10-4

March 15, 1999

To: Board of Directors (Budget and Finance Committee--Information)

From: General Manager _____

Submitted by: Lambertus H. Becker _____
Chief Financial Officer

Subject: February 1999 Executive Financial Summary

RECOMMENDATION

For information only.

REPORTS

Controller's Report

Cash Basis Information:

- Financial Board Charts
- Budget v. Cost
- Receipts, Disbursements, and Balances by Fund Type

Accrual Basis Statements:

- Balance Sheet
- Statement of Operations

Supplementary Information:

- Projected and Actual Construction Costs
- Projected Fixed SWC Charges through 2035
- Historical Construction Expenditures

Treasurer's Report

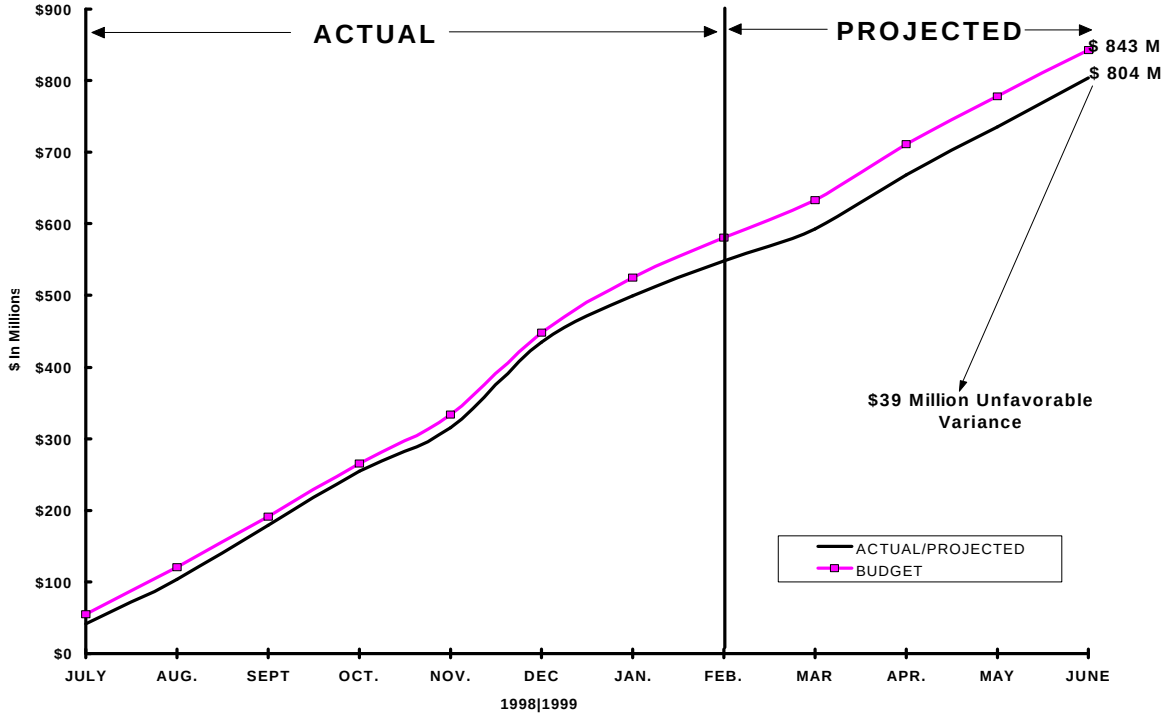
- Eligibility of Securities
- Transmittal Letter
- Summary of Investment Activity and Status of Cash
- Yield Comparisons

