



*THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA*

# **Executive Financial Report For the Four Months Ended October 31, 2009**

**Executive Financial Summary**  
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**For the Four Months Ended October 31, 2009**

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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>
	2009	2008	
<b>Operating Revenues:</b>			
Water Sales	\$ 406.7	\$ 390.3	\$ 16.4
Wheeling / Exchange	10.2	7.1	3.2
Readiness-to-Serve	34.3	29.0	5.3
Capacity Charge	10.8	10.9	(0.1)
Power Sales	9.9	9.0	0.9
<b>Total Operating Revenues</b>	<b>472.0</b>	446.4	25.7
<b>Operating Expenses:</b>			
Cost of Water	173.1	146.8	(26.3)
Operations & Maintenance	122.8	118.5	(4.3)
Demand Management Programs	20.8	26.8	6.0
Depreciation & Amortization	78.1	74.9	(3.1)
<b>Total Operating Expenses</b>	<b>394.7</b>	367.0	(27.7)
<b>Net Operating Income</b>	<b>77.3</b>	79.4	(2.1)
<b>Other Income (Expense):</b>			
Net Taxes/Annexations	35.2	35.7	(0.5)
Investment Income	16.3	(8.3)	24.7
Bond Interest Expense	(38.3)	(35.4)	(2.9)
Other	0.7	(0.8)	1.5
<b>Total Other Income/(Expense) - Net</b>	<b>14.0</b>	(8.7)	22.7
<b>Net Income</b>	<b>\$ 91.3</b>	\$ 70.7	\$ 20.7

### Sales Statistics:

Water Sales (TAF)	736.2	876.2	(140.1)
Wheeling/Exchange (TAF)	34.3	25.2	9.0
Power Sales (mWh)	123.6	138.0	(14.4)
Average Sales Price (1)			
Water Sales	\$ 552.49	\$ 445.47	\$ 107.02
Wheeling/Exchange	\$ 298.69	\$ 280.58	\$ 18.12
Power Sales	\$ 0.08	\$ 0.07	\$ 0.01

### Ratios:

Fixed Charge Coverage (rolling 12 months) - Cash Basis:

Actual	1.31 x	1.12 x
Target (2)	≥ 1.20 x	≥ 1.20 x

Revenue Bond Debt Service Coverage (rolling 12 months) - Cash Basis:

Actual	1.79 x	1.49 x
Target (2)	> 2.00 x	> 2.00 x

### Notes:

- (1) Average prices calculated using exact rather than rounded dollar amounts.
- (2) Board adopted guideline.
- (3) Totals may not foot / cross foot due to rounding.

# The Metropolitan Water District of Southern California

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

	2009	October 31, 2008	<i>Increase/ (Decrease)</i>
<b>Assets:</b>			
Cash and investments at book value <sup>(1)</sup>	\$ 1,158.1	\$ 845.4	\$ 312.7
Fair Value Adjustment	0.9	(19.5)	20.4
Accounts Receivable	435.4	405.7	29.7
Property, Plant and Equipment, net	7,867.8	7,584.6	283.2
Prepaid State Water Project Costs, net	1,643.7	1,644.7	(1.0)
Participation Rights, net	358.0	251.1	107.0
Deferred Charges and Water Rights	456.2	486.2	(30.0)
Other	185.1	186.4	(1.3)
<b>Total Assets</b>	<b>\$ 12,105.2</b>	<b>\$ 11,384.6</b>	<b>\$ 720.6</b>
<b>Liabilities and Equity:</b>			
Long-Term Debt	\$ 4,896.1	\$ 4,469.5	\$ 426.6
Off-Aqueduct Power Facilities	58.4	64.5	(6.1)
Accounts Payable and Accrued Bond Interest	198.7	171.5	27.1
Deferred Income	152.0	141.7	10.2
State Water Project Obligations	568.4	523.0	45.4
Trust Funds and Other	93.2	94.0	(0.8)
<b>Total Liabilities</b>	<b>5,966.7</b>	<b>5,464.4</b>	<b>502.4</b>
<b>Equity</b>	<b>6,138.5</b>	<b>5,920.2</b>	<b>218.2</b>
<b>Total Liabilities and Equity</b>	<b>\$ 12,105.2</b>	<b>\$ 11,384.6</b>	<b>\$ 720.6</b>

Revenue Bond Debt as a percent of equity	Actual	76.3 %	71.1 %
	Target <sup>(2)</sup>	< 100.0 %	< 100.0 %

