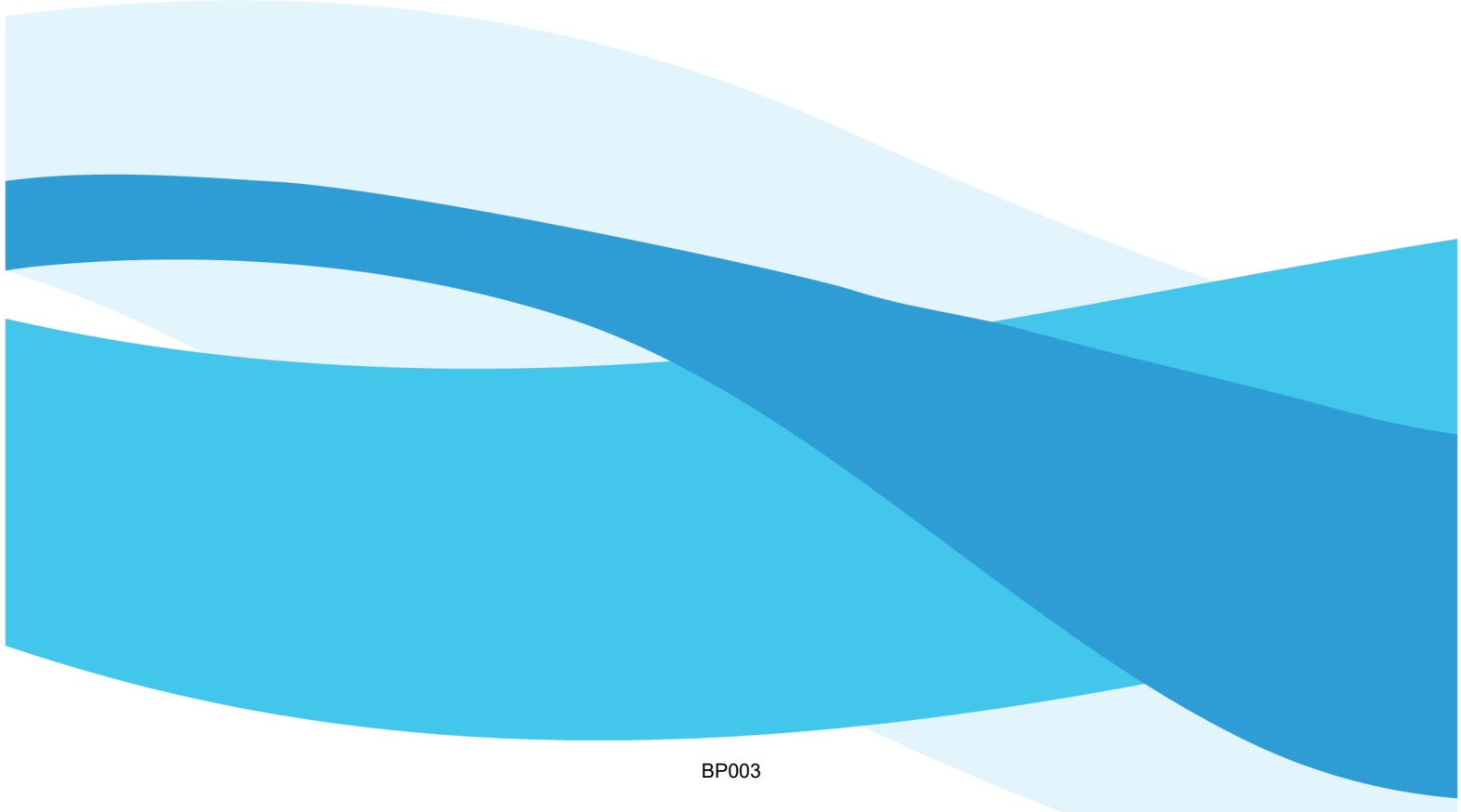


Tab 1

Finance Committee report





Executive Summary

April 9, 2026—This is an executive summary of the fiscal year (FY) 2027 tentative budget for the Metropolitan Water District of Salt Lake & Sandy (“Metro Water”).

The budget includes total budgeted inflows of \$123.7M, including revenue of \$78.4M. The tax revenue is based on current certified property tax rates for Salt Lake City and Sandy City. Budgeted revenue includes a 6% increase to the member cities’ water sales fixed charge (\$/month). A 6% increase for non-member city water rates is also budgeted. Future water rate increases are anticipated to be 6% in FY28 and 7% from FY 2029 through FY 2031. Projected rate increases are shared with member cities. Inflows also include estimated bond proceeds of \$45.3M.

Total budgeted outflows are \$115.2M. The Operations and Maintenance (O&M) budget totals \$39.0M (excluding interest, amortization, and depreciation) and includes non-routine O&M costs, all Provo River Water Users Association and Central Utah Project (CUP) costs, as well as Salt Lake City’s portion of the Cottonwood Connection project.

Escalating assessments for CUP Operation, Maintenance, and Replacement (OM&R) costs and related reserves is increasing Metro Water’s total O&M budget. Expenses related to CUP OM&R and associated reserves are forecasted to increase by \$5 per acre-foot over the next several years based on decisions of the Central Utah Water Conservancy District. The forecasted increases are as follows (cost per acre-foot):

- FY 2027: \$80.00 (6.67% increase)
- FY 2028: \$85.00 (6.25% increase)
- FY 2029: \$90.00 (5.88% increase)
- FY 2030: \$95.00 (5.56% increase)
- FY 2031: \$100.00 (5.26% increase)

The O&M budget represents a 2.2% decrease (excluding Salt Lake City’s reimbursement). Increases in costs from other agencies, utilities (power), general insurance and increased personnel costs are offset by a large decrease in expected interest expense, based on timing of bonding issuance and expected payments. Payments on any new bonding, if needed, would not occur until FY2028.

The total capital budget is \$53.4M, which is comprised of \$45.8M for projects specific to Metro and \$7.6M for projects of other agencies. The total debt service budget is \$22.8M for existing bonds. Reserves are projected to increase by \$8.5M.

The tentative budget maintains the same full-time equivalents (FTE) as the previous year, and a 4% COLA/merit salary increase. The benefits plan includes Metro Water employees paying for 5% of the medical insurance premium.

The interim annual allotment for the Provo River Water Project supply is 50%.