DIF/RHY

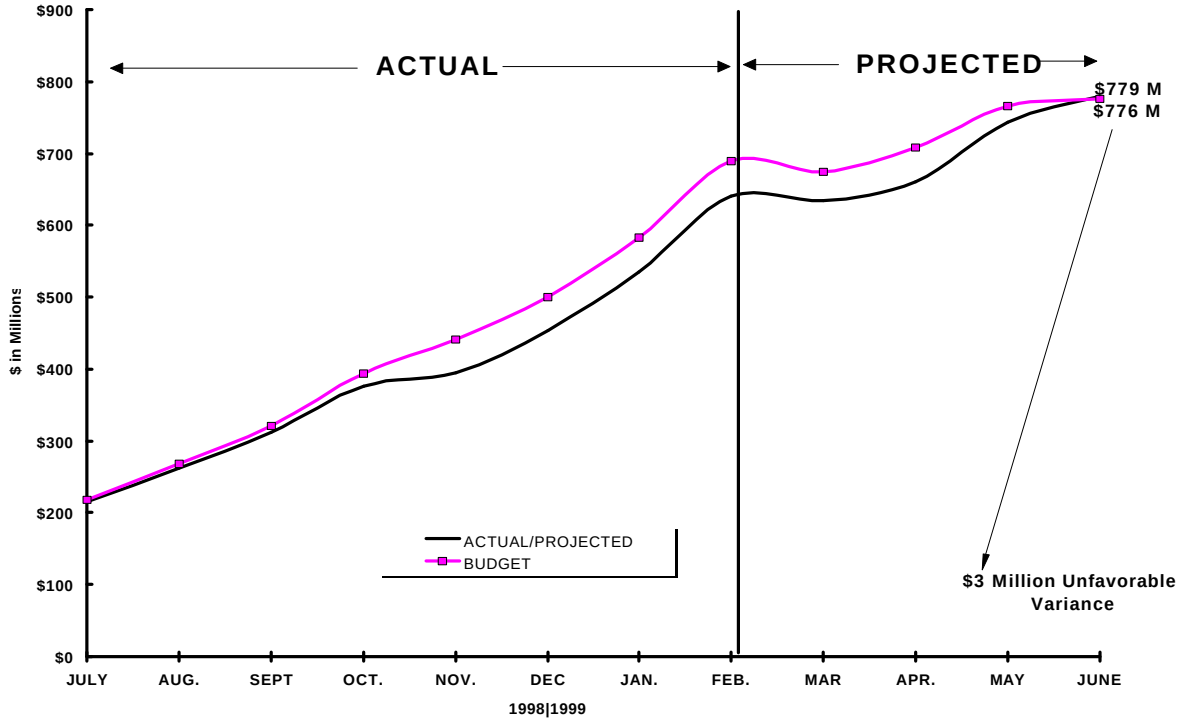
Attachment 10-4A

FINANCIAL BOARD CHARTS

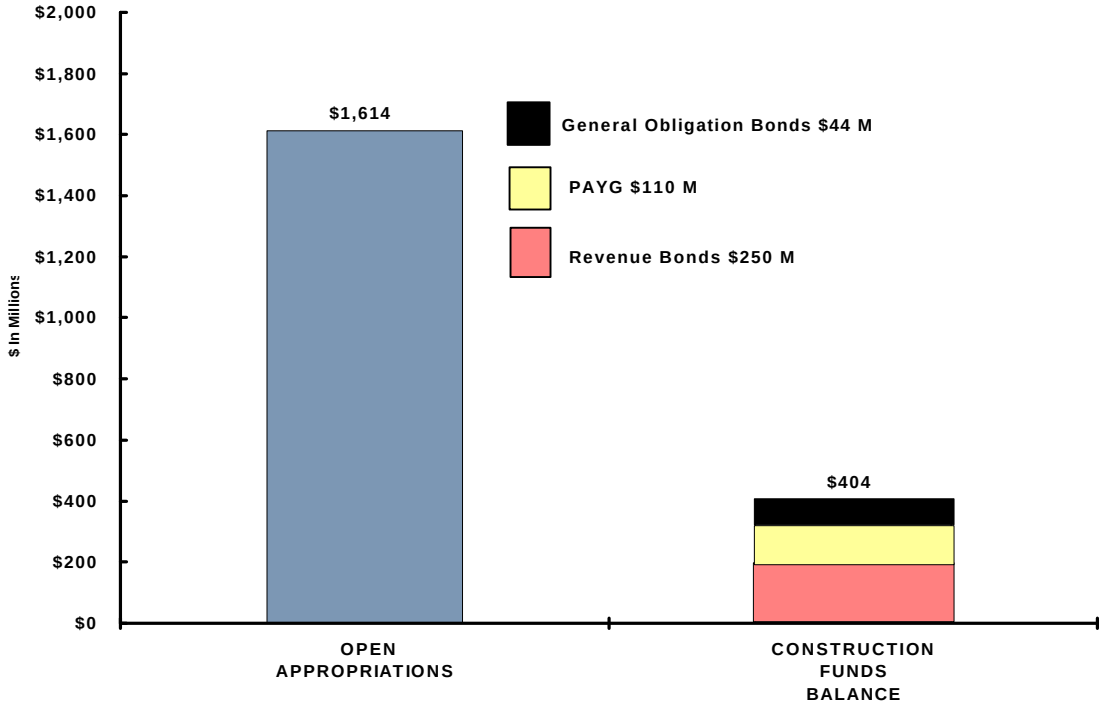
Receipt Comparisons
Budget VS Actual
Fiscal Year 1998-1999



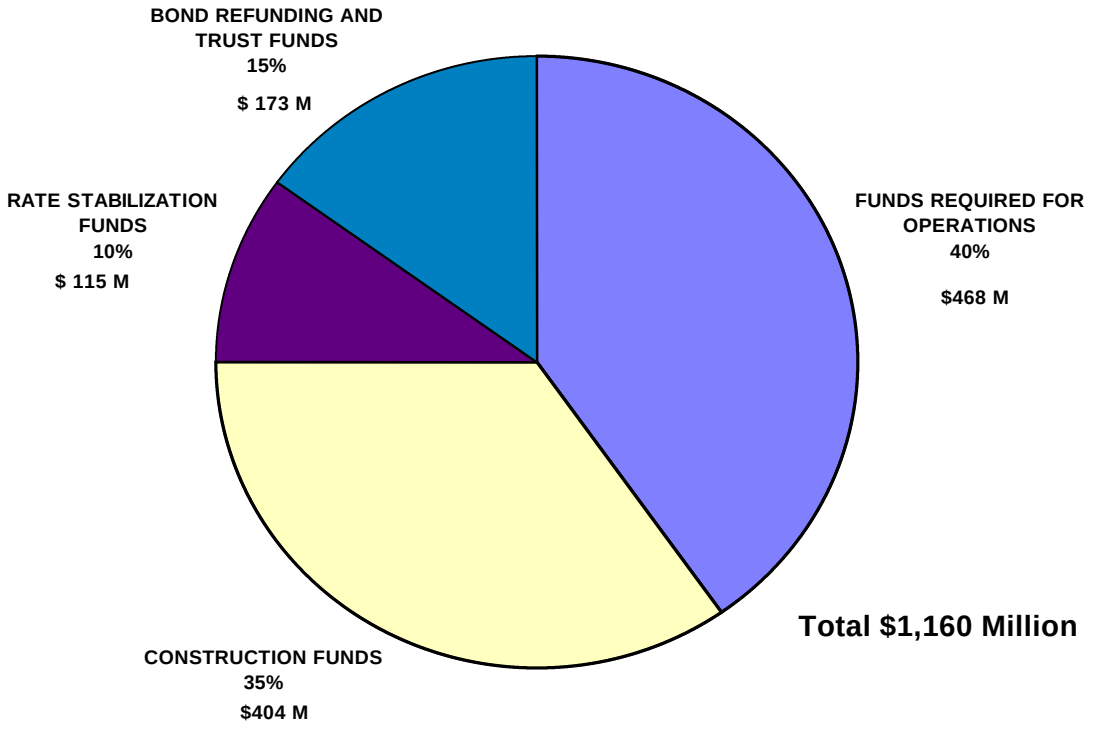
Expenditure Comparisons
Budget VS Actual
Fiscal Year 1998-1999



Appropriations Approved To Date And Construction Funds Balance As of February 28, 1999



Cash and Investments As of February 28, 1999



Total $1,160 Million

BUDGET VS. COST REPORT

BUDGET VS. COST REPORT

July 1, 1998 to February 28, 1999

CASH BASIS

($ in Thousands)

