



*THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA*

Executive Financial Report For the Eight Months Ended February 28, 2010

Executive Financial Summary
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For the Eight Months Ended February 28, 2010

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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,		<i>Favorable/ (Unfavorable) Variance</i>
	2010	2009	
Operating Revenues:			
Water Sales	\$ 632.7	\$ 634.2	\$ (1.5)
Wheeling / Exchange	41.1	17.7	23.3
Readiness-to-Serve	68.7	58.0	10.7
Capacity Charge	22.0	21.8	0.1
Power Sales	13.0	12.6	0.4
Total Operating Revenues	777.3	744.3	33.0
Operating Expenses:			
Cost of Water	295.2	269.0	(26.2)
Operations & Maintenance	223.5	224.6	1.0
Demand Management Programs	37.0	51.3	14.3
Depreciation & Amortization	159.4	149.2	(10.3)
Total Operating Expenses	715.2	694.1	(21.1)
Net Operating Income	62.1	50.2	11.9
Other Income (Expense):			
Net Taxes/Annexations	70.5	71.4	(1.0)
Investment Income	26.0	19.9	6.1
Bond Interest Expense	(84.7)	(66.5)	(18.3)
Other	0.7	(0.1)	0.7
Total Other Income/(Expense) - Net	12.3	24.7	(12.4)
Net Income	\$ 74.5	\$ 75.0	\$ (0.5)

Sales Statistics:

Water Sales (TAF)	1,076.2	1,372.7	(296.5)
Wheeling/Exchange (TAF)	132.8	63.2	69.6
Power Sales (mWh)	170.2	195.5	(25.3)
Average Sales Price (1)			
Water Sales	\$ 587.88	\$ 462.01	\$ 125.88
Wheeling/Exchange	\$ 309.20	\$ 280.44	\$ 28.75
Power Sales	\$ 0.08	\$ 0.06	\$ 0.01

Ratios:

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

Actual	1.20 x	1.03 x
Target (2)	≥ 1.20 x	≥ 1.20 x

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

Actual	1.72 x	1.45 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)

	February 28		<i>Increase/ (Decrease)</i>
	2010	2009	
Assets:			
Cash and investments at book value ⁽¹⁾	\$ 1,157.0	\$ 1,036.6	\$ 120.5
Fair Value Adjustment	1.0	(3.5)	4.5
Accounts Receivable	225.2	272.4	(47.2)
Property, Plant and Equipment, net	7,925.1	7,683.5	241.6
Prepaid State Water Project Costs, net	1,591.2	1,576.6	14.6
Participation Rights, net	353.9	248.7	105.2
Deferred Charges and Water Rights	370.0	375.4	(5.4)
Other	196.3	154.0	42.3
Total Assets	\$ 11,819.6	\$ 11,343.6	\$ 476.0
Liabilities and Equity:			
Long-Term Debt	\$ 4,889.8	\$ 4,676.0	\$ 213.8
Off-Aqueduct Power Facilities	56.0	62.4	(6.4)
Accounts Payable and Accrued Bond Interest	199.5	168.8	30.7
Deferred Income	86.0	81.7	4.3
State Water Project Obligations	375.5	342.9	32.6
Trust Funds and Other	91.2	87.4	3.8
Total Liabilities	5,698.0	5,419.1	278.9
Equity	6,121.6	5,924.5	197.1
Total Liabilities and Equity	\$ 11,819.6	\$ 11,343.6	\$ 476.0

Revenue Bond Debt as a percent of equity	Actual	76.0 %	71.1 %
	Target ⁽²⁾	< 100.0 %	< 100.0 %

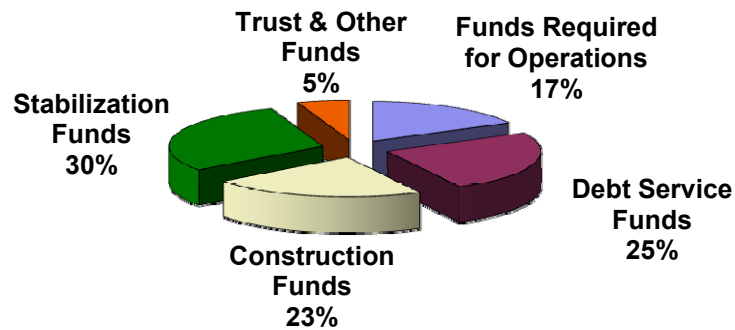
Notes:

- (1) Fair value of cash and investments was \$1,158.0 million and \$1,033.1 million at February 28, 2010 and 2009, respectively.
- (2) Per Metropolitan Water District Act - Part 5, Chapter 1.6, Section 239.2.
- (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, 2010 (Dollars in millions)

	Restricted		Unrestricted	Total
	Contractual	Board		
Funds Required for Operations	\$ 157.0	\$ 43.2	\$ 0.5	\$ 200.7
Debt Service Funds	288.1	-	-	288.1
Construction Funds	230.9	-	30.9	261.8
Stabilization Funds	-	-	343.6	343.6
Trust & Other Funds	43.3	19.5	-	62.8
Total	\$ 719.3	\$ 62.7	\$ 375.0	\$ 1,157.0



The Metropolitan Water District of Southern California

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

	For the Eight Months Ended February 28, 2010				Fiscal Year Ending June 30, 2010				
	Budget	Actual	Variance from Budget		Budget	Projected ⁽¹⁾	Variance from Budget		
			\$	%			\$	%	
Sources of Funds									
Bond Construction Funds	\$ 257.7	\$ 146.4	\$ 111.3	43%	\$ 375.4	\$ 310.0	\$ 65.3	17%	
R & R/General Funds	25.2	27.3	(2.1)	(9%)	36.7	36.7	-	0%	
Total	\$ 282.9	\$ 173.8	\$ 109.1	39%	\$ 412.1	\$ 346.7	\$ 65.3	16%	
Program Expenditures									
Treatment Plant Improvement	\$ 60.8	\$ 36.2	\$ 24.6	40%	\$ 118.2	\$ 107.3	\$ 10.9	9%	
Oxidation Retrofit Programs	72.6	56.0	16.7	23%	92.8	81.4	11.4	12%	
Inland Feeder	15.7	28.7	(13.0)	(82%)	49.6	45.9	3.7	7%	
Distribution System - Rehabilitation Program	41.3	8.7	32.7	79%	23.1	18.3	4.8	21%	
Perris Valley Pipeline	9.4	13.4	(4.0)	(43%)	19.5	19.5	-	0%	
CRA - Reliability/Containment Programs	9.4	5.2	4.2	45%	17.3	12.0	5.3	31%	
Hayfield Ground Storage Program	11.9	1.0	10.9	91%	13.4	2.0	11.4	85%	
Riverside Treatment Plant Land Acquisition	16.0	0.0	15.9	100%	11.9	-	11.9	100%	
Power Reliability & Energy Conservation	4.2	1.3	2.9	69%	9.6	3.6	6.0	62%	
Information Technology System - Infrastructure	9.3	2.6	6.7	72%	6.0	6.0	0.0	0%	
Other	32.2	20.6	11.6	36%	50.7	50.7	-	0%	
Total	\$ 282.9	\$ 173.8	\$ 109.1	39%	\$ 412.1	\$ 346.7	\$ 65.3	16%	

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, 2010
To: Board of Directors
From: General Counsel
Subject: Review as to Eligibility of Securities Invested in by the
Treasurer for the Month of February 2010

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 2010 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