Annalee Munsey, General Manager/Budget Officer

Metropolitan Water District of Salt Lake & Sandy
Fiscal Year 2027
Budget Summary
Last update: April 7, 2026

	Actual			Budget 2026	Tentative 2027
	2023	2024	2025		
Sources of Funds					
Water Sales					
Member Cities	\$ 23,087,338	\$ 23,779,958	\$ 24,493,357	\$ 25,718,025	\$ 27,261,110
Others	1,206,095	875,110	1,060,744	955,191	1,299,344
Total Water Sales	24,293,433	24,655,068	25,554,101	26,673,216	28,560,454
Property Taxes	12,249,819	12,552,895	27,239,824	22,686,248	25,880,255
Assessments	11,857,145	11,875,272	11,990,374	12,986,790	12,807,908
Miscellaneous					
Interest	2,446,305	3,817,553	5,334,064	3,963,199	3,915,226
Other	1,563,395	1,779,178	1,463,223	5,347,668	272,325
Salt Lake City SLAR-CC Reimbursement	-	2,447,684	10,983,578	9,356,897	7,000,000
Total Miscellaneous	4,009,700	8,044,415	17,780,865	18,667,764	11,187,551
Bond Proceeds	-	37,507,000	-	30,390,000	45,261,530
Total Sources of Funds	\$ 52,410,097	\$ 94,634,650	\$ 82,565,164	\$ 111,404,018	\$ 123,697,698
Uses of Funds					
Operations and Maintenance					
Operations and Maintenance (includes O&M to other agencies; <u>excludes</u> PRWUA O&M, SLC SLAR-CC, Non-Routine O&M, depreciation, interest)					
	\$ 19,214,888	\$ 20,599,867	\$ 21,748,500	\$ 25,102,991	\$ 25,902,017
Provo River Water Users Association O&M	4,012,468	4,278,970	5,010,688	4,791,024	5,044,451
Non-Routine O&M	842,772	781,730	877,641	2,087,600	1,081,000
Salt Lake City SLAR-CC Reimbursement	-	2,447,684	10,983,578	9,356,897	7,000,000
Total Operations and Maintenance	24,070,128	28,108,251	38,620,407	41,338,512	39,027,468
Capital Projects					
Capacity Improvement Projects	2,944,623	5,105,716	1,636,729	180,000	-
Non-Capacity Improvement Projects	1,578,176	5,214,260	15,508,620	29,721,000	45,796,173
Jordan Aqueduct System & 150th South Pipeline	3,681,638	835,497	940,475	2,851,809	3,776,739
Central Utah Project (CUP) Capital	2,971,200	2,971,200	2,971,200	2,971,200	2,971,200
CUP ULS Petition	844,223	844,223	844,223	844,223	844,223
Total Capital Projects (includes capital to other agencies)	12,019,860	14,970,896	21,901,247	36,568,232	53,388,335
Debt Service					
Principal	11,155,000	11,865,000	11,865,000	16,989,208	17,315,100
Interest	5,249,739	5,498,016	5,574,445	7,662,383	5,452,193
Total Debt Service	16,404,739	17,363,016	17,439,445	24,651,591	22,767,293
Total Expenditures	52,494,727	60,442,163	77,961,099	102,558,335	115,183,096
Net Funds To/(From) Reserves	(84,630)	34,192,487	4,604,065	8,845,683	8,514,602
Total Uses of Funds	\$ 52,410,097	\$ 94,634,650	\$ 82,565,164	\$ 111,404,018	\$ 123,697,698

METROPOLITAN WATER DISTRICT
Balance Sheet - Summary
As of February 28, 2026
66.67% of Budget Completed

ASSETS	<u>02/28/26</u>	<u>01/31/26</u>	<u>02/28/25</u>
Current Assets:			
1 Accounts Receivable	\$ 5,202,578	\$ 10,556,479	\$ 10,438,546
2 Leases Receivable - Current	64,269	64,269	63,243
3 Bonds Receivable	-	12,743,000	17,493,000
4 Inventories	402,239	382,092	389,070
5 Prepaid Expenses	520,982	598,232	460,825
Reserve Funds:			
6 Operations & Maintenance Fund	38,119,090	33,109,670	18,393,587
7 Renewal and Replacement Reserve	650,000	650,000	650,000
8 Capital Projects Reserve	10,000,000	10,000,000	10,000,000
9 ASR Reserve	(914,078)	(914,078)	85,009
10 Insurance/Contingency Reserve	2,000,000	2,000,000	2,000,000
11 Jordan Aqueduct Reserve	50,738	50,738	48,437
12 JWWTQ O&M Agreement	20,000	20,000	20,000
13 150th South Pipeline Agreement	41,623	41,623	39,735
14 TOTAL CURRENT ASSETS	56,157,441	69,302,025	60,081,452
Restricted Assets:			
2015 Series Bond			
15 Bond Fund Account 2015A	233,525	195,576	229,045
2016 Series Bond			
16 Bond Fund Account 2016A	5,872,668	5,042,777	5,676,280
2020 Series Bond			
17 Bond Fund Account 2020A	2,616,633	2,237,264	2,590,383
2021 Series Bond			
18 Bond Fund Account 2021A	342,405	172,627	342,777
19 Bond Fund Account 2021B	1,535,088	1,331,193	1,519,103
2024 Series Bond			
20 Bond Fund Account 2024A	368,981	322,152	366,741
21 Project Fund Account 2024A	13,376,732	1,294,686	2,089,358
22 Bond Fund Account 2024B	1,029,987	816,072	810,585
23 Project Fund Account 2024B	17,145,172	18,473,120	29,201,828
24 TOTAL RESTRICTED ASSETS	42,521,191	29,885,467	42,826,100
Fixed Assets:			
25 Land & Right-of-Way	22,783,968	22,783,968	22,023,773
26 Buildings & Improvements	292,631,515	292,631,515	292,511,675
27 Machinery & Equipment	21,510,509	21,510,509	20,940,316
28 Furniture & Fixtures	60,173	60,173	60,173
29 Transportation Equipment	1,597,179	1,597,179	1,426,476
30 Aqueduct & Appurtenances	112,190,997	112,190,997	112,074,873
31 Water Rights - PRWUA	18,188,008	18,188,008	18,188,008
32 Investment in Surface Water	135,189,064	135,189,064	135,189,064
Construction in Progress:			
33 CIP - Jordan Aqueduct System	1,960,328	1,960,328	1,151,848
34 CIP - Central Utah Project	3,815,423	-	3,815,423
35 CIP - Aquifer Storage & Recovery	10,017,513	10,017,513	8,414,538
36 CIP - Other	32,080,472	30,499,427	17,798,336
37 TOTAL FIXED ASSETS	652,025,149	646,628,681	633,594,503
38 Less: Accumulated Depreciation	(220,346,687)	(219,484,174)	(209,098,218)
39 NET FIXED ASSETS	431,678,462	427,144,507	424,496,285
Other Assets:			
40 Investments	35,190,707	35,043,620	33,485,438
41 Leases Receivable - Long-Term	340,566	340,566	404,835
42 TOTAL OTHER ASSETS	35,531,273	35,384,186	33,890,273
43 TOTAL ASSETS	\$ 565,888,367	\$ 561,716,185	\$ 561,294,110