FISCAL YEAR 1998-99	ANNUAL BUDGET	BUDGET THROUGH FEB. 1999	ACTUAL THROUGH FEB. 1999	VARIANCE DOLLARS	VARIANCE PERCENT	(5) X-REF.
SOURCES OF FUNDS						
RECEIPTS						
WATER SALES	$ 614,506	$ 439,193	$ 407,948	$ (31,245)	-7.1%	
TAXES	$ 85,958	$ 52,089	$ 57,305	$ 5,216	10.0%	
READINESS-TO-SERVE CHARGE (RTS)	$ 80,000	$ 46,212	$ 46,752	$ 540	1.2%	
INTEREST ON INVESTMENTS (1)	$ 43,519	$ 29,284	$ 24,568	$ (4,716)	-16.1%	
POWER RECOVERY AND MISCELLANEOUS	$ 16,345	$ 12,428	$ 10,703	$ (1,725)	-13.9%	
BUSINESS DEVELOPMENT	$ 3,300	$ 2,097	$ 383	$ (1,714)	-81.7%	
TOTAL RECEIPTS	$ 843,628	$ 581,304	$ 547,659	$ (33,645)	-5.8%	
PROJ. USE OF PRIOR YEAR PAYG FUNDS	$ 15,000	$ 15,000	$ 15,000	$ -	-	
PROJ. USE OF DEBT PROCEEDS FOR CONSTRUCTION	$ 450,600	$ 270,945	$ 367,506	$ 96,562	35.6%	
TOTAL SOURCES OF FUNDS	$ 1,309,228	$ 867,248	$ 930,165	$ 62,917	7.3%	
USES OF FUNDS						
EXPENDITURES						
STATE WATER CONTRACT	$ 240,255	$ 235,825	$ 224,522	$ 11,303	4.8%	
WATER TRANSFERS \ OPTIONS	$ 5,100	$ 5,100	$ 7,090	$ (1,990)	-	
COLORADO RIVER SUPPLIES	$ 35,650	$ 17,825	$ 16,550	$ 1,275	7.2%	
DEBT SERVICE	$ 245,050	$ 184,221	$ 182,189	$ 2,032	1.1%	
PAYG CONSTRUCTION FROM CURRENT YEAR RECEIPT	$ 90,000	$ 56,459	$ 21,669	$ 34,790	61.6%	
UNION STATION HEADQUARTERS & OTHER (2)	$ 22,422	$ 14,948	$ 18,451	$ (3,503)	-23.4%	
REIMBURSEMENT FROM MWDAFC	$ (129,000)	$ -	$ -	$ -	-	
MWD O&M	$ 223,252	$ 141,858	$ 142,692	$ (835)	-0.6%	
OPERATING EQUIPMENT	$ 9,211	$ 6,141	$ 5,194	$ 947	15.5%	
LOCAL RESOURCES PROGRAM - NET	$ 19,260	$ 12,238	$ 7,537	$ 4,701	38.4%	
SUBTOTAL	$ 761,200	$ 674,615	$ 625,894	$ 48,720	7.3%	
PAYG CONSTRUCTION FUNDED FROM PAYG RESERVES	$ 15,000	$ 15,000	$ 15,000	$ -	-	
DEBT-FINANCED CONSTRUCTION EXPENDITURES	$ 450,600	$ 270,945	$ 367,506	$ (96,562)	-35.6%	
TOTAL EXPENDITURES	$ 1,226,800	$ 960,560	$ 1,008,401	$ (47,841)	-5.0%	
WATER TRANSFER DEPOSITS (3)	$ 18,900	$ -	$ -	$ -	-	
ADJUSTMENTS IN RESERVES (4)	$ 4,395	$ -	$ -	$ -	-	
INCREASE IN RATE STABILIZATION FUNDS (4)	$ 59,133	$ -	$ -	$ -	-	
TOTAL USE OF FUNDS	$ 1,309,228	$ 960,560	$ 1,008,401	$ (47,841)	-5.0%	
Net Sources / (Uses) of Funds	$ -	$ (93,311)	$ (78,235)	$ 15,076	-	

Note: Trust Account Transactions are not reflected in this report. Minor differences are due to rounding.

(1) Excludes interest earned on construction and trust funds.
(2) Other expenditures include cash activity in the General Fund for reimbursable Projects. Actual expenditures exclude the $10.2 million payment for property in Ventura County for desalination facilities. Proceeds from the sale of the Bolsa Chica property were used to make the payment.
(3) Deposit to the Water Transfer Fund during the fiscal year net of expenditures.
(4) Actual amounts to be determined at end of fiscal year.
(5) Variance explanations will be provided at the end of each quarter.

STATEMENT OF RECEIPTS, DISBURSEMENTS AND BALANCES

JULY 1, 1998 THROUGH FEBRUARY 28, 1999

($ in Thousands)

