



*THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA*

# **Executive Financial Report For the Eight Months Ended February 28, 2009**

**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 February 28, 2009	February 29, 2008	Favorable/ (Unfavorable) Variance
<b>Operating Revenues:</b>			
Water Sales	\$ 634.2	\$ 615.4	\$ 18.8
Wheeling / Exchange	17.7	13.3	4.4
Readiness-to-Serve	58.0	54.8	3.2
Capacity Charge	21.8	21.6	0.2
Power Sales	12.6	15.8	(3.2)
<b>Total Operating Revenues</b>	<b>744.3</b>	<b>720.9</b>	<b>23.4</b>
<b>Operating Expenses:</b>			
Cost of Water	269.0	210.4	(58.6) <sup>(1)</sup>
Operations & Maintenance	224.6	219.8	(4.8)
Water Management Programs	51.3	29.7	(21.6)
Depreciation & Amortization	149.2	147.0	(2.1)
<b>Total Operating Expenses</b>	<b>694.1</b>	<b>606.9</b>	<b>(87.2)</b>
<b>Net Operating Income</b>	<b>50.2</b>	<b>114.0</b>	<b>(63.8)</b>
<b>Other Income (Expense):</b>			
Net Taxes/Annexations	71.4	68.7	2.8
Investment Income	19.9	54.9	(35.0) <sup>(2)</sup>
Bond Interest Expense	(66.5)	(76.6)	10.1
Other	(0.1)	(2.3)	2.2
<b>Total Other Income/(Expense) - Net</b>	<b>24.7</b>	<b>44.7</b>	<b>(20.0)</b>
<b>Net Income</b>	<b>\$ 75.0</b>	<b>\$ 158.8</b>	<b>\$ (83.8)</b>
<b>Sales Statistics</b>			
Water Sales (TAF)	1,372.7	1,430.7	(58.1)
Wheeling/Exchange (TAF)	63.2	50.4	12.8
Power Sales (mWh)	195.5	278.7	(83.2)
Average Sales Price <sup>(3)</sup>			
Water Sales	\$ 462.01	\$ 430.14	\$ 31.87
Wheeling/Exchange	\$ 280.44	\$ 264.24	\$ 16.20
Power Sales	\$ 0.06	\$ 0.06	\$ 0.01

**Notes:**

- (1) Variance from prior year year includes \$30.0 million attributed to higher OMP&R costs and \$26.3 million lower credits in FY09 compared to FY08.
- (2) Includes fair value adjustment of (\$5.5) million and \$9.7 million at February 28, 2009 and February 29, 2008, 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)

	February 28, 2009	February 29, 2008	<i>Increase/ (Decrease)</i>
<b>Assets:</b>			
Cash and investments at book value <sup>(1)</sup>	\$ 1,036.6	\$ 1,194.8	\$ (158.3)
Fair Value Adjustment	(3.5)	8.9	(12.4)
Accounts Receivable	272.4	204.1	68.3 <sup>(2)</sup>
Property, Plant and Equipment, net	7,683.5	7,380.1	303.4
Prepaid State Water Project Costs, net	1,576.6	1,565.4	11.2
Participation Rights, net	248.7	255.8	(7.1)
Deferred Charges and Water Rights	374.1	331.8	42.2
Other	155.3	144.5	10.8
<b>Total Assets</b>	<b>\$ 11,343.6</b>	<b>\$ 11,085.6</b>	<b>\$ 258.0</b>
<b>Liabilities and Equity:</b>			
Long-Term Debt	\$ 4,676.0	\$ 4,569.1	\$ 106.9
Off-Aqueduct Power Facilities	62.4	68.5	(6.1)
Accounts Payable and Accrued Bond Interest	168.8	138.7	30.1
Deferred Income	81.7	79.1	2.5
State Water Project Obligations	342.9	308.3	34.6
Trust Funds and Other	87.4	88.9	(1.5)
<b>Total Liabilities</b>	<b>5,419.1</b>	<b>5,252.7</b>	<b>166.4</b>
<b>Equity</b>	<b>5,924.5</b>	<b>5,832.9</b>	<b>91.6</b>
<b>Total Liabilities and Equity</b>	<b>\$ 11,343.6</b>	<b>\$ 11,085.6</b>	<b>\$ 258.0</b>

Revenue Bond Debt as a percent of equity	Actual	74.5	%	74.5	%
	Target	< 100.0	%	< 100.0	%

