



*THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA*

# **Executive Financial Report**

## **For the Eleven Months Ended May 31, 2010**

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# The Metropolitan Water District of Southern California

## Statements of Operations - Accrual Basis (Dollars in millions)

	For the Eleven Months Ended May 31,		<i>Favorable/ (Unfavorable) Variance</i>
	2010	2009	
<b>Operating Revenues:</b>			
Water Sales	\$ 864.8	\$ 876.0	\$ (11.2)
Wheeling / Exchange	52.7	25.5	27.1
Readiness-to-Serve	94.4	79.8	14.7
Capacity Charge	30.6	29.9	0.7
Power Sales	18.2	15.4	2.7
	<b>1,060.6</b>	1,026.6	33.9
<b>Operating Expenses:</b>			
Cost of Water	390.4	359.8	(30.6)
Operations & Maintenance	304.8	316.5	11.8
Demand Management Programs	49.3	70.3	21.0
Depreciation & Amortization	220.9	205.9	(14.9)
	<b>965.3</b>	952.6	(12.7)
<b>Net Operating Income</b>	<b>95.3</b>	74.0	21.2
<b>Other Income (Expense):</b>			
Net Taxes/Annexations	96.8	98.1	(1.4)
Investment Income	34.7	30.4	4.3
Bond Interest Expense	(117.8)	(91.2)	(26.6)
Other	2.7	(0.5)	3.2
	<b>16.3</b>	36.8	(20.5)
<b>Net Income</b>	<b>\$ 111.6</b>	\$ 110.9	\$ 0.7

**Note:**

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

# The Metropolitan Water District of Southern California

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

	2010	May 31, 2009	Increase/ (Decrease)
<b>Assets:</b>			
Cash and investments at book value <sup>(1)</sup>	\$ 1,071.3	\$ 954.2	\$ 117.1
Fair Value Adjustment	2.6	(2.4)	5.0
Accounts Receivable	272.0	318.1	(46.1)
Property, Plant and Equipment, net	7,997.1	7,796.3	200.8
Prepaid State Water Project Costs, net	1,531.8	1,520.3	11.5
Participation Rights, net	350.7	248.7	102.0
Deferred Charges and Water Rights	275.4	280.7	(5.3)
Other	187.5	141.6	45.9
<b>Total Assets</b>	<b>\$ 11,688.5</b>	<b>\$ 11,257.6</b>	<b>\$ 430.9</b>
<b>Liabilities and Equity:</b>			
Long-Term Debt	\$ 4,854.1	\$ 4,628.1	\$ 226.0
Off-Aqueduct Power Facilities	54.2	60.8	(6.5)
Accounts Payable and Accrued Bond Interest	216.1	190.7	25.3
Deferred Income	26.1	24.9	1.3
State Water Project Obligations	291.0	280.3	10.6
Trust Funds and Other	88.2	89.2	(1.0)
<b>Total Liabilities</b>	<b>5,529.7</b>	<b>5,274.1</b>	<b>255.6</b>
<b>Equity</b>	<b>6,158.8</b>	<b>5,983.5</b>	<b>175.3</b>
<b>Total Liabilities and Equity</b>	<b>\$ 11,688.5</b>	<b>\$ 11,257.6</b>	<b>\$ 430.9</b>

**Notes:**

- (1) Fair value of cash and investments was \$1,073.9 million and \$951.8 million at May 31, 2010 and 2009, respectively.
- (2) Certain reclassifications of prior year amounts have been made to conform to current year presentation.
- (3) Totals may not foot / cross foot due to rounding.

# The Metropolitan Water District of Southern California

## Statistics and Ratios - Cash and Accrual Basis For the Eleven Months Ended

	2010	May 31, 2009	<i>Increase/ (Decrease)</i>
<b>Sales Statistics:</b>			
Water Sales (TAF)	1,457.7	1,860.3	(402.6)
Wheeling/Exchange (TAF)	169.7	90.8	78.9
Power Sales (mWh)	233.7	236.7	(3.0)

Average Sales Price <sup>(1)</sup>

Water Sales	\$ 593.26	\$ 470.89	\$ 122.36
Wheeling/Exchange	\$ 310.24	\$ 281.33	\$ 28.91
Power Sales	\$ 0.08	\$ 0.07	\$ 0.01

**Ratios:**

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

Actual	1.14 x	1.03 x
Target <sup>(2)</sup>	≥ 1.20 x	≥ 1.20 x

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

Actual	1.65 x	1.45 x
Target <sup>(2)</sup>	> 2.00 x	> 2.00 x

Revenue Bond Debt as a Percent of Equity

Actual	76.0 %	71.1 %
Target <sup>(3)</sup>	< 100.0 %	< 100.0 %

Notes:

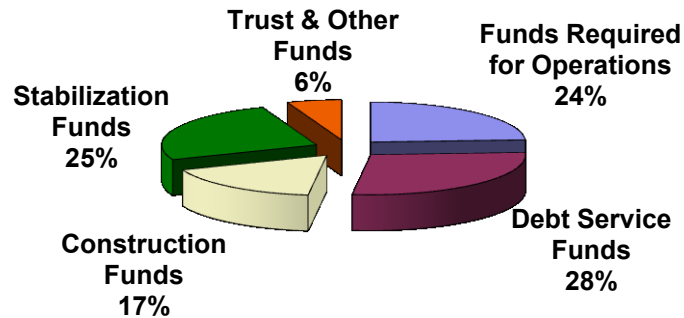
- (1) Average prices calculated using exact rather than rounded dollar amounts.
- (2) Board adopted guideline.
- (3) Per Metropolitan Water District Act - Part 5, Chapter 1.6, Section 239.2.

# The Metropolitan Water District of Southern California

## Cash and Investments at Book Value As of May 31, 2010 (Dollars in millions)

	Restricted		Unrestricted	Total
	Contractual	Board		
Funds Required for Operations	\$ 198.8	\$ 58.6	\$ 0.9	\$ 258.3
Debt Service Funds	297.9	-	-	297.9
Construction Funds	161.5	-	21.1	182.6
Stabilization Funds	-	-	271.7	271.7 <sup>(1)</sup>
Trust & Other Funds	41.2	19.6	-	60.8
<b>Total</b>	<b>\$ 699.4</b>	<b>\$ 78.2</b>	<b>\$ 293.7</b>	<b>\$ 1,071.3</b>

(1) Includes \$9.3 million of investments posted as collateral with Morgan Stanley.



The Metropolitan Water District of Southern California

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

	For the Eleven Months Ended May 31, 2010				Fiscal Year Ending June 30, 2010			
	Budget	Actual	Variance from Budget		Budget	Projected <sup>(1)</sup>	Variance from Budget	
			\$	%			\$	%
<b>Sources of Funds</b>								
Bond Construction Funds	\$ 346.5	\$ 223.4	\$ 123.1	36%	\$ 375.4	\$ 273.3	\$ 102.0	27%
R & R/General Funds	33.9	34.5	(0.6)	(2%)	36.7	36.7	-	0%
<b>Total</b>	<b>\$ 380.4</b>	<b>\$ 258.0</b>	<b>\$ 122.5</b>	<b>32%</b>	<b>\$ 412.1</b>	<b>\$ 310.0</b>	<b>\$ 102.0</b>	<b>25%</b>
<b>Program Expenditures</b>								
Treatment Plant Improvement	\$ 107.3	\$ 55.5	\$ 51.8	48%	\$ 118.2	\$ 80.0	\$ 38.2	32%
Oxidation Retrofit Programs	85.0	79.8	5.1	6%	92.8	81.4	11.4	12%
Inland Feeder	47.7	45.1	2.6	5%	49.6	45.9	3.8	8%
Distribution System - Rehabilitation Program	21.4	14.6	6.7	31%	23.1	15.0	8.1	35%
Perris Valley Pipeline	18.6	18.3	0.3	2%	19.5	15.4	4.1	21%
CRA - Reliability/Containment Programs	15.2	12.6	2.6	17%	17.3	12.0	5.3	31%
Hayfield Ground Storage Program	12.4	1.1	11.3	91%	13.4	2.0	11.4	85%
Riverside Treatment Plant Land Acquisition	11.9	0.0	11.9	100%	11.9	-	11.9	100%
Power Reliability & Energy Conservation	9.6	1.6	7.9	83%	9.6	3.6	6.0	62%
Information Technology System - Infrastructure	5.5	3.0	2.5	45%	6.0	4.0	2.0	33%
Other	45.8	26.2	19.7	43%	50.7	50.7	-	0%
<b>Total</b>	<b>\$ 380.4</b>	<b>\$ 258.0</b>	<b>\$ 122.5</b>	<b>32%</b>	<b>\$ 412.1</b>	<b>\$ 310.0</b>	<b>\$ 102.0</b>	<b>25%</b>

**Note:**

(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:** June 9, 2010  
**To:** Board of Directors  
**From:** General Counsel  
**Subject:** Review as to Eligibility of Securities Invested in by the  
Treasurer for the Month of May 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 May 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