	TOTAL ALL FUNDS	OPERATING FUNDS	STATE CONTRACT FUNDS	DEBT SERVICE FUNDS	RATE STABILIZATION FUNDS	PAY-AS-YOU GO FUND	REVOLVING CONSTRUCTION FUNDS	REVENUE BOND CONSTRUCTION FUNDS	COMMERCIAL PAPER NOTE CONSTRUCTION	OTHER FUNDS
CASH AND INVESTMENT BALANCES - START OF PERIOD	$ 1,561,943	$ 318,193	$ 68,988	$ 160,008	$ 111,157	$ 141,186	$ -	$ 589,064	$ -	$ 173,348
RECEIPTS										
Net Tax Collections	57,305	0	23,205	34,100	0	0	0	0	0	0
Water Sales	421,475	421,475	0	0	0	0	0	0	0	0
Wheeling	410	410	0	0	0	0	0	0	0	0
Readiness-To-Serve (WSC)	46,752	46,752	0	0	0	0	0	0	0	0
Power Recoveries	7,844	7,844	0	0	0	0	0	0	0	0
Interest on Investments	53,554	10,203	1,094	3,581	4,266	5,440	0	23,767	16	5,186
Debt Proceeds	259,382	0	0	741	0	0	0	48,526	0	210,115
Reimbursements	8,435	3,096	0	0	0	5,020	0	320	0	0
Other Collections	2,832	2,832	0	0	0	0	0	0	0	0
TOTAL RECEIPTS	857,989	492,612	24,300	38,422	4,266	10,460	0	72,613	16	215,301
INTER-FUND TRANSACTIONS										
Inter-Fund Transfers	0	(177,807)	69,700	105,687	0	0	0	(7)	0	2,426
TOTAL INTER-FUND TRANSACTIONS	0	(177,807)	69,700	105,687	0	0	0	(7)	0	2,426
DISBURSEMENTS - NET										
Operations & Maintenance	170,699	170,699	0	0	0	0	0	0	0	0
Operating Equipment	5,375	5,375	0	0	0	0	0	0	0	0
Operating Supplies Inventory	(2,229)	(2,229)	0	0	0	0	0	0	0	0
Undistributed Payroll (Net)	(2,024)	(2,024)	0	0	0	0	0	0	0	0
Construction	440,116	30,601	0	0	0	41,689	0	367,810	16	0
DWR - Capital Payments	133,791	0	133,791	0	0	0	0	0	0	0
DWR - Minimum O&M	69,779	69,779	0	0	0	0	0	0	0	0
Off Aqueduct Facilities	33,302	16,720	16,582	0	0	0	0	0	0	0
CRA - Power	14,125	14,125	0	0	0	0	0	0	0	0
SWC - Variable Power	4,819	4,819	0	0	0	0	0	0	0	0
SWC - Credit	(17,168)	(1,802)	(15,366)	0	0	0	0	0	0	0
DWR - Water Bank/Transfer/Options	7,090	7,090	0	0	0	0	0	0	0	0
To MWDOC - Allen-McColloch Ppl	0	0	0	0	0	0	0	0	0	0
Debt Service on MWD Bonds	186,096	0	0	182,189	0	0	0	0	0	3,907
Arbitrage Rebate Tax to IRS	0	0	0	0	0	0	0	0	0	0
Net Book Gain/Loss on Investment	16	(6)	0	1	(1)	(4)	0	38	0	(12)
TOTAL DISBURSEMENTS	1,043,787	313,146	135,007	182,191	(1)	41,685	0	367,848	16	3,895
TRANSFERS TO ESCROW BANK ACCOUNT	(212,434)	0	0	0	0	0	0	0	0	(212,434)
TRUST ACCT TRANSACTIONS <NET>	(3,300)	(1,373)	0	(345)	0	0	0	0	0	(1,582)
CASH AND INVESTMENT BALANCES - END OF PERIOD	$ 1,160,411	$ 318,479	$ 27,980	$ 121,581	$ 115,425	$ 109,960	$ -	$ 293,823	$ -	$ 173,164

Note: Due to rounding, detail and subtotals may not foot or crossfoot to subtotals and total.

BALANCE SHEET

BALANCE SHEET AS OF FEBRUARY 28, 1999

ASSETS
($ in Thousands)

CASH AND INVESTMENTS	
Operating, Construction and Other	$ 1,019,821
Held for Crossover Refunding Bonds	138,274
Held for Future Desalination Facilities	2,317
Change in Fair Value of Investments	7,578
Total Cash and Investments	1,167,989
ACCOUNTS RECEIVABLE	
Tax Assessments	35,794
Annexation Charges	13,879
Water Sales	73,627
Readiness-To-Serve (WSC)	34,118
Power Recoveries	833
Interest Accrued on Investments	27,024
Notes Receivable	27
Sundry	(4,739)
Total Accounts Receivable	180,562
INVENTORIES	16,710
OTHER ASSETS	
Deferred Charges	250,332
Feasibility Studies, Reimbursables, etc.	7,421
Construction & Right of Way Deposits	2,280
Total Other Assets	260,033
PROPERTY, PLANT AND EQUIPMENT	
Land, Easements & Right of Way	447,187
Completed Features	2,104,542
Work in Progress	2,707,028
Less: Allowance for Depreciation	(587,603)
Total Comp. Features & WIP Net of Allow. for Depr.	4,223,967
Preoperating Costs - Capitalized	44,595
Less: Portion Amortized	(21,471)
Total Preoperating Costs Net of Amortization	23,123
Participation Rights - State Fac.	3,037,618
Less: Portion Amortized	(1,529,002)
Total State Fac. Partic. Rts Net of Amort.	1,508,615
Participation Rights - Other Fac.	199,612
Less: Portion Amortized	(17,468)
Total Other Fac. Partic. Rts. Net of Amort.	182,145
Major Operating Equipment	91,017
Less: Allowance for Depreciation	(68,679)
Total Major Operating Equipment Net of Depr.	22,338
TOTAL ASSETS	$ 8,032,670

Note: Due to rounding, detail and subtotals may not foot or crossfoot to subtotals and total.

BALANCE SHEET AS OF FEBRUARY 28, 1999

LIABILITIES AND EQUITY
($ in Thousands)

ACCOUNTS PAYABLE & ACCRUED EXPENSE	
Commercial Paper Notes	$ 300,000
Matured Bonds & Coupon not Presented for Payments	5,203
Bond Int. Accrued but not Due	37,890
Accrued Prem. on Called Bonds	(65)
Total Bonds	43,027
Participation Rights - State Facilities	118,819
State Variable and Minimum OMP&R	144,902
Services, Material, etc.	23,154
Compensated Absences	24,654
Trust Funds	17,111
Customer Deposits	2,711
Total Accounts Payable & Accrued Expense	674,378
DEFERRED INCOME	
Deferred Readiness-To-Serve (WSC)	26,667
Deferred Water Sales	858
Deferred Tax Levies - Current Year	29,100
PERS Employer's Credits	8,073
Deferred Interest	-
Deferred Water Bank Sales	-
Total Deferred Income	64,697
LONG TERM OBLIGATIONS	
Bonds & Notes Payable:	
1966/69 G.O. Bonds	369,425
* G.O. Refunding Bonds	229,338
Revenue Bonds	1,675,870
* Revenue Refunding Bonds	711,735
Crossover Refunding Bonds	138,085
Total Bonds & Notes Payable	3,124,453
Other Long Term Obligations:	
Due to MWDOC - Allen-McColloch Pipeline	29,011
Unamortized Bond Premium	6,769
Unamortized Bond Discount	(59,942)
Employees' Deferred Compensation Payable	42,512
Obligation for Off-Aqueduct Power Facilities	126,387
Interest to Be Rebated to IRS	737
Obligation for Iron Mountain Landfill Closure	1,327
Total Other Long Term Obligations	146,801
EQUITY	
Contributions	37,288
Annexation Commitments	376,576
Other Retained Earnings	3,455,935
Estimated Income	152,543
Total Equity	4,022,342
TOTAL LIABILITIES AND EQUITY	$ 8,032,670

*** Net of Deferred Loss on Early Retirement of Debt. $ 3,817 & $ 29,919 respectively.**
Note: Due to rounding, detail and subtotals may not foot or crossfoot to subtotals and total.