METROPOLITAN WATER DISTRICT
Balance Sheet - Summary
As of February 28, 2026
66.67% of Budget Completed

	02/28/26	01/31/26	02/28/25
Deferred Outflow of Resources:			
44 Refinance Term Costs - 2021A	\$ 384,047	\$ 387,119	\$ 420,915
45 Refinance Term Costs - 2021B	5,902,106	6,013,467	7,238,432
46 Deferred Amount on Refunding - 2009A	2,229,616	2,263,918	2,641,237
47 Deferred Bond Refunding - 2021A	1,443,944	1,455,496	1,582,563
48 Deferred Bond Refunding - 2021B	287,118	292,535	352,126
49 Deferred Outflows Relating to Pensions	1,955,311	1,955,311	1,978,898
50 TOTAL DEFERRED OUTFLOW OF RESOURCES	12,202,142	12,367,846	14,214,171
51 TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 578,090,509	\$ 574,084,031	\$ 575,508,281
LIABILITIES AND NET ASSETS			
Current Liabilities:			
52 Accounts Payable	\$ 7,924,715	\$ 3,018,560	\$ 1,352,993
53 Interest Payable - Bonds	1,021,737	528,573	1,127,116
54 Vacation Payable	604,299	583,129	543,598
55 Sick Leave Payable	310,273	310,273	58,933
56 Deferred Revenue	1,000,287	1,000,287	999,261
57 Bonds Payable, Current	15,549,000	15,549,000	11,865,000
58 CUP Water Supply Payable-CP	2,971,200	2,971,200	2,971,200
59 TOTAL CURRENT LIABILITIES	29,381,511	23,961,022	18,918,101
Long-Term Liabilities:			
60 Bonds Payable - Series 2015A	3,345,000	3,345,000	3,650,000
61 Bonds Payable - Series 2016A	47,250,000	47,250,000	55,275,000
62 Bonds Payable - Series 2020A	43,210,000	43,210,000	46,875,000
63 Bonds Payable - Series 2021A	43,340,000	43,340,000	43,340,000
64 Bonds Payable - Series 2021B	10,015,000	10,015,000	12,240,000
65 Bonds Payable - Series 2024A	21,535,000	21,535,000	22,000,000
66 Bonds Payable - Series 2024B	32,136,000	32,136,000	33,000,000
67 Reoffering Premium - 2015A	338,557	341,909	378,782
68 Reoffering Premium - 2016A	2,083,731	2,115,788	2,468,420
69 Reoffering Premium - 2021A	11,295,331	11,385,693	12,379,682
70 Net Pension Liability	1,482,013	1,482,013	1,094,592
71 CUP Water Supply Payable	59,424,000	59,424,000	62,395,200
72 Less Bonds Payable, Current	(15,549,000)	(15,549,000)	(11,865,000)
73 TOTAL LONG-TERM LIABILITIES	259,905,632	260,031,403	283,231,676
74 TOTAL LIABILITIES	289,287,143	283,992,425	302,149,777
Deferred Inflow of Resources:			
75 Deferred Revenue - Long-Term	340,566	340,566	404,835
76 Deferred Bond Refunding - 2012A (2019)	-	-	314,014
77 Deferred Bond Refunding - 2012A (2020)	-	-	306,666
78 Deferred Inflows Relating to Pensions	3,960	3,960	5,033
79 TOTAL DEFERRED INFLOW OF RESOURCES	344,526	344,526	1,030,548
80 TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	289,631,669	284,336,951	303,180,325
Net Assets:			
81 Invested in Capital Assets, Net of Related Debt	223,561,251	222,882,652	200,688,571
Restricted Assets:			
82 Future Debt Service	42,521,191	29,885,467	42,826,100
83 Operations & Maintenance Restriction	7,903,654	7,903,654	7,123,302
84 Renewal and Replacement	650,000	650,000	650,000
85 150th South Pipeline Agreement	41,623	41,623	39,735
86 JVVTP O&M Agreement	20,000	20,000	20,000
87 Jordan Aqueduct Reserve	50,738	50,738	48,437
88 Unrestricted	13,710,383	28,312,946	20,931,811
89 TOTAL NET ASSETS	288,458,840	289,747,080	272,327,956
90 TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET ASSETS	\$ 578,090,509	\$ 574,084,031	\$ 575,508,281

METROPOLITAN WATER DISTRICT
Capital Report
For the Month Ending February 28, 2026
66.67% of Budget Complete

