



*THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA*

# **Executive Financial Report For the Four Months Ended October 31, 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 Four Months Ended October 31,		<i>Favorable/ (Unfavorable) Variance</i>
	2008	2007	
<b>Operating Revenues:</b>			
Water Sales	\$ 390.3	\$ 388.0	\$ 2.4
Wheeling / Exchange	7.1	6.2	0.9
Readiness-to-Serve	29.0	27.4	1.6
Capacity Charge	10.9	10.8	0.2
Power Sales	9.0	9.7	(0.7)
<b>Total Operating Revenues</b>	<b>446.4</b>	<b>442.1</b>	<b>4.3</b>
<b>Operating Expenses:</b>			
Cost of Water	146.8	108.4	(38.4)
Operations & Maintenance	118.5	114.1	(4.4)
Water Management Programs	26.8	15.5	(11.3)
Depreciation & Amortization	74.9	75.4	0.5
<b>Total Operating Expenses</b>	<b>367.0</b>	<b>313.4</b>	<b>(53.6)</b>
<b>Net Operating Income</b>	<b>79.4</b>	<b>128.7</b>	<b>(49.3)</b>
<b>Other Income (Expense):</b>			
Net Taxes/Annexations	35.7	34.4	1.4
Investment Income (1)	(8.3)	30.9	(39.2)
Bond Interest Expense	(35.4)	(40.6)	5.3
Other	(0.8)	(1.1)	0.4
<b>Total Other Income/(Expense) - Net</b>	<b>(8.7)</b>	<b>23.5</b>	<b>(32.2)</b>
<b>Net Income</b>	<b>\$ 70.7</b>	<b>\$ 152.2</b>	<b>\$ (81.5)</b>

### Sales Statistics

Water Sales (TAF)	876.2	926.9	(50.6)
Wheeling/Exchange (TAF)	25.2	23.8	1.4
Power Sales (mWh)	138.0	172.4	(34.4)
Average Sales Price (2)			
Water Sales	\$ 445.47	\$ 418.58	\$ 26.89
Wheeling/Exchange	\$ 280.59	\$ 260.02	\$ 20.57
Power Sales	\$ 0.07	\$ 0.06	\$ 0.01

### Notes:

- (1) Includes fair value adjustment of (\$21.5) million and \$8.1 million at October 31, 2008 and 2007, respectively.
- (2) Average prices calculated using exact rather than rounded dollar amounts.
- (3) Totals may not foot / cross foot due to rounding.

# The Metropolitan Water District of Southern California

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

	2008	October 31, 2007	Increase/ (Decrease)
<b>Assets:</b>			
Cash and investments at book value <sup>(1)</sup>	\$ 845.4	\$ 1,201.1	\$ (355.7)
Fair Value Adjustment	(19.5)	7.2	(26.7)
Accounts Receivable	445.7	396.3	49.4 <sup>(2)</sup>
Property, Plant and Equipment, net	7,584.6	7,256.8	327.8
Prepaid State Water Project Costs, net	1,644.7	1,630.8	13.9
Participation Rights, net	251.1	258.2	(7.1)
Deferred Charges and Water Rights	445.0	390.7	54.3
Other	187.6	159.8	27.8
<b>Total Assets</b>	<b>\$ 11,384.6</b>	<b>\$ 11,301.1</b>	<b>\$ 83.5</b>
<b>Liabilities and Equity:</b>			
Long-Term Debt	\$ 4,469.5	\$ 4,565.6	\$ (96.1)
Off-Aqueduct Power Facilities	64.5	70.5	(6.0)
Accounts Payable and Accrued Bond Interest	171.5	145.0	26.6
Deferred Income	141.7	135.5	6.2
State Water Project Obligations	523.0	467.3	55.7
Trust Funds and Other	94.0	90.8	3.2
<b>Total Liabilities</b>	<b>5,464.4</b>	<b>5,474.7</b>	<b>(10.4)</b>
<b>Equity</b>	<b>5,920.2</b>	<b>5,826.3</b>	<b>93.9</b>
<b>Total Liabilities and Equity</b>	<b>\$ 11,384.6</b>	<b>\$ 11,301.1</b>	<b>\$ 83.5</b>

Revenue Bond Debt as a percent of equity	Actual	71.1	%	74.4	%
	Target	< 100.0	%	< 100.0	%