**Notes:**

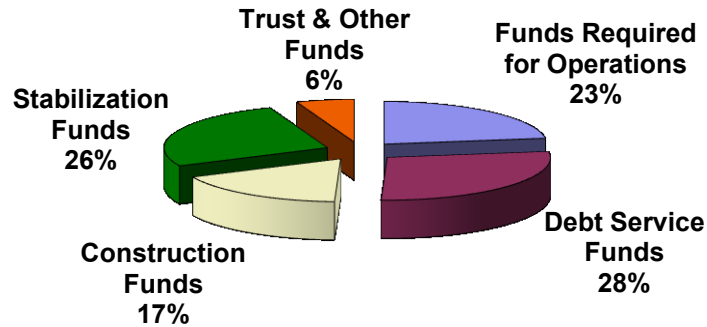
- (1) Fair value of cash and investments was \$1,033.1 million and \$1,203.7 million at February 28, 2009 and February 29, 2008, respectively.
- (2) Includes \$40 million of Proposition 50 grant billings. Due to the state funding/budget crisis, payment has been placed on hold indefinitely. The state of California is reassessing its budget/bond situation.
- (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 February 28, 2009 (Dollars in millions)

	Restricted		Unrestricted	Total
	Contractual	Board		
Funds Required for Operations	\$ 159.5	\$ 76.6	\$ -	\$ 236.1
Debt Service Funds	288.5	-	-	288.5
Construction Funds	179.3	-	0.8	180.1
Stabilization Funds	-	-	272.8	272.8 <sup>(1)</sup>
Trust & Other Funds	39.9	19.2	-	59.1
<b>Total</b>	<b>\$ 667.2</b>	<b>\$ 95.8</b>	<b>\$ 273.6</b>	<b>\$ 1,036.6</b>

(1) Includes \$10.6 million of investments posted as collateral with Morgan Stanley.



The Metropolitan Water District of Southern California

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

	For the Eight Months Ended February 28, 2009				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	\$ 253.8	\$ 159.5	\$ 94.3	37%	\$ 373.9	\$ 305.0	\$ 68.9	18%
R & R/General Funds	64.5	75.5	(11.0)	(17%)	95.0	95.0	-	0%
<b>Total</b>	<b>\$ 318.3</b>	<b>\$ 235.0</b>	<b>\$ 83.3</b>	<b>26%</b>	<b>\$ 468.9</b>	<b>\$ 400.0</b>	<b>\$ 68.9</b>	<b>15%</b>
<b>Program Expenditures</b>								
Oxidation Retrofit Programs	\$ 68.1	\$ 64.2	\$ 3.9	6%	\$ 90.1	\$ 85.0	\$ 5.1	6%
Treatment Plant Improvement	53.0	20.7	32.4	61%	84.0	75.0	9.0	11%
Inland Feeder	40.4	56.1	(15.6)	(39%)	61.4	60.0	1.4	2%
Riverside Treatment Plant Land Acquisition	9.9	0.1	9.8	99%	9.9	4.0	5.9	60%
Perris Valley Pipeline	44.3	26.1	18.3	41%	61.7	48.0	13.7	22%
Distribution System - Rehabilitation Program	17.0	11.8	5.2	31%	23.5	20.0	3.5	15%
Mills Capacity Upgrade	22.7	9.8	12.9	57%	35.8	16.0	19.8	55%
CRA - Reliability/Containment Programs	8.7	3.8	4.9	56%	17.2	15.0	2.2	13%
Local Groundwater Storage	5.0	3.8	1.1	23%	10.3	10.0	0.3	3%
Power Reliability & Energy Conservation	3.6	0.3	3.4	93%	7.3	7.0	0.3	4%
Other	45.5	38.5	7.0	15%	67.8	60.0	7.8	11%
<b>Total</b>	<b>\$ 318.3</b>	<b>\$ 235.0</b>	<b>\$ 83.3</b>	<b>26%</b>	<b>\$ 468.9</b>	<b>\$ 400.0</b>	<b>\$ 68.9</b>	<b>15%</b>

Notes:

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

(2) Totals may not foot / cross foot due to rounding.



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** March 10, 2009  
**To:** Board of Directors  
**From:** General Counsel  
**Subject:** Review as to Eligibility of Securities Invested in by the  
Treasurer for the Month of February 2009

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 2009 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.

A handwritten signature in cursive script, appearing to read "Karen L. Tachiki".

Karen L. Tachiki

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