	Account Name	Account Number	Current Month	Year to Date	Total Budget	Amount Remaining	% of Budget Used
CAPACITY IMPROVEMENT PROJECTS							
1	Managed Aquifer Recharge	1865	\$ -	\$ 174,045.37	\$ 180,000.00	\$ 5,954.63	96.69 %
2	Capacity Improvement Projects		0.00	174,045.37	180,000.00	5,954.63	96.69%
NON-CAPACITY IMPROVEMENT PROJECTS							
3	Salt Lake Aqueduct Replacement Reach 1 - Cottonwood Conduits		1,506,212.82	11,634,421.47	23,300,000.00	11,665,578.53	49.93%
4	Salt Lake Aqueduct Replacement Reaches 2 and 3	1802D	-	184,020.00	500,000.00	315,980.00	36.80%
5	Salt Lake Aqueduct Hardening	1802A	-	585,360.19	1,000,000.00	414,639.81	58.54%
6	Little Cottonwood Water Treatment Plant Rebuild	1845R	6,180.81	976,610.53	1,650,000.00	673,389.47	59.19%
7	Little Cottonwood Conduit Replacement and Intake Modifications		64,163.37	170,767.12	1,100,000.00	929,232.88	15.52%
8	LCWTP Administration Campus Improvements		311.85	69,730.85	1,050,000.00	980,269.15	6.64%
9	Fleet Replacement Program	1848	-	41,090.00	50,000.00	8,910.00	82.18%
10	Little Dell Dam Improvements	1840	-	148,797.64	150,000.00	1,202.36	99.20%
11	Repair and Replace		4,176.41	166,102.43	921,000.00	754,897.57	18.04 %
12	Non-Capacity Improvement Projects		1,581,045.26	13,976,900.23	29,721,000.00	15,744,099.77	47.03%
OTHER CAPITAL IMPROVEMENT PROJECTS							
13	Jordan Aqueduct System and 150th South Pipeline	1599	-	-	2,851,809.00	2,851,809.00	0.00 %
14	Other Capital Improvement Projects		0.00	0.00	2,851,809.00	2,851,809.00	0.00 %
INVESTMENTS IN WATER SOURCES							
15	Central Utah Project (CUP) Capital	1853	3,815,423.00	3,815,423.00	3,815,423.00	-	100.00 %
16	Investments in Water Sources		3,815,423.00	3,815,423.00	3,815,423.00	0.00	100.00 %
17	GRAND TOTAL		\$ 5,396,468.26	\$ 17,966,368.60	\$ 36,568,232.00	\$ 18,601,863.40	49.13 %

METROPOLITAN WATER DISTRICT
Revenue Statement
For the Month Ending February 28, 2026
66.67% of Budget Complete

	Current Month	Year to Date	Total Budget	% of Budget Used	Prior YTD Actual	Prior Year Total	% Prior Year Use	Average 3 Years	Average 3 YTD (Actual Dollars)	
OPERATING REVENUE										
Water Sales:										
1	Salt Lake City	\$ 1,543,081.50	\$ 12,344,652.00	\$ 18,516,978.00	66.67%	\$ 11,756,811.36	\$ 17,635,217.04	66.67%	66.67%	\$ 11,417,704.45
2	Sandy City	600,087.25	4,800,698.00	7,201,047.00	66.67%	4,572,093.36	6,858,140.04	66.67%	66.67%	4,440,218.45
3	Water Sales for Others	28,503.17	901,776.43	1,070,912.00	84.21 %	746,796.76	1,060,743.97	70.40 %	74.35 %	778,672.56
4	TOTAL OPERATING REVENUE	2,171,671.92	18,047,126.43	26,788,937.00	67.37%	17,075,701.48	25,554,101.05	66.82%	66.99%	16,636,595.46
OPERATING EXPENSES										
5	Administrative	191,727.82	1,628,390.53	2,973,359.00	54.77%	1,402,791.08	2,295,969.06	61.10%	58.35%	1,281,050.97
6	General	1,988,810.81	9,429,799.77	11,560,406.00	81.57%	9,183,088.43	21,569,371.19	42.57%	63.31%	8,397,027.45
7	Operations	192,210.19	2,742,772.12	4,311,947.00	63.61%	3,220,874.87	4,763,218.41	67.62%	65.28%	2,784,881.78
8	Maintenance	241,626.22	1,992,884.79	3,611,186.00	55.19%	1,824,211.68	2,794,878.21	65.27%	65.03%	1,896,171.36
9	Information Technology	159,498.96	1,544,072.26	2,694,616.00	57.30%	1,318,177.25	2,209,255.59	59.67%	59.39%	1,226,818.69
10	Engineering	117,718.87	883,984.69	1,596,697.00	55.36%	840,634.84	1,367,888.94	61.45%	61.44%	811,072.71
11	Instrumentation & Electrical	154,671.68	1,253,183.02	2,171,188.00	57.72%	1,070,281.94	1,855,625.58	57.68%	60.21%	997,083.19
12	Lab	67,693.75	627,720.80	974,617.00	64.41%	589,843.05	911,023.89	64.75%	65.17%	613,875.37
13	Non-Routine O&M	67,927.14	764,845.45	2,087,600.00	36.64 %	63,933.20	877,641.26	7.28 %	41.90 %	349,477.66
14	TOTAL OPERATING EXPENSES	3,181,885.44	20,867,653.43	31,981,616.00	65.25%	19,513,836.34	38,644,872.13	50.50%	62.32%	18,357,459.18
15	Revenue from Operations before Depreciation	(1,010,213.52)	(2,820,527.00)	(5,192,679.00)	54.32%	(2,438,134.86)	(13,090,771.08)	18.62%	37.21%	(1,720,863.72)
16	Depreciation Expense	862,512.22	7,485,657.12	11,722,841.00	63.86 %	7,477,244.57	11,240,055.80	66.52 %	66.52 %	7,422,647.87
17	Total Expenses	862,512.22	7,485,657.12	11,722,841.00	63.86%	7,477,244.57	11,240,055.80	66.52%	66.52%	7,422,647.87
18	REVENUE (LOSS) FROM OPERATIONS	(1,872,725.74)	(10,306,184.12)	(16,915,520.00)	60.93%	(9,915,379.43)	(24,330,826.88)	40.75%	57.94%	(9,143,511.59)
NON-OPERATING REVENUE										
19	General Property Taxes	93,783.57	20,351,968.30	22,029,174.00	92.39%	21,305,562.98	23,953,481.40	88.95%	90.15%	14,253,889.64
20	Fees in Lieu of Taxes	67,084.38	539,109.68	432,008.00	124.79%	457,401.77	735,288.08	62.21%	64.72%	348,032.21
21	Interest Revenue	387,694.44	2,964,750.46	3,963,199.00	74.81%	3,620,265.02	5,334,064.39	67.87%	62.57%	2,418,749.81
22	Prior Year Tax Collections	8,433.17	(185,653.64)	225,066.00	-82.49%	(101,518.21)	440,780.65	-23.03%	-30.07%	(88,901.12)
23	Special Assessment Revenue	1,011,880.58	7,977,839.56	12,871,069.00	61.98%	7,952,096.00	11,990,374.00	66.32%	66.74%	7,947,238.55
24	Encroachment Applications	0.00	231,792.53	0.00	0.00%	11,452.91	20,153.86	56.83%	69.42%	21,983.74
25	Miscellaneous	30.00	47,123.70	4,236,200.00	1.11%	196,904.37	274,122.75	71.83%	62.59%	110,521.53
26	Gain/(Loss) on Disposal of Fixed Assets	0.00	0.00	0.00	0.00%	30,165.00	154,680.00	19.50%	28.36%	24,988.61
27	Grant Funding	31,533.57	394,344.64	1,111,468.00	35.48%	289,831.40	866,384.99	33.45%	7.70%	96,721.15
28	SLAR-CC Construction	0.00	5,243,750.94	9,356,897.00	56.04%	5,863,840.76	10,983,587.14	53.39%	53.39%	1,954,613.59
29	Net Change of Investments	(3,604.15)	(2,167.07)	0.00	0.00 %	(2,751.73)	147,881.02	(1.86)%	5.97 %	7,171.98
30	TOTAL NON-OPERATING REVENUE	1,596,835.56	37,562,859.10	54,225,081.00	69.27%	39,623,250.27	54,900,798.28	72.17%	71.77%	27,095,009.67
NON-OPERATING EXPENSE										
31	Interest Expense	533,095.60	4,105,706.56	8,017,425.00	51.21%	3,849,822.79	5,574,444.93	69.06%	65.89%	3,499,236.42
32	SLAR-CC Construction Costs	479,249.53	5,747,623.30	9,356,897.00	61.43%	0.00	10,983,587.15	0.00%	0.00%	0.00
33	Benefit Expense	0.00	0.00	0.00	0.00%	0.00	(999,375.00)	0.00%	0.00%	0.00
34	Actuarial Calculated Pension Expense	0.00	0.00	0.00	0.00 %	0.00	1,409,310.00	0.00 %	0.00 %	0.00
35	TOTAL NON-OPERATING EXPENSE	1,012,345.13	9,853,329.86	17,374,322.00	56.71 %	3,849,822.79	16,967,967.08	22.69 %	39.45 %	3,499,236.42
36	NET NON-OPERATING REVENUE (LOSS)	584,490.43	27,709,529.24	46,207,656.00	59.97 %	35,773,427.48	37,932,831.20	94.31 %	81.70 %	23,595,773.25
37	TOTAL DISTRICT NET REVENUE (LOSS)	\$ (1,288,235.31)	\$ 17,403,345.12	\$ 29,292,136.00	59.41 %	\$ 25,858,048.05	\$ 13,602,004.32	190.10 %	110.32 %	\$ 14,452,261.66

