

# Q3 FY2025-26 Financial Status Update

Board Audit Committee – May 20, 2026

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# Agenda

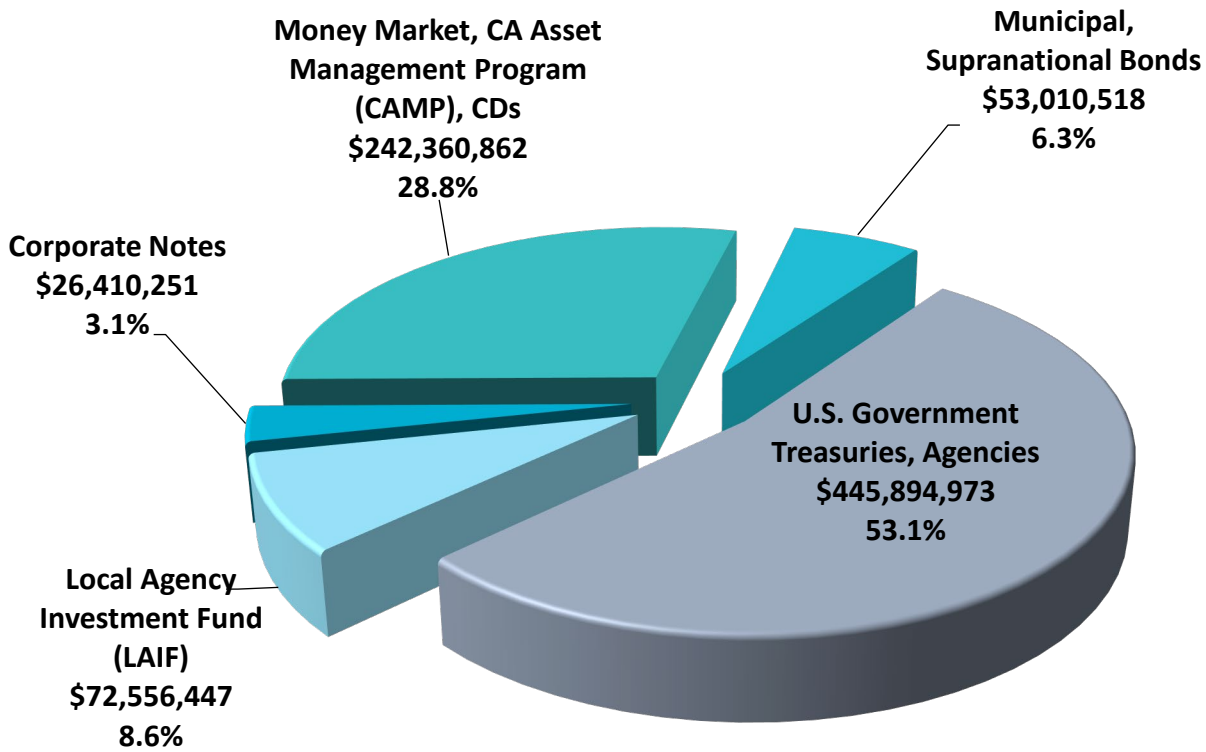
- **Financial Status**
  - **Cash and Investments**
  - **Debt Portfolio**
- **Q3 FY26 Financial Status Update**
  - **Revenue**
  - **Operating and Capital Expenditures**
  - **Reserves**

# Financial Status Update – Cash & Investments

\$315 million (37%) of portfolio very liquid (money market, LAIF, CAMP deposits)

Fiscal year-to-date Interest Earnings through March 31, 2026: \$22 million (3.71% yield)

