



MONTECITO WATER DISTRICT

Monthly Financial Report

Fiscal Year 2026 • Period Ending May 31, 2026 •

Eleven months (92%) of the fiscal year complete

By Emma Godinez, Business Manager

Executive Summary

Year-to-date through May 31, 2026

\$25.41M

Total Revenue (Actual)

vs \$28.47M budget

\$(3.06M)

Revenue Variance

11% unfavorable

\$21.99M

Total Expense (Actual)

vs \$23.31M budget

\$1.32M

Expense Variance

6% favorable

Net Revenue Over Expenditure

\$3.41M

actual surplus, vs. \$5.16M budgeted

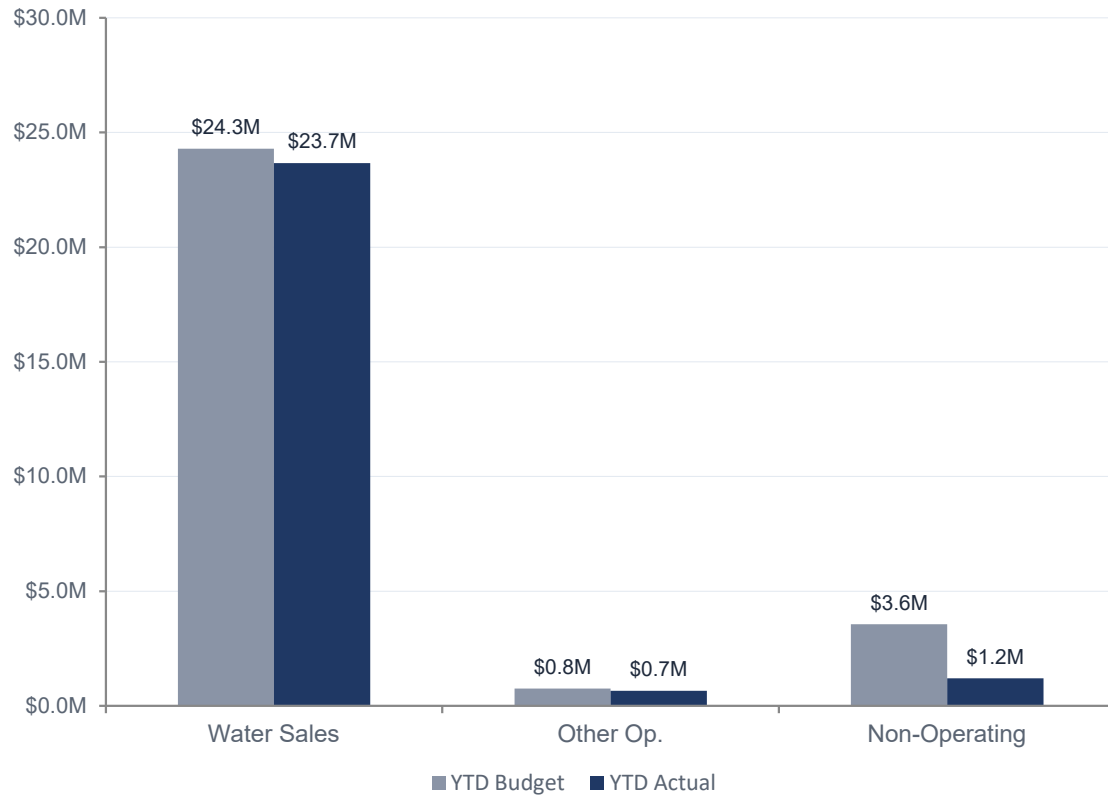
Operating performance is solid: expenses are \$1.32M under budget. The revenue shortfall is concentrated in non-operating reimbursements (ASADRA / FEMA draws not yet recorded), not in operations.

Key Drivers

- Water Sales \$(620,897) unfavorable — single-family demand down on wet weather
- \$2.78M of budgeted ASADRA & FEMA reimbursements not yet recorded (timing)
- Water Purchases \$326K favorable — DWR variable & DESAL paygo not yet incurred
- Engineering \$403K favorable — ERP, leak detection & paving work timing-deferred, labor capitalization

Revenue

YTD Actual \$25.41M of \$28.47M budget — \$(3.06M) unfavorable (11%)