STATEMENT OF OPERATIONS

FISCAL YEAR THROUGH FEBRUARY 28, 1999
($, Acre Feet and kWh in Thousands)

GROSS OPERATING INCOME			
Water Sales:	Acre Feet		
Treated	778	$ 323,236	
Untreated	232	76,276	
Wheeling	1	410	
Reclaimed Water	47	11,092	
	1,057	411,014	
Readiness-To-Serve (WSC)		53,333	
Connection Maintenance Charge		1,957	
Power Recoveries (167,097 kWh)		7,546	
Business Development		379	$ 474,230
OPERATION AND MAINTENANCE			
Operations		138,848	
Power and Water Costs		140,624	
Business Development		233	279,706
Operating Income before Amort. & Depr.			194,524
Amort. of Participation Rights		50,679	
Depreciation, Plant		31,598	82,277
Operating Income			112,247
OTHER INCOME			
Net Tax Revenues		57,473	
Interest Earned on Investments		47,623	
Change in Fair Value of Investments		(6,862)	
Current Interest Levies - Annexation Commitments		664	
Property Rentals		451	
Gain on Land Sales		-	
Earnings on Escrow Accounts		-	
Sundry Revenues		160	99,508
INTEREST AND OTHER EXPENSE			
Bond Interest Expense		61,883	
Adjustment for OAPF obligation		-	
Arbitrage Rebate Tax		-	
Sundry Expense		168	62,051
Income before Annex Inc. & Prior Years' Adjust			149,703
ANNEXATION INCOME			
Levies for Uncapitalized Annexation - Principal		2	
New Annexations - Principal		197	199
ADJUSTMENTS OF PRIOR YEARS' POWER AND WATER COSTS			2,640
NET INCOME			$ 152,543

Note: Due to rounding, detail and subtotals may not foot or crossfoot to subtotals and total.

STATEMENT OF OPERATIONS

FISCAL YEAR THROUGH FEBRUARY 28, 1998
($, Acre Feet and kWh in Thousands)

GROSS OPERATING INCOME			
Water Sales:	Acre Feet		
Treated	765	$ 316,610	
Untreated	363	112,658	
Reclaimed Water	40	9,902	
	1,167	439,170	
Readiness-To-Serve (WSC)		50,700	
Connection Maintenance Charge		1,957	
Power Recoveries (174,138 kWh)		7,834	
Business Development		75	$ 499,735
OPERATION AND MAINTENANCE			
Operations		133,218	
Power and Water Costs		134,924	
Business Development		140	268,281
Operating Income before Amort. & Depr.			231,454
Amort. of Participation Rights		49,799	
Depreciation, Plant		29,391	79,190
Operating Income			152,264
OTHER INCOME			
Net Tax Revenues		53,375	
Interest Earned on Investments		51,639	
Current Interest Levies - Annexation Commitments		770	
Property Rentals		404	
Gain on Land Sales		7	
Earnings on Escrow Accounts		-	
Sundry Revenues		272	106,467
INTEREST AND OTHER EXPENSE			
Bond Interest Expense		59,090	
Adjustment for OAPF obligation		-	
Arbitrage Rebate Tax		-	
Sundry Expense		67	59,157
Income before Annex Inc. & Prior Years' Adjust			199,574
ANNEXATION INCOME			
Levies for Uncapitalized Annexation - Principal		2	
New Annexations - Principal		31	33
ADJUSTMENTS OF PRIOR YEARS' POWER AND WATER COSTS			14,562
NET INCOME			$ 214,169

Note: Due to rounding, detail and subtotals may not foot or crossfoot to subtotals and total.

PROJECTED AND ACTUAL CONSTRUCTION COSTS

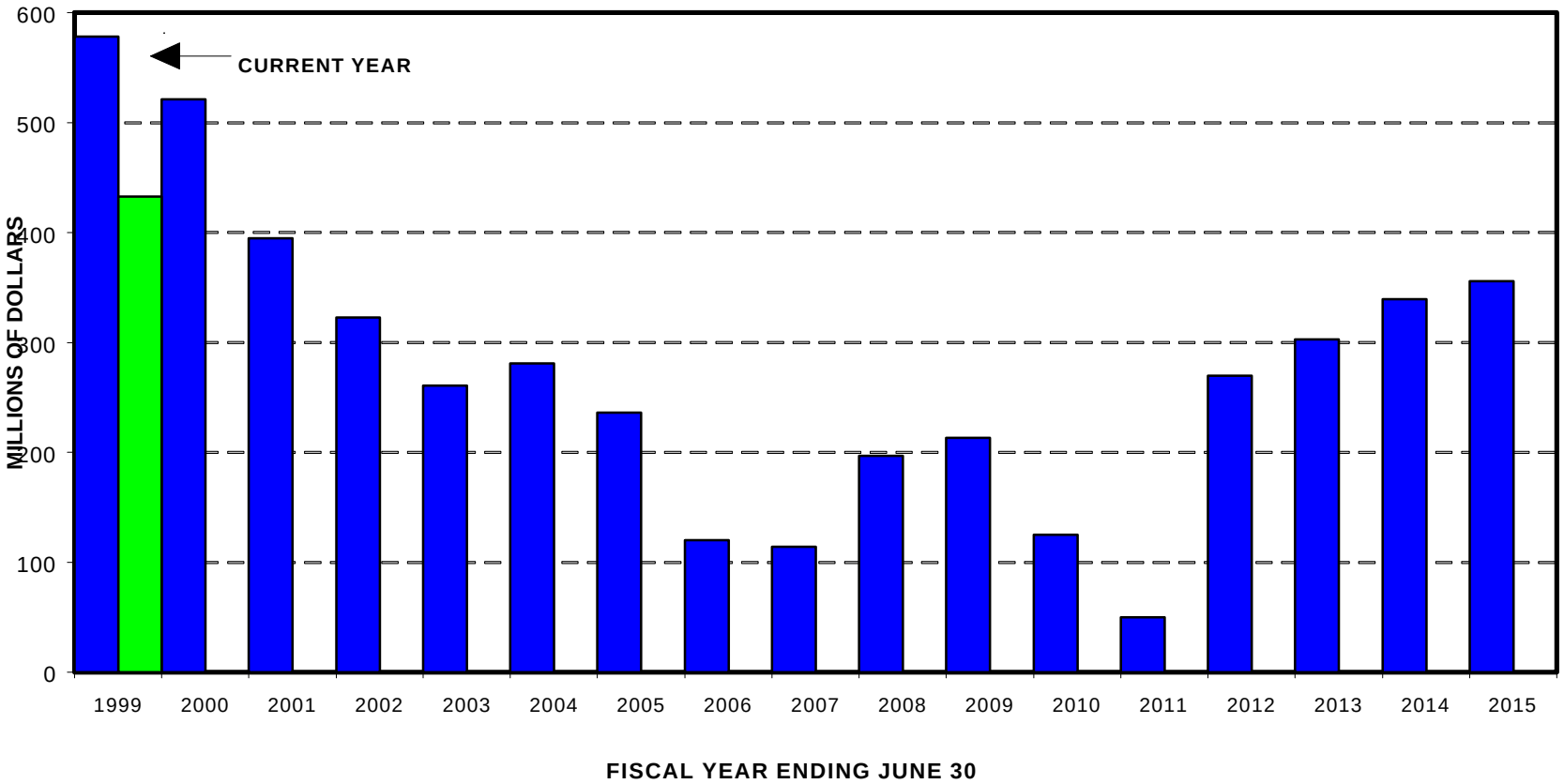
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