## SCVWD Investment Portfolio Composition

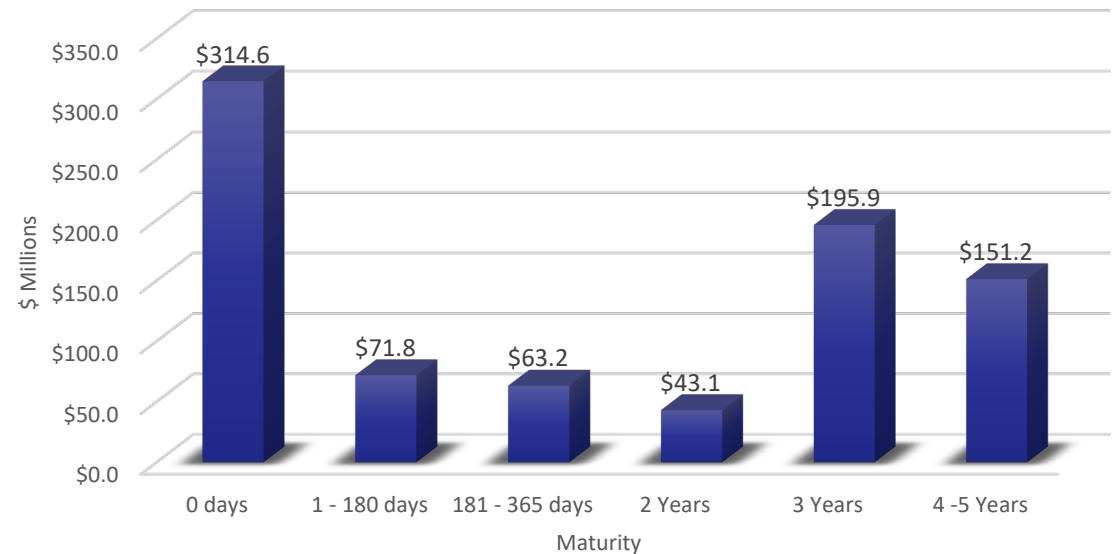


SCVWD Portfolio Book Value as of March 31, 2026: \$840,233,051

## Valley Water Portfolio Aging Report

March 31, 2026

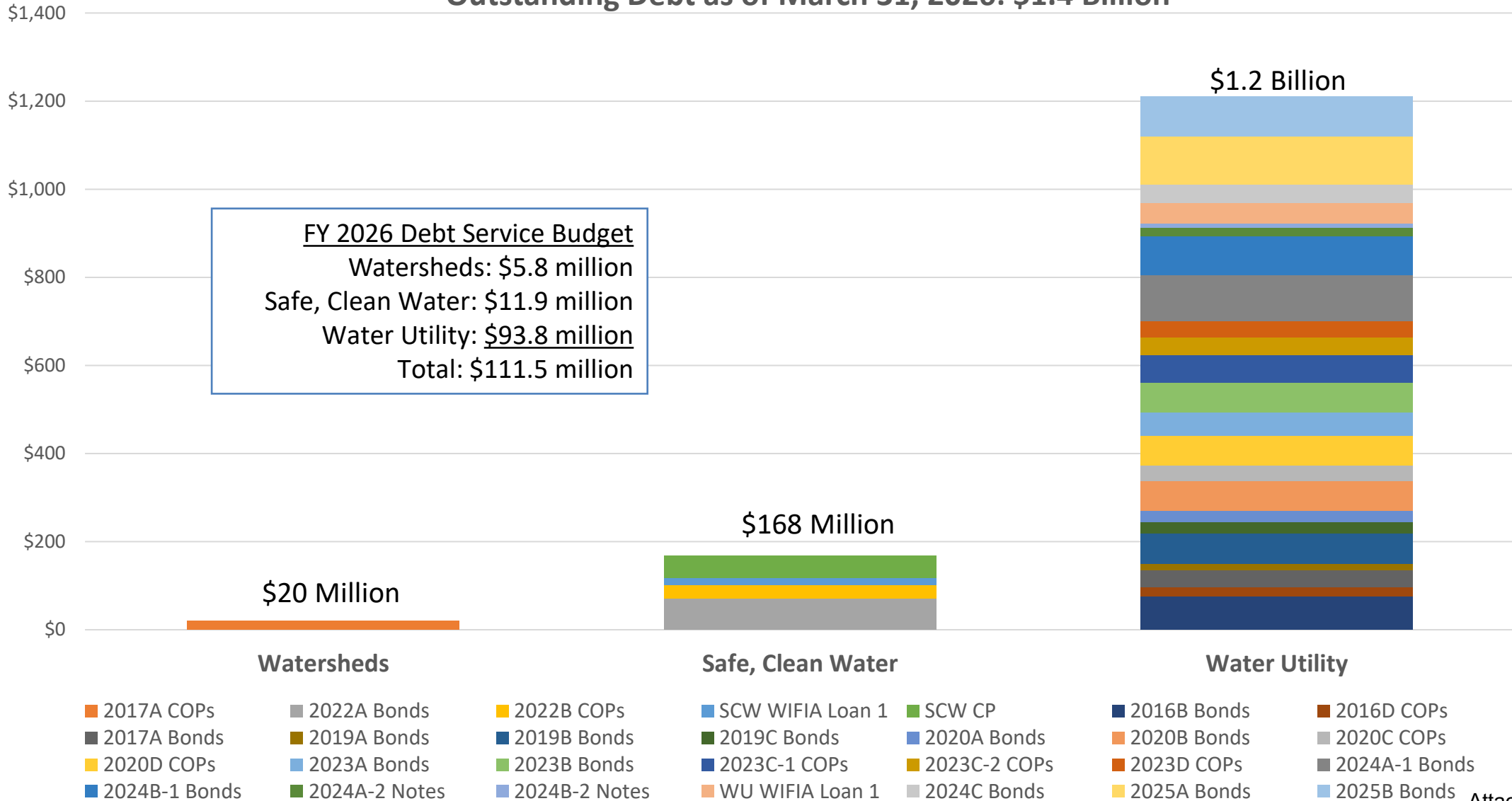
Portfolio Book Value: \$840 Million



# Financial Status Update – Outstanding Debt

\$ Millions

Outstanding Debt as of March 31, 2026: \$1.4 Billion



# Financial Status Update – Debt Portfolio

## \$450 million Short-term Debt Program

- \$250 million commercial paper program supported by Sumitomo Mitsui Banking Corporation (SMBC) letter of credit
- \$200 million revolving line of credit with U.S. Bank