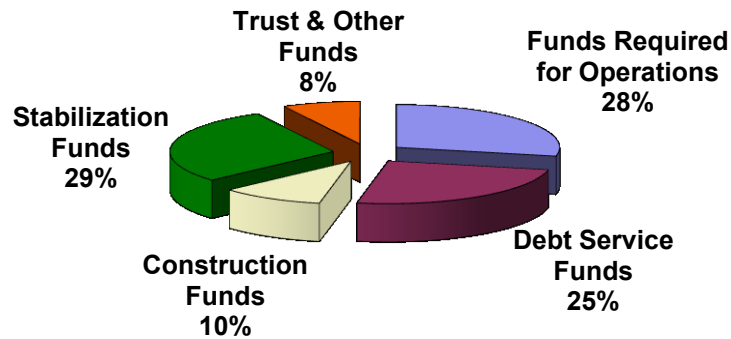
**Notes:**

- (1) Fair value of cash and investments was \$825.9 million and \$1,208.3 million at October 31, 2008 and 2007, respectively.
- (2) Includes \$40 million of Proposition 50 grant billings.
- (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 October 31, 2008 (Dollars in millions)

	Restricted		Unrestricted	Total
	Contractual	Board		
Funds Required for Operations	\$ 173.6	\$ 65.5	\$ 0.4	\$ 239.5
Debt Service Funds	209.2	-	-	209.2
Construction Funds	67.4	-	19.0	86.4
Stabilization Funds	-	-	245.4	245.4
Trust & Other Funds	45.6	19.3	-	64.9
<b>Total</b>	<b>\$ 495.8</b>	<b>\$ 84.8</b>	<b>\$ 264.8</b>	<b>\$ 845.4</b>



**The Metropolitan Water District of Southern California**  
**Actual vs. Estimate: Construction Activity - Accrual Basis**  
(Dollars in millions)

	<u>For the Four Months Ended October 31, 2008</u>				<u>Fiscal Year Ending June 30, 2009</u>			
	<u>Estimate</u>	<u>Actual</u>	<u>Variance from Estimate</u>		<u>Estimate</u>	<u>Projected <sup>(1)</sup></u>	<u>Variance from Estimate</u>	
			<u>\$</u>	<u>%</u>			<u>\$</u>	<u>%</u>
<b>Sources of Funds</b>								
Bond Construction Funds	\$ 130.9	\$ 51.3	\$ 79.6	61%	\$ 373.9	\$ 311.0	\$ 62.9	17%
R & R/General Funds	33.3	41.5	(8.3)	(25%)	95.0	95.0	-	0%
<b>Total</b>	<b>\$ 164.1</b>	<b>\$ 92.8</b>	<b>\$ 71.3</b>	<b>43%</b>	<b>\$ 468.9</b>	<b>\$ 406.0</b>	<b>\$ 62.9</b>	<b>13%</b>
<b>Program Expenditures</b>								
Oxidation Retrofit Programs	\$ 36.3	\$ 12.5	\$ 23.8	66%	\$ 90.1	\$ 85.0	\$ 5.1	6%
Treatment Plant Improvement	25.0	14.6	10.4	42%	84.0	75.0	9.0	11%
Inland Feeder	20.5	23.2	(2.7)	(13%)	61.4	60.0	1.4	2%
Riverside Treatment Plant Land Acquisition	9.9	0.1	9.8	99%	9.9	10.0	(0.1)	(1%)
Perris Valley Pipeline	22.7	11.5	11.3	50%	61.7	48.0	13.7	22%
Distribution System - Rehabilitation Program	8.3	3.3	5.1	61%	23.5	20.0	3.5	15%
Mills Capacity Upgrade	10.8	5.2	5.6	52%	35.8	16.0	19.8	55%
CRA - Reliability/Containment Programs	3.2	2.1	1.1	34%	17.2	15.0	2.2	13%
Local Groundwater Storage	2.1	2.1	0.0	0%	10.3	10.0	0.3	3%
Power Reliability & Energy Conservation	0.9	(0.2)	1.2	124%	7.3	7.0	0.3	4%
Other	24.4	18.7	5.7	23%	67.8	60.0	7.8	11%
<b>Total</b>	<b>\$ 164.1</b>	<b>\$ 92.8</b>	<b>\$ 71.3</b>	<b>43%</b>	<b>\$ 468.9</b>	<b>\$ 406.0</b>	<b>\$ 62.9</b>	<b>13%</b>

**Notes:**

- (1) Projected numbers are updated at quarter-end.  
(2) Totals may not foot / cross foot due to rounding.



**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

**Date:** November 18, 2008  
**To:** Board of Directors  
**From:** General Counsel  
**Subject:** Review as to Eligibility of Securities Invested in by the  
Treasurer for the Month of October 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 October 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. We note that the Investment Policy, as amended on October 14, 2008, authorizes continued holding of the Lehman corporate notes for orderly and systematic liquidation. 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