MWDLS Non-Capital Purchases Over \$10,000

February 2026

Vendor	Invoice #	Check #	Amount	Description
Bowen, Collins & Associates	various	83255	12,119.25	Engineering Services - Terminal Reservoir Assessment, Corrosion Eval.
Crescent Electric Supply Company	various	83261	11,111.16	I.A.&E. Equipment - VFD Drives
Insight Public Sector	1101351221	83272	13,461.32	ClearGov Budgeting Software
Lundquist Sales	various	83277	14,372.63	LCWTP Steam Parts
StateFire	various	83282	10,001.20	Annual Fire Extinguisher Inspections and Replacements
Thatcher Company	2025100119524	83283	20,152.00	Chemicals
Xylem Water Solutions U.S.A., Inc.	1186572	83321	16,000.00	SonTek Flow Meter Replacements
Enbridge Gas	various	83328	10,222.61	Natural Gas
Hartman Management Group	1901	83331	30,000.00	February 2026 Services
SKM Engineering, LLC	32249	83361	12,378.75	Remote Sites Radio Design Finalization
Thatcher Company	2025100118535	83362	20,152.00	Chemicals
Utah Lake Water Users Assoc Inc	METRO-02052026-TURNER	83366	49,414.14	Turner & Joint Dam Rehabilitation
Health Equity		ACH	26,874.77	H.S.A. Contributions - February 2026
Paylocity		ACH	76,185.84	Payroll Taxes 2/12/26
Paylocity		ACH	76,850.38	Payroll Taxes 2/26/26
Utah Retirement Systems		ACH	73,494.87	Retirement Contributions 1/29/26 Payroll
Utah Retirement Systems		ACH	71,231.06	Retirement Contributions 2/12/26 Payroll
Utah Retirement Systems		ACH	71,406.64	Retirement Contributions 2/26/26 Payroll
Paylocity		ACH	188,177.36	Net Payroll 2/12/26
Paylocity		ACH	191,340.00	Net Payroll 2/26/26
Rocky Mountain Power		ACH	52,635.18	Electrical Services - December 2025/January 2026
Rocky Mountain Power		ACH	15,563.02	Electrical Services - January 2026
Rocky Mountain Power		ACH	54,764.75	Electrical Services - January/February 2026
Select Health		ACH	111,121.70	Medical Insurance Premiums - March 2026
Zions Bank		ACH	143,817.68	Zions Visa Commercial Card Payment - statement closing date 1/31/26
Zions Bank		ACH	1,853,258.54	February Bond Payment Transfers

METROPOLITAN WATER DISTRICT
Balance Sheet - Summary Comparisons
As of February 28, 2026

	2/28/26	1/31/26	Difference
1 Accounts Receivable	5,202,578	10,556,479	(5,353,901)

Explanation: At the end of January, Salt Lake City had two water bills from prior months that were still outstanding, whereas they are current as of February 28th. Additionally, there was a large bill issued to Salt Lake City in January for SLAR construction cost reimbursement. That bill was also paid in February.

	2/28/26	2/28/25	Difference
1 Accounts Receivable	5,202,578	10,438,546	(5,235,968)

Explanation: At the end of February 2025, Salt Lake City had a large balance due for reimbursement of SLAR construction costs, whereas they have mostly fulfilled their obligation as of February 28, 2026.

	2/28/26	1/31/26	Difference
3 Bonds Receivable	-	12,743,000	(12,743,000)

Explanation: A large installment payment for the remainder of the 2024A bond proceeds was received in February. (See line 21 - Project Fund Account 2024A)

	2/28/26	1/31/26	Difference
6 Operations & Maintenance Fund	38,119,090	33,109,670	5,009,420

Explanation: A large sum of payments for outstanding receivables, for water bills and SLAR reimbursements, was received in February. A decrease in the Accounts Receivable balance results in a positive cash flow.