Water Sales detail

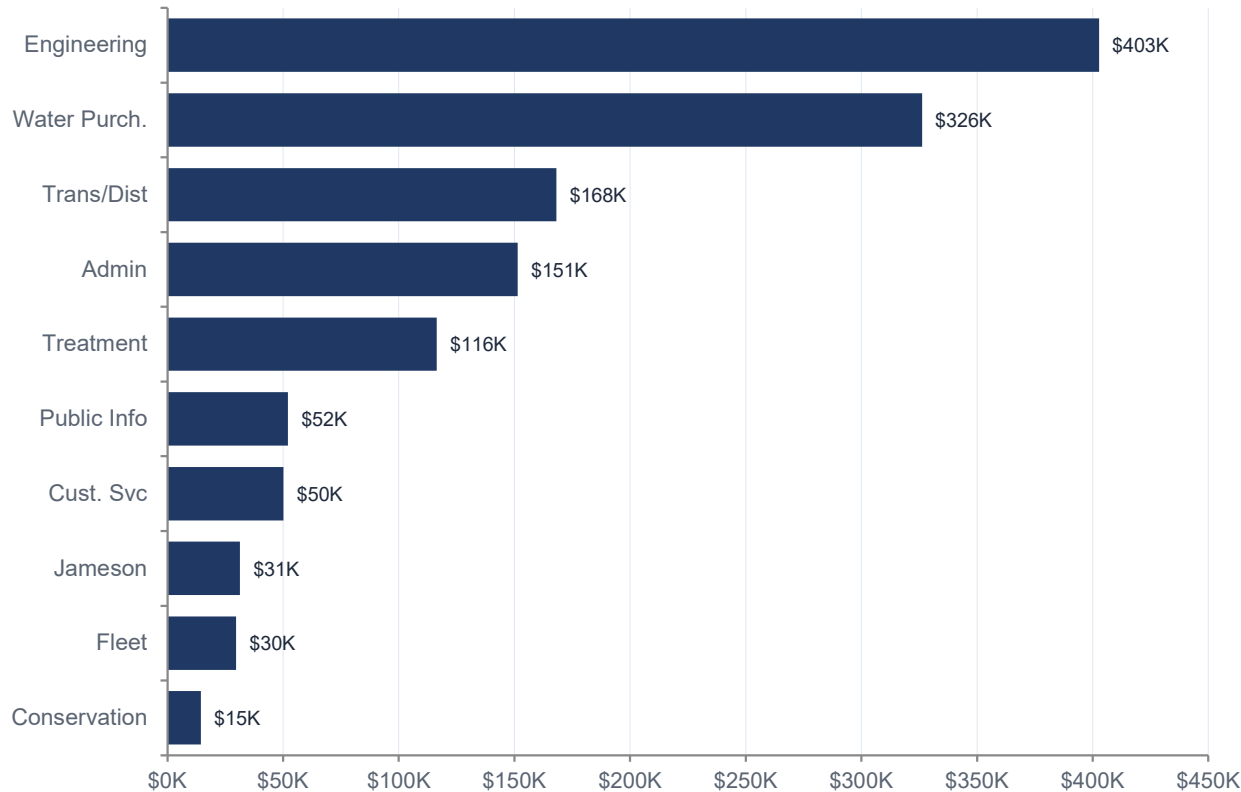
- Single Family \$(825,043) unfavorable
- Commercial +\$96,919 favorable
- Institutional/Public +\$98,693 favorable
- Agricultural +\$53,557 favorable

Non-Operating detail

- Capital Grants & Reimb. \$(1.87M) — ASADRA draws pending
- FEMA Reimbursements \$(906K) — DR-4353 pending
- Interest Revenue +\$82,400 favorable
- Reimbursements +\$62,555 favorable

Operating Expense by Department

YTD Actual \$21.99M of \$23.31M budget — \$1.32M favorable (6%)



All departments shown favorable.

Largest favorable

- Engineering +\$403K — Outside Services (ERP, leak detection, paving) timing & labor capitalization
- Water Purchases +\$326K — DWR variable & DESAL paygo not incurred
- Trans/Dist +\$168K — labor capitalization & lower overtime

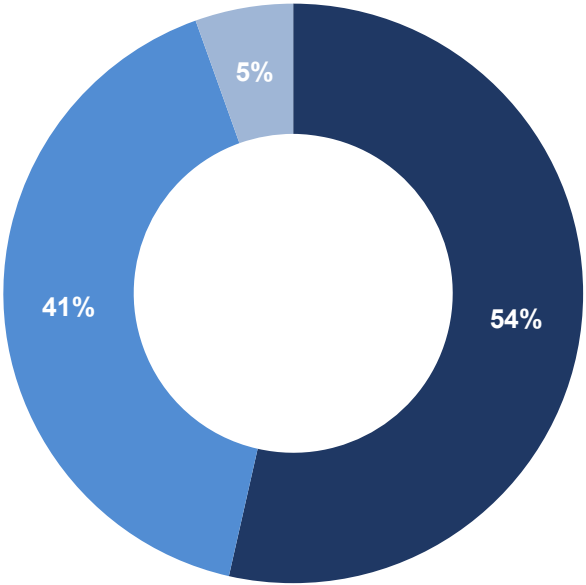
Watch / unfavorable

- CATER Treatment Ops \$(120K) within Water Purchases — higher Q3 deliveries
- Water Marketing & Storage \$(57K) — higher water marketing activity

Capital Projects — YTD Activity

\$6.58M expended across 20 active projects • July 1, 2025 – May 31, 2026

By Funding Source



■ ASADRA Financing ■ Rate Revenue ■ FEMA Reimb.

ASADRA Reservoirs (Terminal)	\$3.53M	54%
Water Main Replacements (Freehaven, Las Tunas)	\$1.81M	27%
Wells, Pumps & Site Facilities	\$0.51M	8%
Treatment Plant & Dam	\$0.38M	6%
Storm Damage Repairs (FEMA Highline Repair)	\$0.36M	5%

Outlook & Watch Items

One month remaining in Fiscal Year 2026

1 Water sales shortfall

\$(620,897) unfavorable YTD, concentrated in single-family. Risk it does not fully recover by year-end; partially offset by favorable commercial, institutional & agricultural classes.

2 Reimbursement timing

ASADRA capital-grant and FEMA reimbursements — a timing item, not structural revenue loss.

3 Expense cushion

Operating expenses run \$1.32M (6%) favorable, providing meaningful offset to the revenue variance. Several favorable lines (Engineering, paygo) are timing-deferred and may catch up in June.

4 Net position

YTD of \$3.41M actual vs. \$5.16M budgeted. The District remains in a sound operating position entering year-end close.