



*THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA*

# **Executive Financial Report For the Five Months Ended November 30, 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 Five Months Ended November 30,		<i>Favorable/ (Unfavorable) Variance</i>
	2008	2007	
<b>Operating Revenues:</b>			
Water Sales	\$ 469.3	\$ 470.5	\$ (1.2)
Wheeling / Exchange	8.7	7.7	1.0
Readiness-to-Serve	36.3	34.2	2.0
Capacity Charge	13.7	13.5	0.2
Power Sales	9.9	12.1	(2.1)
<b>Total Operating Revenues</b>	<b>537.9</b>	<b>538.0</b>	<b>(0.1)</b>
<b>Operating Expenses:</b>			
Cost of Water	184.5	142.4	(42.1)
Operations & Maintenance	147.1	138.9	(8.2)
Water Management Programs	34.7	18.8	(16.0)
Depreciation & Amortization	93.5	93.3	(0.2)
<b>Total Operating Expenses</b>	<b>459.8</b>	<b>393.3</b>	<b>(66.5)</b>
<b>Net Operating Income</b>	<b>78.0</b>	<b>144.6</b>	<b>(66.6)</b>
<b>Other Income (Expense):</b>			
Net Taxes/Annexations	44.7	42.9	1.7
Investment Income <sup>(1)</sup>	4.1	38.7	(34.6)
Bond Interest Expense	(41.8)	(50.7)	9.0
Other	(0.5)	(1.5)	1.0
<b>Total Other Income/(Expense) - Net</b>	<b>6.4</b>	<b>29.4</b>	<b>(23.0)</b>
<b>Net Income</b>	<b>\$ 84.5</b>	<b>\$ 174.0</b>	<b>\$ (89.6)</b>

### Sales Statistics

Water Sales (TAF)	1,043.5	1,110.5	(67.0)
Wheeling/Exchange (TAF)	31.2	29.8	1.4
Power Sales (mWh)	129.9	214.2	(84.3)
Average Sales Price <sup>(2)</sup>			
Water Sales	\$ 449.75	\$ 423.65	\$ 26.10
Wheeling/Exchange	\$ 280.08	\$ 259.61	\$ 20.47
Power Sales	\$ 0.08	\$ 0.06	\$ 0.02

### Notes:

- (1) Includes fair value adjustment of (\$12.5) million and \$10.1 million at November 30, 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	November 30, 2007	Increase/ (Decrease)
<b>Assets:</b>			
Cash and investments at book value <sup>(1)</sup>	\$ 868.3	\$ 1,234.8	\$ (366.5)
Fair Value Adjustment	(10.5)	9.3	(19.8)
Accounts Receivable	427.2	384.6	42.6 <sup>(2)</sup>
Property, Plant and Equipment, net	7,589.4	7,282.3	307.2
Prepaid State Water Project Costs, net	1,633.5	1,607.0	26.5
Participation Rights, net	250.5	257.6	(7.1)
Deferred Charges and Water Rights	458.6	373.6	85.0
Other	156.6	147.6	9.0
<b>Total Assets</b>	<b>\$ 11,373.6</b>	<b>\$ 11,296.8</b>	<b>\$ 76.8</b>
<b>Liabilities and Equity:</b>			
Long-Term Debt	\$ 4,468.8	\$ 4,567.5	\$ (98.7)
Off-Aqueduct Power Facilities	64.0	70.0	(6.0)
Accounts Payable and Accrued Bond Interest	178.5	160.3	18.2
Deferred Income	122.5	117.3	5.3
State Water Project Obligations	514.6	445.6	69.0
Trust Funds and Other	91.1	87.9	3.2
<b>Total Liabilities</b>	<b>5,439.6</b>	<b>5,448.6</b>	<b>(9.0)</b>
<b>Equity</b>	<b>5,934.0</b>	<b>5,848.2</b>	<b>85.8</b>
<b>Total Liabilities and Equity</b>	<b>\$ 11,373.6</b>	<b>\$ 11,296.8</b>	<b>\$ 76.8</b>

Revenue Bond Debt as a percent of equity	Actual	71.1 %	73.0 %
	Target	< 100.0 %	< 100.0 %