PROJECTED AND ACTUAL CONSTRUCTION COSTS

(BASED ON FINAL 1998 - 1999 BUDGET FORECAST)

FEBRUARY 1999

PROJECTED COSTS THROUGH 2015 ESCALATED AT 5% FOR THOSE PROJECTS FOR WHICH FORMAL CONSTRUCTION CONTRACTS HAVE NOT BEEN AWARDED:	TOTAL PROGRAM	$ 4,680.3
EXPENDITURES TO DATE (F/Y 1998-99)		432.8
APPROPRIATIONS APPROVED TO DATE (F/Y 1998-99)		76.4

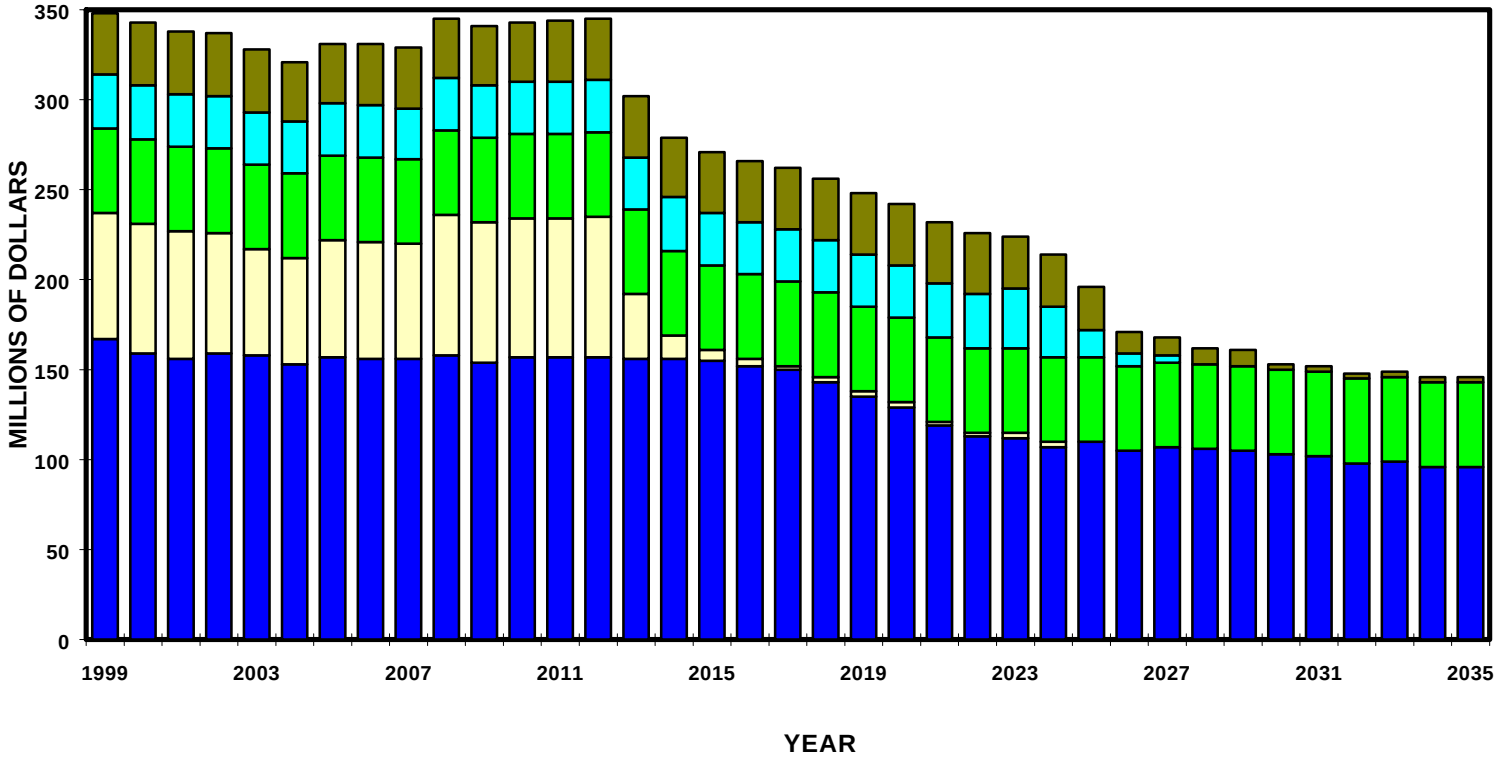


PROJECTED FIXED SWC CHARGES THROUGH 2035

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

PROJECTED FIXED SWC CHARGES THROUGH 2035

TRANSPORTATION	$ 4,961	* FROM ATTACHMENT 3, DEPARTMENT
OFF-AQUEDUCT	1,057	OFF WATER RESOURCES INVOICE DATED
STORAGE & CONSERVATION	1,755	JULY 1, 1998. ALL AMOUNTS IN 1998
REVENUE BOND SURCHARGE	791	DOLLARS. AMOUNT CHARGES ARE
EAST BRANCH ENLARGEMENT	951	BASED ON ORIGINAL ENTITLEMENT OF
TOTAL	$ 9,515	2,011,500 AF FOR 1999-2035