	2/28/26	2/28/25	Difference
6 Operations & Maintenance Fund	38,119,090	18,393,587	19,725,503

Explanation: At this time last year, construction costs for the SLAR had been high for several months, ahead of much of the funding and reimbursements. That resulted in a temporarily reduced cash fund balance. This included \$6 million owed to Metro Water from Salt Lake City Public Utilities as of 2/28/2025. Funding and reimbursement processes are better established currently, and there was significant catch-up that took place over the last year. Another significant portion of this difference is the result of the timing of Metro's annual payment to Central Utah. The payment was made in February last year, but Central Utah was not paid until March of this year, which accounts for over \$5 million of this difference. Additionally, Salt Lake City is more current on monthly water payments to Metro than they were one year prior, affecting a \$4 million plus difference on the cash balance.

	2/28/26	2/28/25	Difference
9 ASR Reserve	(914,078)	85,009	(999,087)

Explanation: Total expenditures for the Managed Aquifer Recharge (MAR) project have exceeded the reserved funds for the project. The ASR Reserve will no longer be necessary beyond the current fiscal year as a result of the MAR project being completed, and this account will be zeroed out against the Operations & Maintenance Fund at year-end.

METROPOLITAN WATER DISTRICT
Balance Sheet - Summary Comparisons
As of February 28, 2026

	2/28/26	1/31/26	Difference
21 Project Fund Account 2024A	13,376,732	1,294,686	12,082,046

Explanation: The remaining 2024A Bond proceeds were received in February.

	2/28/26	2/28/25	Difference
23 Project Fund Account 2024B	17,145,172	29,201,828	(12,056,656)

Explanation: This fund is drawn upon regularly to fund SLAR construction.

	2/28/26	1/31/26	Difference
34 CIP - Central Utah Project	3,815,423	-	3,815,423

Explanation: Our annual invoice from Central Utah Water Conservancy District was processed in February.

	2/28/26	2/28/25	Difference
36 CIP - Other	32,080,472	17,798,336	14,282,136

Explanation: CIP - Other includes SLAR construction costs that will be capitalized upon completion of the project.

This significant increase over the prior year balance reflects the major amount of work that has been completed.

	2/28/26	1/31/26	Difference
52 Accounts Payable	7,924,715	3,018,560	4,906,155

Explanation: Our annual invoice from Central Utah Water Conservancy District was posted in February, but the invoice was not paid until March. This accounts for approximately \$5.5 million of the February balance.

METROPOLITAN WATER DISTRICT
Revenue Statement Comparisons
For the Month Ending February 28, 2026

	Year to Date	Average 3 YTD (Actual Dollars)	Difference
5 Administrative (Operating Expenses)	1,628,390.53	1,281,050.97	347,339.56

Explanation: Most of this difference (\$223k) is in Contract Services expenses, most of which is the result of a change in the monthly payments to Hartman Management Group for increased lobbying efforts.

	Year to Date	Average 3 YTD (Actual Dollars)	Difference
9 Information Technology (Operating Expenses)	1,544,072.26	1,226,818.69	317,253.57

Explanation: A large piece of this difference (\$125k) is in Contract Services expenses, which is the result of an increase in the cost of the VMware renewal. This renewal increased by \$129k over the prior year. An additional \$171k difference over the 3-year average comes in the form of Salary & Wage Expenses and related taxes and benefits costs. The IT department has added two FTEs in the last couple years.

METROPOLITAN WATER DISTRICT
Revenue Statement Comparisons
For the Month Ending February 28, 2026

	Year to Date	Average 3 YTD (Actual Dollars)	Difference
11 Instrumentation & Electrical (Operating Expenses)	1,253,183.02	997,083.19	256,099.83

Explanation: This difference comes from the combined Salaries & Wages Expenses and related taxes and benefits costs, which is the result of adding two FTEs in the last couple years. The increase in staff supports the department's SCADA efforts.

	Year to Date	Total Budget	Difference
22 Prior Year Tax Collections (Non-Operating Revenue)	(185,653.64)	225,066.00	(410,719.64)

Explanation: In connection with the FY 2022 audit, it was determined that Metro Water should include an accrual at year end to represent delinquent taxes still owed to us. The Year to Date negative balance is the resulting effect of the reversal of that accrual, and it will be offset as prior year taxes are received. This account will always reflect a positive balance by the year's end.



Consider Approval of Change to Calculation for Fixed Charge Allocation based Water Use by Member Cities

Background:

Prior to FY2017, Metro Water was generating water sales revenue using a per acre foot volumetric rate charged to its member cities. The volumetric rate charged to member cities was calculated each fiscal year by dividing required water sales revenue by an estimated volume of water that member cities would use (usually the previous 5-year average). Many years, water sales revenues would fall short of projections and cause revenue shortfalls. To address this issue, Metro Water explored the following list of options to use as an alternative to provide a fair and predictable method for generating revenue from water sales:

1. Connection Charge - A fixed charge is assessed for each connection depending on the connection size to cover fixed costs and a volumetric rate is used to cover remaining costs.
2. Declining Block Rate –Rate structure where first block of water is sold at a high rate to cover most operating costs with a minimum amount of use. Subsequent blocks are charged at lower rates.
3. Decreased Use Surcharge –A volumetric rate is charged for use with an added surcharge if a member city does not purchase the amount of water needed to meet revenue targets.
4. Fixed Charge for Service – Customers are charged a fixed rate based on required revenue. Amount each customer is charged is based on either historical use or source water entitlements.
5. Two-Part Tariff – A combined fixed rate and volumetric rate where fixed costs are covered by a fixed charge and variable costs for treatment and conveyance are covered by a volumetric rate.

Ultimately, the “Fixed Charge for Service” option was chosen because it offered the best balance between predictability and fairness. The fixed charged billed to each member city was determined based on the average percent that member cities have used over the period record (since 1996). Both member cities were involved in selecting the “Fixed Charge for Service” option.

The fixed charge was implemented in FY2017. At that time, Salt Lake City paid 73% of the fixed charge and Sandy City paid 27%. The percent split changed once (FY2020) in the 10- year period since the fixed charge was implemented. Currently, Salt Lake City pays 72% of the fixed charge and Sandy City pays 28%. The table below compares what the member cities were charged based on historic use to what they would have been charged if the portion each paid was based on actual use.

