because they are non-cash transactions. Short-term debt expenses (commercial paper) are paid monthly.
- k) QSA Mitigation includes the annual Lower Colorado River Multi-Species Conservation Program (LCR MSCP) payment in the amount of \$194,870 (paid in quarterly installments) for Fiscal Year 2026.
- l) Amounts may include capital equipment purchases used for CIP projects as well as in operations.
- m) Represents budgeted withdraws from fund balance.
- n) Period-to-date budgeted amounts adjusted based on items occurring on a periodic basis.

**San Diego County Water Authority
Schedule of Cash and Investments
As of March 31, 2026
Unaudited**

Attachment 5

	March 2026	March 2025
Operating Fund	\$ 207,311,699	\$ 321,170,497
Rate Stabilization Fund	126,140,740	78,540,740
Pay-As-You-Go Fund	57,886,910	25,090,701
Equipment Replacement Fund	1,932,584	545,127
Canal Maintenance Fund	1,146,658	891,543
Total Pooled Funds	94% 394,418,591	426,238,608
CIP/Bond Construction Fund	-	4,025,446
Debt Service Reserve Fund	23,459,616	23,196,067
Total Bond Funds	6% 23,459,616	27,221,513
Total Cash and Investments	\$ 417,878,207	\$ 453,460,121



Notes:

The Total Pooled Cash & Investments graph depicts the Water Authority's available monies measured against the 150 Days Cash on Hand requirement as set in the 2021 Rate Model. For FY26, days cash on hand equates to a \$329.7 million target balance. It's important to note that cash and investments balances will increase and decrease during the year, especially in May and November, when debt service payments are made, but the target is fixed for the fiscal year. Amounts above the target balance are being evaluated for potential defeasance opportunities. Other reserves may also have specific maximums, minimums or targets, and these are noted in the reserve definitions below.

Ratings Impact: Overall cash and investments position and days cash on hand metrics are crucial to the Water Authority maintaining its current ratings of AAA, AA+ and Aa2 from Standard & Poor's, Fitch and Moody's, respectively. A balance below the 150 days cash on hand metric of \$329.7 million target places risk on the Water Authority for a downgrade, which will affect investors interests in owning Water Authority bonds and achieving favorable interest rates on subsequent debt issuances.

Reserve Fund Categories

Operating Fund: The Water Authority's working capital and emergency operating reserve. The Operating Fund's policy requires 45 days of average annual operating expenses to be kept in reserves as assessed on an annual basis and include \$5 million held for emergency repairs. The Operating Fund has a minimum cash balance for FY26 of \$97.6 million.

Rate Stabilization Fund (RSF): The RSF holds the water revenues greater than expenditures in years of strong water sales. Funds can then be used to mitigate "rate shock" in years of weak water sales and/or to manage debt service coverage. The RSF target balance is equal to the financial impact of 2.5 years of wet weather or mandatory restrictions, and the maximum fund balance is equal to the financial impact of 3.5 years of wet weather or mandatory restrictions. For FY26, the RSF has a fixed maximum balance of \$126.2 million and a fixed Target balance of \$87.0 million.

Pay-As-You-Go Fund (PAYGO): The PAYGO fund collects Capacity Charges and Water Standby Availability Charges to be used to pay for the cash portion of the CIP. The funds are dedicated for construction outlays as well as debt service.

Equipment Replacement Fund (ERF): The ERF is funded by transfers from the Operating Fund for capital equipment purchases such as computers, vehicles, and SCADA systems and is used to replace equipment which has reached the end of its effective useful life.

Canal Maintenance Fund: This fund provides for the large periodic maintenance expenses of the All-American and Coachella Canals that is estimated to occur every five to eight years.

CIP/Bond Construction Fund: This fund most recently contained bond proceeds from the Series 2022A debt issuance to finance approved capital projects. As of June 30, 2025, all bond proceeds had been spent, resulting in a cash and investments balance of zero.

Debt Service Reserve Fund: This fund contains the required legal reserve for Water Authority debt issues. Such reserves are held for the purpose of making an issue's annual debt service payments in the event the Water Authority should be unable to make such payments. The funds are held by trustees and interest earned is transferred into the Operating Fund and is not restricted.

Stored Water Fund (SWF): This fund provides working capital to purchase water inventory necessary to fully utilize the Water Authority's storage facilities. In April 2025, a 40,000 acre-feet target was established for Carryover Storage inventory along with a maximum of 100,000 acre-feet, which is the storage capacity. The SWF is to only hold a cash position if the cost to replace the target amount is below the current value of water inventory in the fund.