



**MWD**

*METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA*

# **Executive Financial Report**

## **For the Eight Months Ended February 29, 2008**

**Executive Financial Summary**  
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# The Metropolitan Water District of Southern California

## Statements of Operations - Accrual Basis (Dollars in millions)

	For the Eight Months Ended		<i>Favorable/ (Unfavorable) Variance</i>
	Feb. 29, 2008	Feb. 28, 2007	
<b>Operating Revenues:</b>			
Water Sales	\$ 615.4	\$ 583.7	\$ 31.7
Wheeling / Exchange	13.3	8.2	5.1
Readiness-to-Serve	54.8	53.3	1.4
Capacity Charge	21.6	21.5	0.1
Power Sales	15.8	18.2	(2.4)
<b>Total Operating Revenues</b>	<b>720.9</b>	<b>685.0</b>	<b>35.9</b>
<b>Operating Expenses:</b>			
Cost of Water	210.4 <sup>(1)</sup>	198.3	(12.1)
Operations & Maintenance	219.8	204.2	(15.6)
Water Management Programs, Net	29.7	26.8	(2.9)
Depreciation & Amortization	147.0	137.0	(10.0)
<b>Total Operating Expenses</b>	<b>606.9</b>	<b>566.2</b>	<b>(40.6)</b>
<b>Net Operating Income</b>	<b>114.0</b>	<b>118.7</b>	<b>(4.7)</b>
<b>Other Income (Expense):</b>			
Net Taxes/Annexations	68.7	66.0	2.7
Investment Income <sup>(2)</sup>	54.9	44.6	10.3
Bond Interest Expense	(76.6)	(59.3)	(17.3)
Other	(2.3)	(1.8)	(0.5)
<b>Total Other Income - Net</b>	<b>44.7</b>	<b>49.6</b>	<b>(4.8)</b>
<b>Net Income</b>	<b>\$ 158.8</b>	<b>\$ 168.3</b>	<b>\$ (9.6)</b>
<b>Sales Statistics <sup>(3)</sup></b>			
Water Sales (TAF)	1,430.7	1,472.1	(41.3)
Wheeling/Exchange (TAF)	50.4	32.0	18.4
Power Sales (mWh)	278.7	349.9	(71.2)
<b>Average Sales Price</b>			
Water Sales	\$ 430.14	\$ 396.50	\$ 33.63
Wheeling/Exchange	\$ 264.24	\$ 258.05	\$ 6.19
Power Sales	\$ 0.06	\$ 0.05	\$ 0.00

**Notes:**

- (1) Includes \$47.7 million in credits from DWR related to prior year variable costs.
- (2) Includes fair value adjustment of \$9.7 million and \$13.5 million at February 29, 2008 and February 28, 2007, respectively.
- (3) Average prices calculated using exact rather than rounded dollar amounts.
- (4) Totals may not foot / cross foot due to rounding.

# The Metropolitan Water District of Southern California

## Balance Sheets - Accrual Basis (Dollars in millions)

	Feb. 29, 2008	Feb. 28, 2007	<i>Increase/ (Decrease)</i>
<b>Assets:</b>			
Cash and investments at book value <sup>(1)</sup>	\$ 1,194.8	\$ 973.2	\$ 221.6
Fair Value Adjustment	8.9	5.4	3.6
Accounts Receivable	204.1	215.1	(10.9)
Property, Plant and Equipment, net	7,380.1	6,971.1	409.0
Prepaid State Water Project Costs, net	1,565.4	1,574.7	(9.3)
Participation Rights, net	255.8	263.2	(7.3)
Deferred Charges and Water Rights	328.8	330.7	(1.9)
Other	147.5	118.3	29.3
<b>Total Assets</b>	<b>\$ 11,085.6</b>	<b>\$ 10,451.6</b>	<b>\$ 634.0</b>
<b>Liabilities and Equity:</b>			
Long-Term Debt	\$ 4,569.1	\$ 4,130.3	\$ 438.8
Off-Aqueduct Power Facilities	68.5	75.5	(7.0)
Accounts Payable and Accrued Bond Interest	138.7	132.0	6.7
Deferred Income	79.1	99.0	(19.8)
State Water Project Obligations	308.3	292.7	15.6
Trust Funds and Other	88.9	81.0	7.9
<b>Total Liabilities</b>	<b>5,252.7</b>	<b>4,810.6</b>	<b>442.1</b>
<b>Equity</b>	<b>5,832.9</b>	<b>5,641.1</b>	<b>191.9</b>
<b>Total Liabilities and Equity</b>	<b>\$ 11,085.6</b>	<b>\$ 10,451.6</b>	<b>\$ 634.0</b>

Revenue Bond Debt as a percent of equity	Actual	72.5	%	66.9	%
	Target	< 100.0	%	< 100.0	%