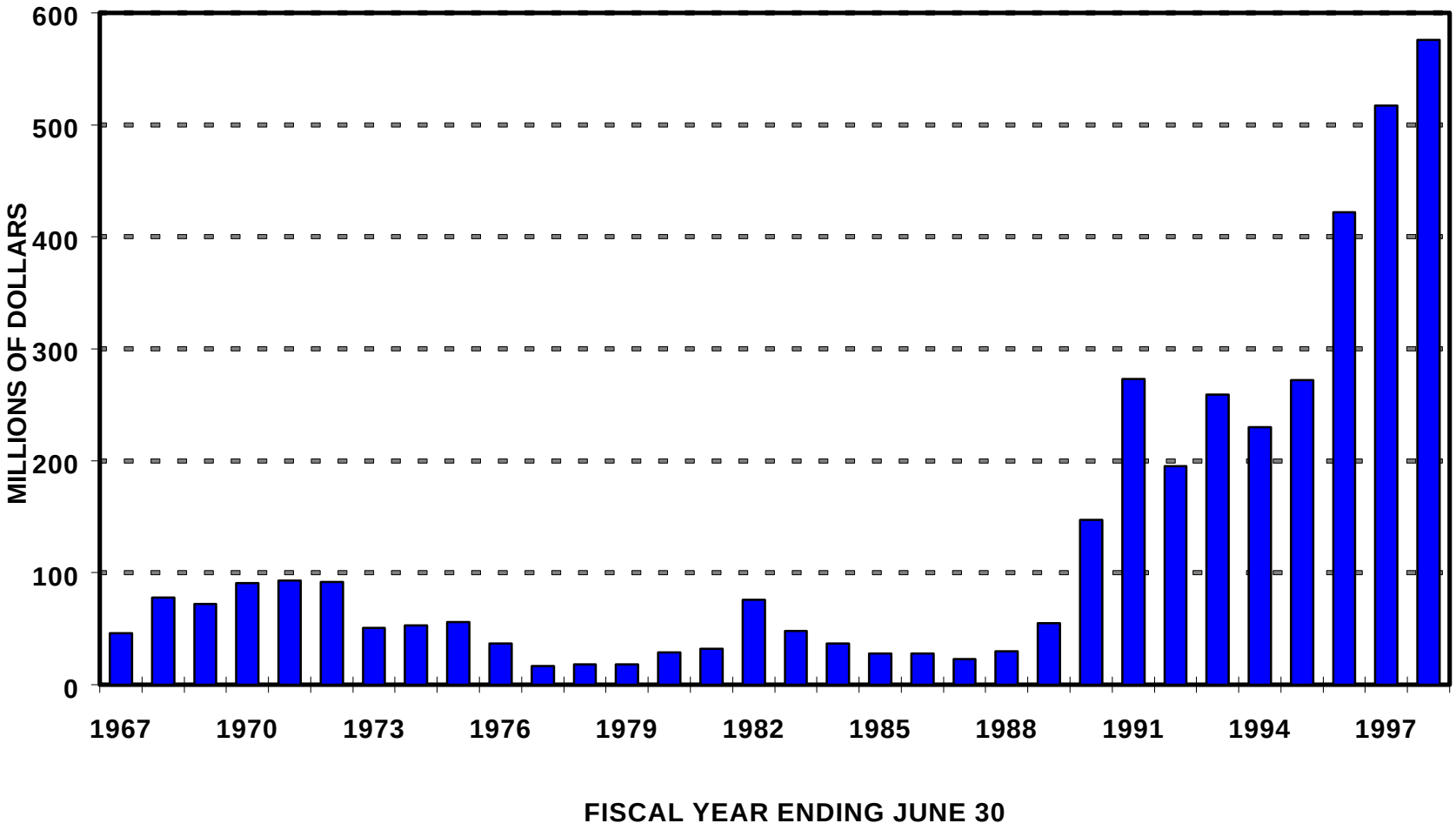
HISTORICAL CONSTRUCTION EXPENDITURES

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

HISTORICAL CONSTRUCTION EXPENDITURES

from 7-1-66 through 6-30-98

EXPENDITURES THROUGH 6-30-98 **$4.00 BILLION**



ELIGIBILITY OF SECURITIES

Date: March 9, 1999

To: Board of Directors

From: N. Gregory Taylor, General Counsel

Subject: Review as to Eligibility of Securities Invested in by the Treasurer for the Month of February 1999

Pursuant to Sections 2741(a) and 5101(b)(5) of the Administrative Code, this office has examined the Treasurer's Monthly Report to the Board for the month of February 1999 covering the investment of securities for that period. The reported forms of investment are within the eligible group of securities authorized by Section 5101(b)(2) of the Administrative Code, and as of the end of the month are within the percentage constraints specified in that section.

N. Gregory Taylor

SBB:mg
#13543

cc: L. H. Becker
D. I. Furukawa
R. N. Marumoto

TRANSMITTAL LETTER

Date: March 4, 1999

To: Budget and Finance Committee

From: General Manager

Subject: Treasurer's Monthly Report - February, 1999

This letter transmits a summary report of investments and cash balances and yield comparisons for the end of the current month. A detail report of investments is filed each month with the Executive Secretary. These reports are required by Section 5114 of the MWD Administrative Code. All of the investments comply with Chapter 5101 of the MWD Administrative Code and the Investment Policy dated June 1, 1998.