**Notes:**

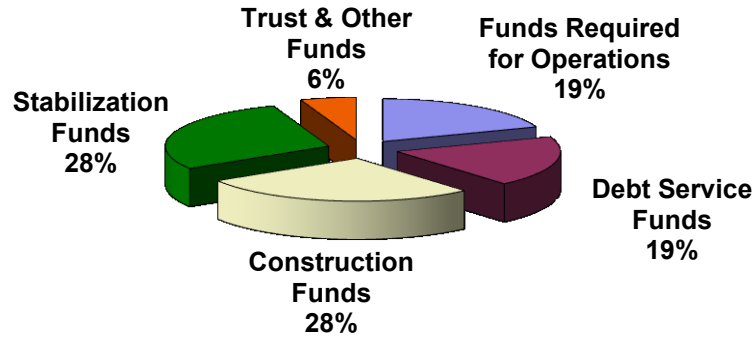
- (1) Fair value of cash and investments was \$1,159.0 million and \$825.9 million at October 31, 2009 and 2008, respectively.
- (2) Per Metropolitan Water District Act - Part 5, Chapter 1.6, Section 239.2.
- (3) Certain reclassifications of prior year amounts has been made to conform to current year 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 October 31, 2009 (Dollars in millions)

	Restricted		Unrestricted	Total
	Contractual	Board		
Funds Required for Operations	\$ 180.3	\$ 44.3	\$ 0.1	\$ 224.7
Debt Service Funds	222.8	-	-	222.8
Construction Funds	293.5	-	25.6	319.1
Stabilization Funds	-	-	327.7	327.7 <sup>(1)</sup>
Trust & Other Funds	44.3	19.5	-	63.8
<b>Total</b>	<b>\$ 740.9</b>	<b>\$ 63.8</b>	<b>\$ 353.4</b>	<b>\$ 1,158.1</b>

(1) Includes \$2.9 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 Four Months Ended October 31, 2009				Fiscal Year Ending June 30, 2010			
	Estimate	Actual	Variance from Estimate		Estimate	Projected <sup>(1)</sup>	Variance from Estimate	
			\$	%			\$	%
<b>Sources of Funds</b>								
Bond Construction Funds	\$ 137.0	\$ 90.1	\$ 46.9	34%	\$ 375.4	\$ 334.4	\$ 41.0	11%
R & R/General Funds	13.4	11.8	1.6	12%	36.7	36.7	-	0%
<b>Total</b>	<b>\$ 150.4</b>	<b>\$ 101.9</b>	<b>\$ 48.5</b>	<b>32%</b>	<b>\$ 412.1</b>	<b>\$ 371.1</b>	<b>\$ 41.0</b>	<b>10%</b>
<b>Program Expenditures</b>								
Treatment Plant Improvement	\$ 30.6	\$ 16.5	\$ 14.1	46%	\$ 118.2	\$ 103.5	\$ 14.7	12%
Oxidation Retrofit Programs	28.8	27.0	1.8	6%	92.8	92.8	-	0%
Inland Feeder	24.5	23.9	0.6	2%	49.6	49.6	-	0%
Distribution System - Rehabilitation Program	8.8	5.1	3.7	42%	23.1	20.1	3.0	13%
Perris Valley Pipeline	9.3	10.3	(1.0)	(11%)	19.5	19.5	-	0%
CRA - Reliability/Containment Programs	4.0	2.6	1.4	36%	17.3	17.3	-	0%
Hayfield Ground Storage Program	4.9	0.6	4.3	87%	13.4	10.2	3.2	24%
Riverside Treatment Plant Land Acquisition	11.9	0.0	11.9	100%	11.9	-	11.9	100%
Power Reliability & Energy Conservation	7.2	0.7	6.5	90%	9.6	3.6	6.0	62%
Information Technology System - Infrastructure	3.8	1.7	2.0	54%	6.0	3.8	2.2	37%
Other	16.7	13.5	3.2	19%	50.7	50.7	-	0%
<b>Total</b>	<b>\$ 150.4</b>	<b>\$ 101.9</b>	<b>\$ 48.5</b>	<b>32%</b>	<b>\$ 412.1</b>	<b>\$ 371.1</b>	<b>\$ 41.0</b>	<b>10%</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:** November 11, 2009  
**To:** Board of Directors  
**From:** General Counsel  
**Subject:** Review as to Eligibility of Securities Invested in by the  
Treasurer for the Month of October 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 October 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 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