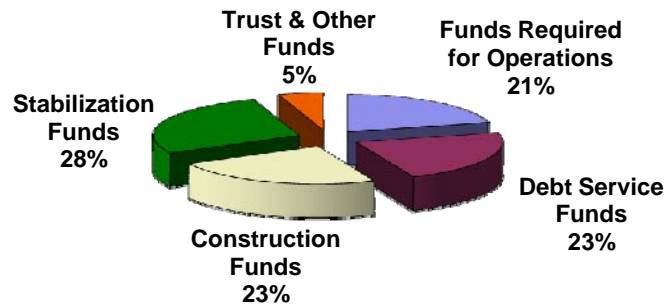
**Notes:**

- (1) Fair value of cash and investments was \$1,023.7 million and \$978.6 million at February 29, 2008 and February 28, 2007, respectively.
- (2) Certain reclassifications of prior year amounts have been made to conform to current year presentation.
- (3) Totals may not foot / cross foot due to rounding.

# The Metropolitan Water District of Southern California

## Cash and Investments at Book Value As of February 29, 2008 (Dollars in millions)

	Restricted		Unrestricted	Total
	Contractual	Board		
Funds Required for Operations	\$ 143.9	\$ 106.4	\$ 0.4	\$ 250.7
Debt Service Funds	271.1	-	-	271.1
Construction Funds	273.3	-	7.8	281.1
Stabilization Funds	-	-	332.0	332.0
Trust & Other Funds	41.0	18.9	-	59.9
<b>Total</b>	<b>\$ 729.3</b>	<b>\$ 125.3</b>	<b>\$ 340.2</b>	<b>\$ 1,194.8</b>



The Metropolitan Water District of Southern California

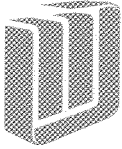
Estimate vs. Actual: Construction Activities - Accrual Basis  
For the Eight Months Ended February 29, 2008  
(Dollars in millions)

	Estimate	Actual	Variance from Estimate		Fiscal Year	Projected	Variance from Estimate		
	to Date	to Date	\$	%	Estimate	Year-End(1)	\$	%	
<b>Sources of Funds</b>									
Bond Construction Funds	\$ 257.2	\$ 191.9	\$ 65.2	25%	\$ 388.6	\$ 353.5	\$ 35.1	9%	
R & R/General Funds	72.7	63.5	9.1	13%	109.8	68.8 (2)	41.0	37%	
<b>Total</b>	<b>\$ 329.8</b>	<b>\$ 255.5</b>	<b>\$ 74.4</b>	<b>23%</b>	<b>\$ 498.4</b>	<b>\$ 422.3</b>	<b>\$ 76.1</b>	<b>15%</b>	
<b>Program Expenditures</b>									
Oxidation Retrofit Programs	\$ 100.3	\$ 86.0	\$ 14.3	14%	\$ 155.5	\$ 111.2	\$ 44.3	28%	
Treatment Plant Improvement	53.2	25.1	28.1	53%	83.2	60.7	22.5	27%	
Inland Feeder	46.6	45.7	0.8	2%	69.3	69.3	(0.0)	(0%)	
Chlorine Containment and Handling Facilities	23.3	14.6	8.7	37%	28.5	28.5	(0.0)	(0%)	
Perris Valley Pipeline	14.4	16.7	(2.3)	(16%)	25.1	43.6	(18.5)	(73%)	
Distribution System - Rehabilitation Program	13.3	10.9	2.4	18%	18.3	18.3	(0.0)	(0%)	
Mills Capacity Upgrade	9.2	6.2	3.0	32%	17.1	17.1	(0.0)	(0%)	
CRA - Reliability/Containment Programs	8.5	4.3	4.2	50%	11.4	11.4	(0.0)	(0%)	
Local Groundwater Storage	5.9	5.6	0.3	5%	9.6	9.6	0.0	0%	
Diamond Valley Lake Recreation	7.1	0.6	6.5	91%	9.6	1.6	8.0	83%	
Other	48.1	39.7	8.4	17%	70.9	51.0	19.9	28%	
<b>Total</b>	<b>\$ 329.8</b>	<b>\$ 255.5</b>	<b>\$ 74.4</b>	<b>23%</b>	<b>\$ 498.4</b>	<b>\$ 422.3</b>	<b>\$ 76.1</b>	<b>15%</b>	

(1) Projected numbers are updated at quarter-end.

(2) Per Board action at the March 11, 2008 meeting, the R&R/General Fund budget was revised to \$45 million. Appropriate transfers will be processed to reflect this action.

Totals may not foot / cross foot due to rounding.



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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

**Date:** March 11, 2008  
**To:** Board of Directors  
**From:** General Counsel  
**Subject:** Review as to Eligibility of Securities Invested in by the  
Treasurer for the Month of February 2008

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 2008 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. For purposes of this letter, we have not undertaken to independently verify the accuracy of the information submitted by the Treasurer to this office.

  
Karen L. Tachiki

cc: T. E. DeBacker  
J. Kightlinger  
R. N. Marumoto  
B. G. Thomas