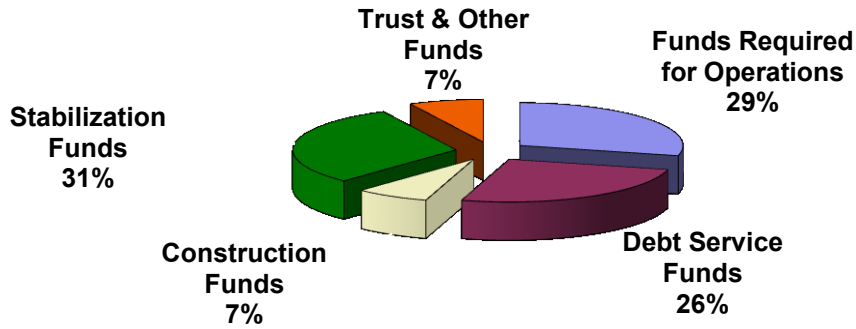
**Notes:**

- (1) Fair value of cash and investments was \$857.8 million and \$1,244.1 million at November 30, 2008 and 2007, respectively.
- (2) Includes \$40 million of Proposition 50 grant billings. Though no problem exists with Metropolitan's claims, due to the state funding/budget crisis, payment has been placed on hold indefinitely. The state of California will reassess its budget/bond situation in early January 2009.
- (3) Certain reclassifications of prior year amounts have been made to conform to current year presentation.
- (4) Totals may not foot / cross foot due to rounding.

# The Metropolitan Water District of Southern California

## Cash and Investments at Book Value As of November 30, 2008 (Dollars in millions)

	Restricted		Unrestricted	Total
	Contractual	Board		
Funds Required for Operations	\$ 180.2	\$ 68.6	\$ 1.9	\$ 250.7
Debt Service Funds	224.2	-	-	224.2
Construction Funds	54.3	-	9.2	63.5
Stabilization Funds	-	-	266.0	266.0
Trust & Other Funds	44.5	19.4	-	63.9
<b>Total</b>	<b>\$ 503.2</b>	<b>\$ 88.0</b>	<b>\$ 277.1</b>	<b>\$ 868.3</b>



The Metropolitan Water District of Southern California

Actual vs. Estimate: Construction Activity - Accrual Basis  
(Dollars in millions)

	For the Five Months Ended November 30, 2008				Fiscal Year Ending June 30, 2009			
	Estimate	Actual	Variance from Estimate		Estimate	Projected <sup>(1)</sup>	Variance from Estimate	
			\$	%			\$	%
<b>Sources of Funds</b>								
Bond Construction Funds	\$ 163.4	\$ 85.4	\$ 78.0	48%	\$ 373.9	\$ 311.0	\$ 62.9	17%
R & R/General Funds	41.5	52.9	(11.4)	(27%)	95.0	95.0	-	0%
<b>Total</b>	<b>\$ 204.9</b>	<b>\$ 138.3</b>	<b>\$ 66.6</b>	<b>32%</b>	<b>\$ 468.9</b>	<b>\$ 406.0</b>	<b>\$ 62.9</b>	<b>13%</b>
<b>Program Expenditures</b>								
Oxidation Retrofit Programs	\$ 45.4	\$ 38.2	\$ 7.2	16%	\$ 90.1	\$ 85.0	\$ 5.1	6%
Treatment Plant Improvement	31.8	17.3	14.5	46%	84.0	75.0	9.0	11%
Inland Feeder	25.5	30.9	(5.4)	(21%)	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	29.7	13.6	16.1	54%	61.7	48.0	13.7	22%
Distribution System - Rehabilitation Program	10.4	4.6	5.8	56%	23.5	20.0	3.5	15%
Mills Capacity Upgrade	13.8	6.4	7.4	54%	35.8	16.0	19.8	55%
CRA - Reliability/Containment Programs	4.2	2.6	1.6	39%	17.2	15.0	2.2	13%
Local Groundwater Storage	2.9	2.5	0.5	16%	10.3	10.0	0.3	3%
Power Reliability & Energy Conservation	1.4	(0.2)	1.5	113%	7.3	7.0	0.3	4%
Other	29.9	22.5	7.3	25%	67.8	60.0	7.8	11%
<b>Total</b>	<b>\$ 204.9</b>	<b>\$ 138.3</b>	<b>\$ 66.6</b>	<b>32%</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:** December 9, 2008  
**To:** Board of Directors  
**From:** General Counsel  
**Subject:** Review as to Eligibility of Securities Invested in by the  
Treasurer for the Month of November 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 November 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