



*THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA*

Executive Financial Report For the Ten Months Ended April 30, 2011

Executive Financial Report
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For the Ten Months Ended April 30, 2011

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The Metropolitan Water District of Southern California

Statements of Operations - Accrual Basis (Dollars in millions)

	For the Ten Months Ended April 30,		<i>Favorable/ (Unfavorable) Variance</i>
	2011	2010 Restated (1)	
Operating Revenues:			
Water Sales	\$ 739.4	\$ 774.9	\$ (35.5)
Wheeling / Exchange	44.1	48.8	(4.7)
Readiness-to-Serve	99.6	85.8	13.7
Capacity Charge	28.7	27.7	1.0
Power Sales	18.8	15.3	3.5
Total Operating Revenues	930.5	952.5	(22.0)
Operating Expenses:			
Cost of Water	288.9	354.0	65.0
Operations & Maintenance	290.9	273.5	(17.4)
Demand Management Programs	37.0	45.6	8.6
Depreciation & Amortization	222.1	200.4	(21.7)
Total Operating Expenses	838.9	873.4	34.5
Net Operating Income	91.6	79.1	12.5
Other Income (Expense):			
Net Taxes/Annexations	73.5	88.0	(14.4)
Investment Income	10.9	29.4	(18.5)
Bond Interest Expense	(110.9)	(110.6)	(0.4)
Other	9.8	4.3	5.5
Total Other Income/(Expense) - Net	(16.7)	11.0	(27.8)
Net Income	\$ 74.9	\$ 90.1	\$ (15.2)

Notes:

- (1) Restatement relates to implementaton of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*.
- (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

Balance Sheets - Accrual Basis (Dollars in millions)

	April 30,		
	2011	2010 Restated (2)	<i>Increase/ (Decrease)</i>
Assets:			
Cash and investments at book value (1)	\$ 1,027.1	\$ 1,054.7	\$ (27.7)
Fair Value Adjustment	1.1	0.8	0.3
Accounts Receivable	231.0	264.0	(33.0)
Property, Plant and Equipment, net	8,164.2	7,978.1	186.1
Prepaid State Water Project Costs, net	1,589.8	1,550.9	38.8
Participation Rights, net	374.5	351.8	22.7
Deferred Charges and Water Rights	313.0	295.8	17.1
Deferred Outflow of Effective Swaps	32.6	32.5	0.1
Other	223.7	192.3	31.4
Total Assets	\$ 11,956.8	\$ 11,721.0	\$ 235.8
Liabilities and Equity:			
Long-Term Debt	\$ 4,895.9	\$ 4,783.4	\$ 112.5
Fair Value of Interest Rate Swaps	120.1	106.0	14.0
Off-Aqueduct Power Facilities	48.8	54.8	(6.0)
Accounts Payable and Accrued Bond Interest	224.4	195.4	29.0
Deferred Income	49.8	50.1	(0.3)
State Water Project Obligations	286.6	304.7	(18.1)
Trust Funds and Other	94.8	89.4	5.5
Total Liabilities	5,720.3	5,583.8	136.5
Equity	6,236.6	6,137.2	99.3
Total Liabilities and Equity	\$ 11,956.8	\$ 11,721.0	\$ 235.8

Notes:

- (1) Fair value of cash and investments was \$1,028.2 million and \$1,055.5 million at April 30, 2011 and 2010, respectively.
- (2) Restatement relates to implementation of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*.
This pronouncement requires derivative instruments to be reported at their fair value on the balance sheet along with a related deferred outflow to be recorded for effective hedges.
- (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 Ten Months Ended

	April 30,		
	2011	2010 Restated ⁽⁴⁾	<i>Increase/ (Decrease)</i>
Sales Statistics:			
Water Sales (TAF)	1,155.8	1,312.5	(156.7)
Wheeling/Exchange (TAF)	130.5	157.4	(26.9)
Power Sales (MWh)	249.9	203.1	46.8
Average Sales Price ⁽¹⁾			
Water Sales	\$ 639.71	\$ 590.36	\$ 49.34
Wheeling/Exchange	\$ 337.69	\$ 309.95	\$ 27.74
Power Sales	\$ 0.08	\$ 0.08	\$ -

Ratios:

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

Actual	0.91 x	1.07 x
Target ⁽²⁾	≥ 1.20 x	≥ 1.20 x

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

Actual	1.36 x	1.56 x
Target ⁽²⁾	> 2.00 x	> 2.00 x

Revenue Bond Debt as a Percent of Equity

Actual	77.1 %	76.1 %
Target ⁽³⁾	< 100.0 %	< 100.0 %

Notes:

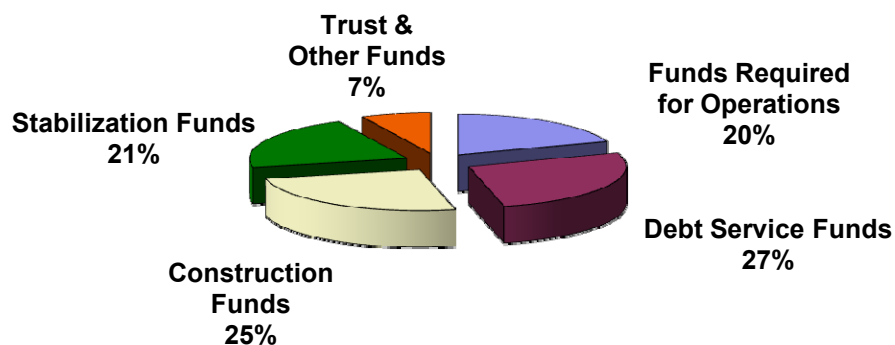
- (1) Average prices calculated using exact rather than rounded dollar amounts.
- (2) Board adopted guideline.
- (3) Per Metropolitan Water District Act - Part 5, Chapter 1.6, Section 239.2.
- (4) Restatement relates to implementation of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*.

The Metropolitan Water District of Southern California

Cash and Investments at Book Value As of April 30, 2011 (Dollars in millions)

	Restricted		Unrestricted	Total
	Contractual	Board		
Funds Required for Operations	\$ 140.6	\$ 60.1	\$ 0.6	\$ 201.3
Debt Service Funds	275.1	-	-	275.1
Construction Funds	218.0	-	40.0	258.0
Stabilization Funds	5.0 ⁽¹⁾	-	214.4	219.4
Trust & Other Funds	53.5	19.8	-	73.3
Total	\$ 692.2	\$ 79.9	\$ 255.0	\$ 1,027.1

(1) Restricted investments of \$5 million are posted as collateral with Morgan Stanley pursuant to Metropolitan's interest rate swap agreements.



The Metropolitan Water District of Southern California

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

	For the Ten Months Ended April 30, 2011					Fiscal Year Ending June 30, 2011				
	Budget	Actual	Variance from Budget		Budget	Projected	Variance from Budget			
			\$	%			\$	%		
Sources of Funds										
Bond Construction Funds	\$ 189.8	\$ 166.1	\$ 23.7	12%	\$ 164.9	\$ 180.0	\$ (15.1)	(9%)		
R & R/General Funds	31.2	26.5	4.7	15%	95.0	45.0	50.0	53%		
Total	\$ 221.0	\$ 192.7	\$ 28.4	13%	\$ 259.9	\$ 225.0	\$ 34.9	13%		
Program Expenditures										
Treatment Plant Improvement	\$ 71.9	\$ 60.9	\$ 11.0	15%	\$ 84.7	\$ 76.2	\$ 8.5	10%		
Oxidation Retrofit Programs	67.2	72.9	(5.6)	(8%)	79.8	79.8	(0.0)	(0%)		
Distribution System - Rehabilitation Program	28.2	17.0	11.2	40%	33.8	20.0	13.8	41%		
CRA - Reliability/Containment Programs	17.8	11.0	6.8	38%	22.3	15.0	7.3	33%		
Information Technology System	5.4	2.0	3.4	62%	6.3	3.0	3.3	52%		
Hydroelectric Power Plant Improvement Program	3.6	0.1	3.5	98%	4.7	0.2	4.5	96%		
Chlorine Containment and Handling Facilities	3.2	1.4	1.8	56%	4.2	2.0	2.2	53%		
Perris Valley Pipeline	3.6	8.6	(4.9)	(135%) ⁽¹⁾	3.6	8.3	(4.7)	(128%)		
Inland Feeder	3.1	2.7	0.3	11%	3.5	3.5	0.0	1%		
Other	17.0	16.1	0.9	5%	17.0	17.0	(0.0)	(0%)		
Total	\$ 221.0	\$ 192.7	\$ 28.4	13%	\$ 259.9	\$ 225.0	\$ 34.9	13%		

Notes:

(1) Includes a \$4 million settlement to contractor.

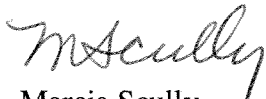
(2) Totals may not foot / cross foot due to rounding.



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: May 12, 2011
To: Board of Directors
From: Interim General Counsel Marcia Scully
Subject: Review as to Eligibility of Securities Invested in by the
Treasurer for the Month of April 2011

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 April 2011 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.


Marcia Scully

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