## FY 2026 Financing Activity

- Water Utility Refunding Bonds 2025AB - \$200 million (September 10, 2025)
  - Refunded short-term debt, and 2016AC debt for \$14 million in debt service savings
- Draws on WIFIA loans: \$46 million (ADSRP) / \$10 million (CCFPP, Sunnyvale E-W Channels)
- Short-term debt issuances planned for spring 2026
  - WU: \$225 million (construction funds) / \$102 million (refunding of 2023C-1/D interim notes)
  - SCW: \$30 million (construction funds)

## FY 2027 Financing Plan

- Refund short-term debt issued in spring 2026, refund long-term debt for savings, and issue \$100 million short-term note to fund initial construction costs for Anderson Dam Seismic Retrofit
  - Board authorizations: Issuance - May 2026 / Bond Disclosure - August 2026
- Issue short-term debt to fund Water Utility and Safe, Clean Water capital costs

# Q3 FY26 - Revenues

*Lower treated water revenue anticipated due to West Pipeline project*

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(\$ in millions)	FY26 Adj Budget	Q3 FY26 Actuals	Q3 FY26 % Rec'd	Q3 FY25 Actuals	Q3 FY25 % Rec'd*
Groundwater Production Charges	\$ 200.3	\$ 157.8	79%	\$117.4	64%
Treated Water Revenue	220.4	133.9	61%	149.7	71%
Surface/Recycled Water Revenue	2.6	1.6	64%	1.4	35%
1% Ad-valorem Property Tax	157.6	100.3	64%	97.6	66%
Safe Clean Water Special Parcel Tax	55.1	30.9	56%	30.0	56%
Benefit Assessment	6.9	3.9	56%	3.9	55%
State Water Project Tax	28.0	15.9	57%	16.2	58%
Capital Reimbursements	56.3	25.5	45%	12.5	29%
Interest Income & Other	18.6	49.1	264%	41.5	269%
<b>Total Revenue</b>	<b>\$ 745.9</b>	<b>\$ 518.8</b>	<b>70%</b>	<b>\$470.2</b>	<b>68%</b>

\*Q3 FY26 % received based Q3 YTD Actuals divided by FY26 Adjusted Budget

(\$ in millions)	FY26 Adj Budget	Q3 FY26 Actuals	Q3 FY26 % Rec'd	Q3 FY25 Actuals	Q3 FY25 % Rec'd*
General Fund	\$ 13.5	\$ 11.5	85%	\$ 9.1	73%
Watershed Stream Stewardship Fund	141.8	93.3	66%	96.3	68%
Safe Clean Water Fund	108.9	58.8	54%	39.2	45%
Water Utility Enterprise Fund	474.2	349.3	74%	320.4	72%
Service Funds	0.7	2.0	304%	1.3	217%
Benefit Assessment Funds	6.9	3.9	56%	3.9	55%
<b>Total Revenue</b>	<b>\$ 745.9</b>	<b>\$ 518.8</b>	<b>70%</b>	<b>\$470.2</b>	<b>68%</b>

\*Q3 FY26 % received based Q3 YTD Actuals divided by FY26 Adjusted Budget

## Observations

- Q3 FY26 revenue was \$518.8M or 70% of FY26 Budget
- SCW Special Parcel, Benefit Assessment and State Water Project Tax revenues will be received in fourth quarter of the fiscal year
- Groundwater production charges are \$157.8M (79% of budget), while treated water revenue is \$133.9M (61%), reflecting a shift to groundwater due to the West Pipeline project. Combined year-end revenue for both sources is estimated to be ~\$10M below budget due to slightly lower-than-anticipated demand
- Capital reimbursements of \$25.5M, primarily due to the Natural Resources Conservation Service grant for Llagas Creek (\$21.1M)
- Interest Income and Other \$49.1M, or 264% of budget, due to higher interest income (\$8.8M) and income on bond proceeds (\$4.6M), Advanced Water Treatment Facility payment (\$8.2M), and water sales from the Central Valley Project (\$2.0M) and the State Water Project (\$4.8M)

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# Q3 FY26 - Operating and Capital Outlays