Interest Earnings

Portfolio Yield	1 Year Treasury Bill	Month	Fiscal Year to Date	Weighted Average Days to Maturity
5.81%	4.85 %	$4,533,000	$44,332,000	443

	Book Value	Market Value	Excess of Market Over Cost
Operating Funds	$ 323,659,000		
State Water Contract Fund	27,980,000		
Debt Service Funds	121,553,000		
Rate Stabilization Funds	115,423,000		
Total	$ 588,615,000	$ 590,127,000	
Construction and Trust Funds	$ 438,676,000	$ 444,742,000	
	$1,027,291,000	$1,034,869,000	$7,578,000

General Manager

By: Lambertus H. Becker
Chief Financial Officer

Attachments
s:\finance\treasurer\299\mnth0299
.doc

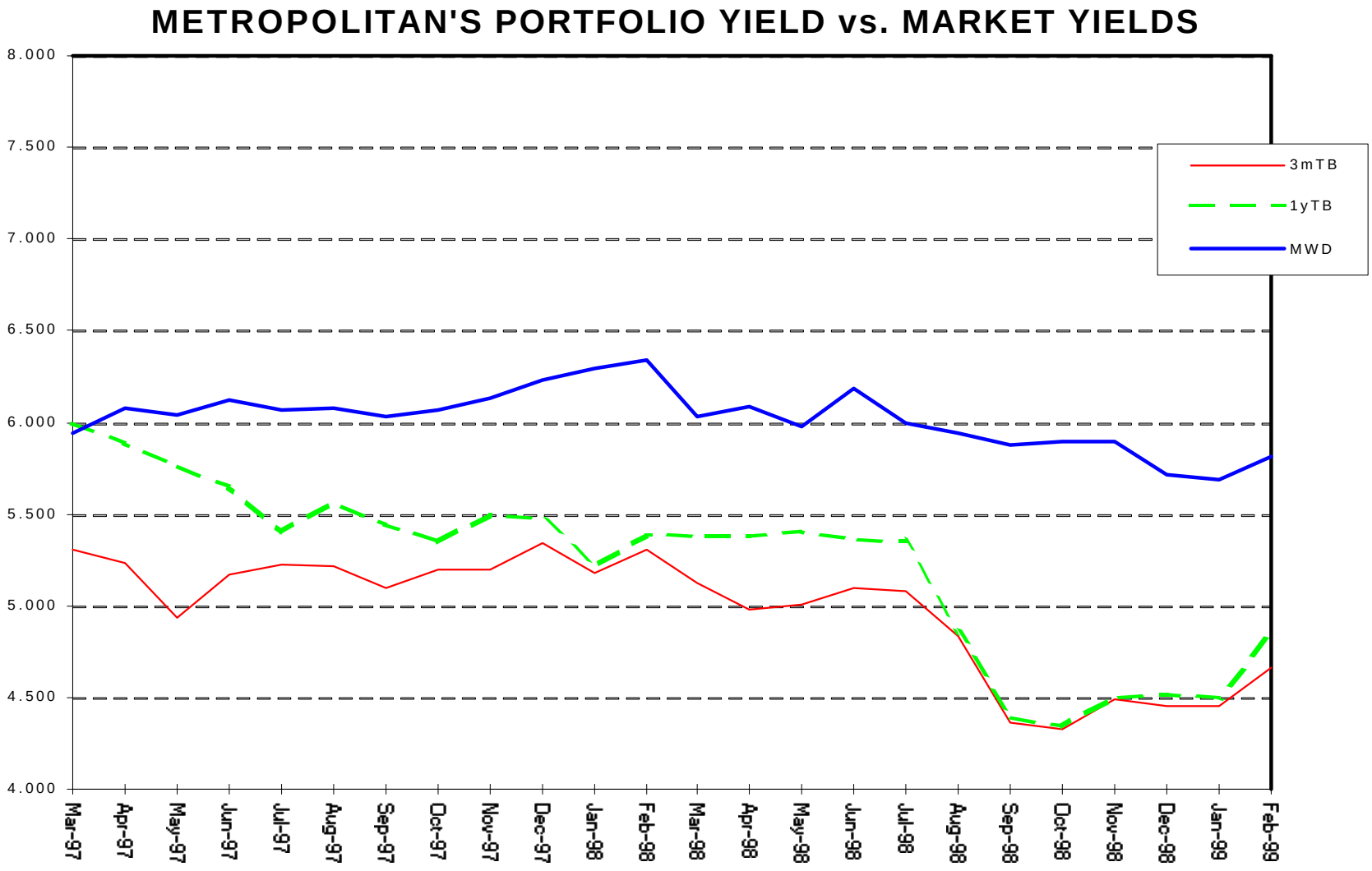
SUMMARY OF INVESTMENT ACTIVITY AND STATUS OF CASH

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Summary Report of Investment Activity & Status of Cash for the Month Ending February 28, 1999

(Shown at Book Value and $ in Thousands)

SECURITIES:	BALANCE	PURCHASES	SALES	MATURITIES	BALANCE	% of Portfolio ACT.	CODE	
U. S. TREASURY	$114,799	$5,877		$14,520	$106,156	10.3	100	
U.S. GUARANTEES-GNMA'S	$7,333			$248	$7,085	0.7	100	
FEDERAL AGENCIES	$89,937	$6,656		$3,978	$92,615	9.0	50	
REPURCHASE AGREEMENTS	$70,000	$155,000		$225,000	$0	0.0	50	
BANKERS' ACCEPTANCES	$11,113	$12,260		$6,046	$17,327	1.7	40	
COMMERCIAL PAPER	$295,826	$1,435,487		$1,438,362	$292,951	28.5	30	
NEGOTIABLE CERTIFICATES OF DEPOSIT	$245,001	$27,013		$33,030	$238,984	23.3	30	
TIME DEPOSITS	$0				$0	0.0		
SHARES OF BENEFICIAL INTEREST	$0				$0	0.0	15	
LOCAL AGENCY INVESTMENT FUND - CALIFORNIA	$79,255				$79,255	7.7		
MEDIUM TERM NOTES	$169,867	$14,685		$22,741	$161,811	15.8	20	
ASSET-BACKED SECURITIES	$32,063	$989		$2,276	$30,776	3.0	10	
MUNICIPAL BONDS	$411			$80	$331	0.0		
SUBTOTAL	$1,115,605	$1,657,967	$0	$1,746,281	$1,027,291	100.0		
CASH:								
DEMAND ACCOUNTS	$557			$120	$437			
PETTY CASH	$10				$10			(A)
LESS OVERNIGHT INVEST.	($2,500)	($3,100)			($5,600)			(B)
SUBTOTAL	($1,933)	($3,100)	$0	$120	($5,153)			
TOTAL	$1,113,672	$1,654,867	$0	$1,746,401	$1,022,138			

A) Petty Cash, $10,000
B) Includes investment of outstanding checks.
Note: Sales and Purchases may contain internal transfers.
Note: Excludes $138,274,000 in cash and securities held in escrow for the District's crossover refunding bonds.

YIELD COMPARISONS