



*THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA*

Executive Financial Report For the Eleven Months Ended May 31, 2009

**Executive Financial Summary
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For the Eleven Months Ended May 31, 2009**

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The Metropolitan Water District of Southern California

Statements of Operations - Accrual Basis (Dollars in millions)

	For the Eleven Months Ended		<i>Favorable/ (Unfavorable) Variance</i>
	2009	May 31, 2008	
Operating Revenues:			
Water Sales	\$ 876.0	\$ 841.7	\$ 34.3
Wheeling / Exchange	25.5	19.0	6.5
Readiness-to-Serve	79.8	75.3	4.4
Capacity Charge	29.9	29.8	0.1
Power Sales	15.4	21.0	(5.5)
Total Operating Revenues	1,026.6	986.8	39.8
Operating Expenses:			
Cost of Water	359.8	306.7	(53.0) ⁽¹⁾
Operations & Maintenance	316.5	307.0	(9.5)
Demand Management Programs	70.3	44.2	(26.2)
Depreciation & Amortization	205.9	201.0	(4.9)
Total Operating Expenses	952.6	858.9	(93.6)
Net Operating Income	74.1	127.9	(53.8)
Other Income (Expense):			
Net Taxes/Annexations	98.1	94.3	3.8
Investment Income	30.4	64.1	(33.7) ⁽²⁾
Bond Interest Expense	(91.2)	(103.2)	12.1
Other	(0.5)	0.6	(1.1)
Total Other Income/(Expense) - Net	36.8	55.8	(18.9)
Net Income	\$ 110.9	\$ 183.7	\$ (72.8)
Sales Statistics			
Water Sales (TAF)	1,860.3	1,944.2	(83.9)
Wheeling/Exchange (TAF)	90.8	70.6	20.2
Power Sales (mWh)	236.7	367.2	(130.5)
Average Sales Price ⁽³⁾			
Water Sales	\$ 470.89	\$ 432.92	\$ 37.98
Wheeling/Exchange	\$ 281.33	\$ 269.79	\$ 11.54
Power Sales	\$ 0.07	\$ 0.06	\$ 0.01

Notes:

- (1) Variance from prior year year includes \$41.1 million attributed to higher OMP&R costs in FY09 compared to FY08.
- (2) Includes fair value adjustment of (\$4.4) million and \$4.5 million at May 31, 2009 and 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)

	2009	May 31, 2008	Increase/ (Decrease)
Assets:			
Cash and investments at book value ⁽¹⁾	\$ 954.2	\$ 1,071.8	\$ (117.6)
Fair Value Adjustment	(2.4)	3.7	(6.0)
Accounts Receivable	318.1	237.7	80.4 ⁽²⁾
Property, Plant and Equipment, net	7,796.3 ⁽³⁾	7,473.8	322.5
Prepaid State Water Project Costs, net	1,520.3	1,506.1	14.2
Participation Rights, net	248.7	254.1	(5.4)
Deferred Charges and Water Rights	271.3	256.7	14.7
Other	151.0	177.2	(26.2)
Total Assets	\$ 11,257.6	\$ 10,980.9	\$ 276.7
Liabilities and Equity:			
Long-Term Debt	\$ 4,628.1	\$ 4,539.3	\$ 88.9
Off-Aqueduct Power Facilities	60.8	67.0	(6.2)
Accounts Payable and Accrued Bond Interest	190.7	150.0	40.8
Deferred Income	24.9	24.2	0.7
State Water Project Obligations	280.3	251.3	29.1
Trust Funds and Other	89.2	91.4	(2.2)
Total Liabilities	5,274.1	5,123.0	151.1
Equity	5,983.5 ⁽³⁾	5,857.8	125.6
Total Liabilities and Equity	\$ 11,257.6	\$ 10,980.9	\$ 276.7

Revenue Bond Debt as a percent of equity	Actual	74.2	%	74.5	%
	Target ⁽⁴⁾	< 100.0	%	< 100.0	%

Notes:

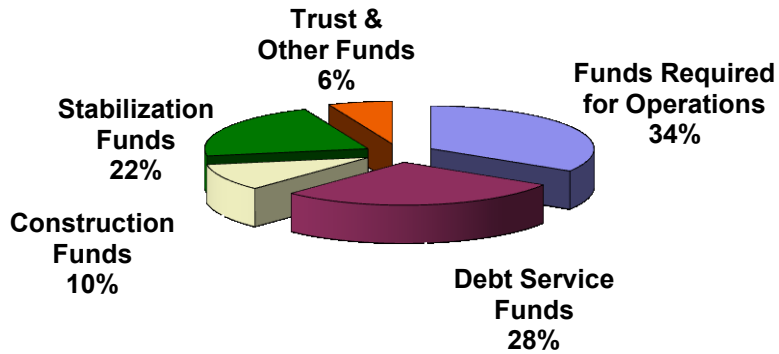
- (1) Fair value of cash and investments was \$951.8 million and \$1,075.5 million at May 31, 2009 and 2008, respectively.
- (2) Includes \$40.7 million of Proposition 50 grant billings placed on hold as the state re-assesses funding/budget issues. Payment has been approved but funds have not yet become available.
- (3) Includes \$14.4 million of the Center for Water Education's (CWE) retained earnings transferred to Metropolitan in April 2009 upon recording the dissolution of the CWE.
- (4) Per Metropolitan Water District Act - Part 5, Chapter 1.6, Section 239.2.
- (5) Reclassification of prior year amounts has been made to conform to current year presentation.
- (6) Totals may not foot / cross foot due to rounding.

The Metropolitan Water District of Southern California

Cash and Investments at Book Value As of May 31, 2009 (Dollars in millions)

	Restricted		Unrestricted	Total
	Contractual	Board		
Funds Required for Operations	\$ 226.5	\$ 95.2	\$ 0.8	\$ 322.5
Debt Service Funds	270.2	-	-	270.2
Construction Funds	96.6	-	0.4	97.0
Stabilization Funds	-	-	204.0	204.0 ⁽¹⁾
Trust & Other Funds	41.1	19.4	-	60.5
Total	\$ 634.4	\$ 114.6	\$ 205.2	\$ 954.2

(1) There were no investments posted as collateral with Morgan Stanley at May 31, 2009.



The Metropolitan Water District of Southern California

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

	For the Eleven Months Ended May 31, 2009				Fiscal Year Ending June 30, 2009			
	Estimate	Actual	Variance from Estimate		Estimate	Projected ⁽¹⁾	Variance from Estimate	
			\$	%			\$	%
Sources of Funds								
Bond Construction Funds	\$ 343.5	\$ 223.1	\$ 120.4	35%	\$ 373.9	\$ 339.0	\$ 34.9	9%
R & R/General Funds	87.3	107.1	(19.8)	(23%)	95.0	30.0 ⁽²⁾	65.0	68%
Total	\$ 430.8	\$ 330.1	\$ 100.6	23%	\$ 468.9	\$ 369.0	\$ 99.9	21%
Program Expenditures								
Oxidation Retrofit Programs	\$ 85.0	\$ 76.2	\$ 8.8	10%	\$ 90.1	\$ 85.0	\$ 5.1	6%
Treatment Plant Improvement	76.1	41.2	34.9	46%	84.0	45.0	39.0	46%
Inland Feeder	56.1	80.3	(24.3)	(43%)	61.4	80.0	(18.6)	(30%)
Riverside Treatment Plant Land Acquisition	9.9	0.1	9.8	99%	9.9	-	9.9	100%
Perris Valley Pipeline	57.2	30.9	26.3	46%	61.7	40.0	21.7	35%
Distribution System - Rehabilitation Program	22.1	16.3	5.7	26%	23.5	20.0	3.5	15%
Mills Capacity Upgrade	32.4	12.7	19.7	61%	35.8	15.0	20.8	58%
CRA - Reliability/Containment Programs	15.0	5.4	9.6	64%	17.2	7.0	10.2	59%
Local Groundwater Storage	8.7	3.6	5.1	59%	10.3	10.0	0.3	3%
Power Reliability & Energy Conservation	6.4	12.3	(6.0)	(94%)	7.3	7.0	0.3	4%
Other	62.0	51.3	10.8	17%	67.8	60.0	7.8	11%
Total	\$ 430.8	\$ 330.1	\$ 100.6	23%	\$ 468.9	\$ 369.0	\$ 99.9	21%

Notes:

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

(2) R&R expenses were reduced from \$95 million to \$30 million per approved action at the March 2009 Board meeting.

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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: June 9, 2009
To: Board of Directors
From: General Counsel
Subject: Review as to Eligibility of Securities Invested in by the
Treasurer for the Month of May 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 May 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 investments listed on Attachment 2a 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