*Capital expenditures improvement versus prior fiscal year*

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(\$ in millions)	FY26 Adj	Q3 FY26	Q3 FY26	Q3 FY25	Q3 FY25
	Budget	Actuals	% Rec'd	Actuals	% Rec'd*
General Fund	\$ 91.1	\$ 57.2	63%	\$ 55.8	62%
Watershed Stream Stewardship Fund	94.8	65.4	69%	58.3	62%
Safe Clean Water Fund	47.5	28.2	59%	22.6	59%
Water Utility Enterprise Fund	391.9	199.5	51%	223.6	57%
Service Funds	51.7	29.8	58%	30.4	62%
Benefit Assessment Funds	5.8	5.8	100%	5.8	100%
<b>Total Operating Outlays</b>	<b>\$ 682.7</b>	<b>\$ 385.9</b>	<b>57%</b>	<b>\$396.5</b>	<b>59%</b>

Note 1: Operating Adjusted Budget includes Adopted Budget and current year budget adjustments  
 Note 2: Budgetary Basis Actuals includes actuals and encumbrances as of 03/31/26  
 Note 3: % Spent is Q3 YTD Actuals divided by Adjusted Budget

(\$ in millions)	FY26 Adj	Q3 FY26	Q3 FY26	Q3 FY25	Q3 FY25
	Budget	Actuals	% Rec'd	Actuals	% Rec'd*
General Fund	\$ 20.4	\$ 3.1	15%	\$ 5.8	35%
Watershed Stream Stewardship Fund	47.0	20.7	44%	9.4	24%
Safe Clean Water Fund	138.8	90.3	65%	70.8	45%
Water Utility Enterprise Fund	403.7	251.7	62%	218.0	62%
Service Funds	6.3	2.5	40%	3.1	29%
<b>Total Capital Outlays</b>	<b>\$ 616.1</b>	<b>\$ 368.3</b>	<b>60%</b>	<b>\$307.2</b>	<b>53%</b>

Note 1: Capital Project Adjusted Budget includes Adopted Budget and prior year capital carryforward budget  
 Note 2: Budgetary Basis Actuals includes actuals and encumbrances as of 03/31/26  
 Note 3: % Spent is Q3 YTD Actuals divided by Adjusted Budget

## Observations

- Q3 FY26 Operating Expenditures of \$385.9M or 57% of Adjusted Budget
- SCW Fund below target due to F9 Grants Partnership project and lower debt related expense (commercial paper)
- WUE Fund below target due to debt expense, expected in Q4, and San Felipe Division Deliveries project
- Service Funds, Risk Fund specifically, expenditures expected in Q4

- Q3 FY26 Capital Expenditures of \$368.3M or 60% of Adjusted Budget; trending higher than last fiscal year
- GF 15% spent due to timing of the HQ Bldg., Small Caps / Facility Mgmt., and Security Upgrades & Enhancements projects
- WSS Fund 44% spent primarily due to the timing of the Watersheds Asset Rehab, Lower Guadalupe River Restoration and SF Bay Shoreline projects
- Service Funds 40% spent primarily due to IT and Fleet capital expenditures primarily taking place in Q4

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# Reserve Balances

- FY26 projected year-end reserve balances decreasing primarily due to Safe Clean Water Fund reserve decrease

(\$ in millions)	FY26 Adopted Budget	FY26 Projected Year-end	FY26 Projected vs Adopted
<b>Restricted Reserves</b>			
Safe Clean Water Fund	\$ 177.8	\$ 107.1	\$ (70.7)
Water Utility Enterprise Fund	65.5	75.5	10.0
<b>Restricted Reserves Subtotal</b>	<b>243.4</b>	<b>182.7</b>	<b>(60.7)</b>
<b>Committed Reserves</b>			
General Fund	19.7	27.1	7.4
Watershed & Stream Stewardship Fund	161.1	204.9	43.8
Water Utility Enterprise Fund	92.8	83.3	(9.6)
Service Funds	23.4	29.6	6.2
<b>Committed Reserves Subtotal</b>	<b>297.1</b>	<b>345.0</b>	<b>47.9</b>
<b>Total Reserves</b>	<b>\$ 540.5</b>	<b>\$ 527.6</b>	<b>\$ (12.8)</b>

# Q3 FY26 Financial Update Summary

- Revenues expected to meet budget except for capital reimbursements (timing issue) and water charges (~\$10M shortfall expected) due to slightly lower than anticipated demand
- Operating expenditures estimated to end FY within budgeted levels
- Q3 YTD capital expenditures trending lower than expected but better than last fiscal year
- In August, Staff will bring to the Board recommended central budget adjustments to ensure that funding is carried over from the current fiscal year to the next to complete critical operating projects

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