As staff prepares the budget for FY27, it was timely to re-evaluate the use of the historical average to determine the percent split. In order to ensure that the percent split remains fair and reflects differences in demand projections going forward, other options for calculating the percent split were explored. The table below compares the percent split calculated using a historical average (1996 to present), 5-year average, 10-year average, and 15-year average.



Fiscal Year	Historic Average		5-Year Average		10-Year Average		15-Year Average	
	SLC	Sandy	SLC	Sandy	SLC	Sandy	SLC	Sandy
2017	73%	27%	73%	27%	73%	27%	73%	27%
2018	73%	27%	73%	27%	72%	28%	73%	27%
2019	72%	28%	71%	29%	71%	29%	72%	28%
2020	72%	28%	70%	30%	72%	28%	72%	28%
2021	72%	28%	68%	32%	71%	29%	71%	29%
2022	72%	28%	68%	32%	70%	30%	71%	29%
2023	72%	28%	69%	31%	71%	29%	71%	29%
2024	72%	28%	71%	29%	71%	29%	71%	29%
2025	72%	28%	71%	29%	70%	30%	71%	29%
2026	72%	28%	73%	27%	71%	29%	72%	28%

As expected, the historic average calculation has the fewest changes in the percent split. The 5-year average option has the percent split changing 7 out of the 10 years. Four of the 10 years have a 2% shift in the percent split. The 10-year average option has the percent split changing 8 out the 10 years but the percent split never changes by more than 1%. The 15-year option has only 4 changes in the percent split each changing by 1%.

Committee Activity:

The Financial Committee met on April 7, 2026 and reviewed the different options for calculating percent use by member cities for determining allocation of the fixed charged. The committee recommended approval by the full board of calculating the percent split based upon the 15-year average.

Recommendation:

Approval of a change to a previous 15-year average to calculate percent use for determine allocation of the fixed charge to member cities.

Last Update: April 13, 2026



Consider approval of budget increase for water audits program for 2026

Background:

Water checks are conducted from mid-May through August for Salt Lake City and Sandy City residents and CII (commercial, industrial, and institutional) entities. Both member cities indicate continued support for the program. The Water Audit Program is a voluntary program. When a resident or business requests a water audit, Utah State arranges for a Water Check employee to conduct the water check.

Metro Water entered into a contract with Utah State University (USU) for water audits on January 13, 2021 that allows for up to five (5) twelve (12) month extensions. The contract year begins February 1 and ends January 31. At that time, the annual contract amount was not to exceed \$80,000.

In January 2022, the board approved increasing the water check budget from \$80,000 to \$116,000 to address the record number of requests received in 2021. The increase allowed for USU to hire a scheduler and two more water checkers which increased the total teams from two to three teams. In 2023, 2024 and 2025 the board supported maintaining the budget at \$116,000.

In 2024, Metro Water entered into an MOU with SLCPU which allows USU to hire an additional team of water checkers to help Salt Lake City perform water checks at City and other facilities. Metro Water will pay USU for the services performed for this additional audit team. Metro water will then seek reimbursement from Salt Lake City.

Drought conditions and additional promotion of the program have increased the number of requests for water checks. Due to the need for water conservation, Metro Water wants to ensure that, to the extent possible, every Water Check that is requested is provided. To meet this goal, USU may require the addition of a fourth Water Check team. This would increase the not-to-exceed budget amount from \$120,000 (as approved in January) to \$146,800.

Committee Activity:

The Financial Committee met on April 7, 2026 and discussed increasing the 2026 budget for the water audit program by \$26,800. The committee recommends approval by the full board of an amount not to exceed \$146,800 for total compensation for services performed in 2026.

Recommendation:

Approval by the full board of an amount not to exceed \$146,800 for total compensation for water audit services performed in 2026.

Last Update: April 13, 2026



Annual Fraud Risk Assessment

Background:

In an effort to help local government board members understand best practices in fraud detection and prevention, the Office of the State Auditor (OSA) has developed a Fraud Risk Assessment form. Completion and submission of this form to the OSA is an annual requirement.

There are two questions to which Metro could not answer yes:

- Question 8: Does the entity have a formal internal audit function?
- Question 9: Does the entity have a formal audit committee?

In previous years, these questions have been answered in the affirmative. However, after Metro Controller and GM reviewed the Implementation Guide issued by the OSA, and followed up with a call to an OSA team member for further guidance, we determined that Metro did not meet the conditions necessary to answer in the affirmative.

Question #8 - Based on review and feedback from the OSA, “an internal audit function should be formalized by the **adoption of an Internal Audit Charter** which identifies who is responsible to oversee the internal audit function and who will perform the internal audits. Those responsible for internal audits should adopt an audit plan which identifies what will be audited and when it will be audited. The audit plan should be reviewed regularly, **usually once per year.**” (Implementation Guide, pg. 9).

To formally adopt an internal audit function, Metro would have to do the following:

1. Create and adopt an Internal Audit Charter.
2. Develop specific audit programs of what should be audited and determine who would conduct the audits.
3. Identify qualified personnel within the organization that could conduct the internal audit, who are independent of those that perform accounting functions. The following three options could be implemented:
 - a. Hiring a full-time internal auditor, who would report separately to the finance committee.
 - b. Contract with an outside CPA firm on a yearly basis.
 - c. Agree with another peer entity to coordinate utilizing each other’s staff to act as internal auditors, also on a yearly basis.

The OSA recognizes that only the largest of entities can justify a formal internal audit function. For small agencies such as Metro, we do not believe the measures outlined above are practicable and would incur additional costs and/or time of Metro staff. We believe hiring an external CPA firm every 3-5 years is an appropriate and sufficient mitigation for the lack of a formal internal audit function.

Question #9 – Based on the OSA Implementation Guide:

An audit committee must ensure the following:

1. Management develops and enforces systems that ensure the entity accomplishes its mission effectively and efficiently while complying with laws and regulations.
2. **The internal audit function objectively assesses the effectiveness of management’s internal control program.**



3. Financial statement audits are performed by a qualified, independent accounting firm and issues identified during those audits are reviewed and resolved as appropriate.
4. Hotline complaints are investigated and findings are addressed by the governing body.

Given Metro does not have a formal internal audit function or program, an audit committee cannot effectively comply with requirement #2 above. As such, this question is also answered no.

Metro still scores as **very low risk** as a result of the fraud risk assessment.

Committee Activity:

The Finance Committee met on April 7, 2026 and discussed the fraud risk assessment.

Recommendation:

Reporting item.

Attachments:

- Fraud Risk Assessment

Last Update: April 13, 2026

Fraud Risk Assessment

Continued


*Total Points Earned: 355 /395 *Risk Level: Very Low Low Moderate High Very High
 > 355 316-355 276-315 200-275 < 200

	Yes	Pts
1. Does the entity have adequate basic separation of duties or mitigating controls as outlined in the attached Basic Separation of Duties Questionnaire?	✗	200
2. Does the entity have governing body adopted written policies in the following areas:		
a. Conflict of interest?	✗	5
b. Procurement?	✗	5
c. Ethical behavior?	✗	5
d. Reporting fraud and abuse?	✗	5
e. Travel?	✗	5
f. Credit/Purchasing cards (where applicable)?	✗	5
g. Personal use of entity assets?	✗	5
h. IT and computer security?	✗	5
i. Cash receipting and deposits?	✗	5
3. Does the entity have a licensed or certified (CPA, CGFM, CMA, CIA, CFE, CGAP, CPFO) expert as part of its management team?	✗	20
a. Do any members of the management team have at least a bachelor's degree in accounting?	✗	10
4. Are employees and elected officials required to annually commit in writing to abide by a statement of ethical behavior?	✗	20
5. Have all governing body members completed entity specific (District Board Member Training for local/special service districts & interlocal entities, Introductory Training for Municipal Officials for cities & towns, etc.) online training (training.auditor.utah.gov) within four years of term appointment/election date?	✗	20
6. Regardless of license or formal education, does at least one member of the management team receive at least 40 hours of formal training related to accounting, budgeting, or other financial areas each year?	✗	20
7. Does the entity have or promote a fraud hotline?	✗	20
8. Does the entity have a formal internal audit function?		20
9. Does the entity have a formal audit committee?		20

*Entity Name: Metropolitan Water District of Salt Lake & Sandy

*Completed for Fiscal Year Ending: FY 2026 *Completion Date: 03/17/26

*CAO Name: Annalee Munsey *CFO Name: John Baer

*CAO Signature:  *CFO Signature: 

*Required

Basic Separation of Duties

See the following page for instructions and definitions.

	Yes	No	MC*	N/A
1. Does the entity have a board chair, clerk, and treasurer who are three separate people?	X			
2. Are all the people who are able to receive cash or check payments different from all of the people who are able to make general ledger entries?	X			
3. Are all the people who are able to collect cash or check payments different from all the people who are able to adjust customer accounts? If no customer accounts, check "N/A".	X			
4. Are all the people who have access to blank checks different from those who are authorized signers?	X			
5. Does someone other than the clerk and treasurer reconcile all bank accounts OR are original bank statements reviewed by a person other than the clerk to detect unauthorized disbursements?	X			
6. Does someone other than the clerk review periodic reports of all general ledger accounts to identify unauthorized payments recorded in those accounts?	X			
7. Are original credit/purchase card statements received directly from the card company by someone other than the card holder? If no credit/purchase cards, check "N/A".	X			
8. Does someone other than the credit/purchase card holder ensure that all card purchases are supported with receipts or other supporting documentation? If no credit/purchase cards, check "N/A".	X			
9. Does someone who is not a subordinate of the credit/purchase card holder review all card purchases for appropriateness (including the chief administrative officer and board members if they have a card)? If no credit/purchase cards, check "N/A".	X			
10. Does the person who authorizes payment for goods or services, who is not the clerk, verify the receipt of goods or services?	X			
11. Does someone authorize payroll payments who is separate from the person who prepares payroll payments? If no W-2 employees, check "N/A".	X			
12. Does someone review all payroll payments who is separate from the person who prepares payroll payments? If no W-2 employees, check "N/A".	X			

* MC = Mitigating Control

Basic Separation of Duties

Continued

Instructions: Answer questions 1-12 on the Basic Separation of Duties Questionnaire using the definitions provided below.

☺ If all of the questions were answered “Yes” or “No” with mitigating controls (“MC”) in place, or “N/A,” the entity has achieved adequate basic separation of duties. Question 1 of the Fraud Risk Assessment Questionnaire will be answered “Yes.” 200 points will be awarded for question 1 of the Fraud Risk Assessment Questionnaire.

☹ If any of the questions were answered “No,” and mitigating controls are not in place, the entity has not achieved adequate basic separation of duties. Question 1 of the Fraud Risk Assessment Questionnaire will remain blank. 0 points will be awarded for question 1 of the Fraud Risk Assessment Questionnaire.

Definitions:

Board Chair is the elected or appointed chairperson of an entity’s governing body, e.g. Mayor, Commissioner, Councilmember or Trustee. The official title will vary depending on the entity type and form of government.

Clerk is the bookkeeper for the entity, e.g. Controller, Accountant, Auditor or Finance Director. Though the title for this position may vary, they validate payment requests, ensure compliance with policy and budgetary restrictions, prepare checks, and record all financial transactions.

Chief Administrative Officer (CAO) is the person who directs the day-to-day operations of the entity. The CAO of most cities and towns is the mayor, except where the city has a city manager. The CAO of most local and special districts is the board chair, except where the district has an appointed director. In school districts, the CAO is the superintendent. In counties, the CAO is the commission or council chair, except where there is an elected or appointed manager or executive.

General Ledger is a general term for accounting books. A general ledger contains all financial transactions of an organization and may include sub-ledgers that are more detailed. A general ledger may be electronic or paper based. Financial records such as invoices, purchase orders, or depreciation schedules are not part of the general ledger, but rather support the transaction in the general ledger.

Mitigating Controls are systems or procedures that effectively mitigate a risk in lieu of separation of duties.

Original Bank Statement means a document that has been received directly from the bank. Direct receipt of the document could mean having the statement 1) mailed to an address or PO Box separate from the entity’s place of business, 2) remain in an unopened envelope at the entity offices, or 3) electronically downloaded from the bank website by the intended recipient. The key risk is that a treasurer or clerk who is intending to conceal an unauthorized transaction may be able to physically or electronically alter the statement before the independent reviewer sees it.

Treasurer is the custodian of all cash accounts and is responsible for overseeing the receipt of all payments made to the entity. A treasurer is always an authorized signer of all entity checks and is responsible for ensuring cash balances are adequate to cover all payments issued by the entity.