



*THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA*

Executive Financial Report For the Four Months Ended October 31, 2011

Executive Financial Report
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For the Four Months Ended October 31, 2011

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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>
	2011	2010	
Operating Revenues:			
Water Sales	\$ 432.7	\$ 375.3	\$ 57.3
Wheeling / Exchange	47.1	15.5	31.6
Readiness-to-Serve	41.7	39.8	1.8
Capacity Charge	11.4	11.5	(0.1)
Power Sales	18.8	11.6	7.2
Total Operating Revenues	551.7	453.7	98.0
Operating Expenses:			
Cost of Water	137.8	107.6	(30.2)
Operations & Maintenance	121.2	122.6	1.5
Demand Management Programs	15.0	15.5	0.5
Depreciation & Amortization	91.5	89.1	(2.4)
Total Operating Expenses	365.5	334.9	(30.6)
Net Operating Income	186.2	118.8	67.4
Other Income (Expense):			
Net Taxes/Annexations	29.3	29.5	(0.2)
Investment Income	13.7	11.7	1.9
Bond Interest Expense	(44.5)	(43.6)	(0.9)
Other	2.6	2.3	0.3
Total Other Income/(Expense) - Net	1.1	(0.1)	1.2
Net Income	\$ 187.2	\$ 118.7	\$ 68.6

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)

	October 31,		<i>Increase/ (Decrease)</i>
	2011	2010	
Assets:			
Cash and investments at book value ⁽¹⁾	\$ 1,024.4	\$ 863.2	\$ 161.3
Fair Value Adjustment	8.9	11.6	(2.7)
Accounts Receivable	398.7	388.0	10.7
Property, Plant and Equipment, net	8,203.5	8,079.8	123.7
Prepaid State Water Project Costs, net	1,685.4	1,682.0	3.4
Participation Rights, net	343.7	381.8	(38.1)
Deferred Charges and Water Rights	521.8	435.3	86.5
Deferred Outflow of Effective Swaps	84.4	83.0	1.4
Other	213.9	205.1	8.9
Total Assets	\$ 12,484.7	\$ 12,129.7	\$ 355.0
Liabilities and Equity:			
Long-Term Debt	\$ 4,794.4	\$ 4,674.9	\$ 119.4
Fair Value of Interest Rate Swaps	187.1	169.1	18.0
Off-Aqueduct Power Facilities	45.1	51.8	(6.7)
Accounts Payable and Accrued Bond Interest	231.3	214.5	16.8
Deferred Income	160.0	150.9	9.1
State Water Project Obligations	507.7	511.3	(3.6)
Trust Funds and Other	100.4	91.8	8.6
Total Liabilities	6,025.8	5,864.2	161.5
Equity	6,458.9	6,265.4	193.5
Total Liabilities and Equity	\$ 12,484.7	\$ 12,129.7	\$ 355.0

Notes:

(1) Fair value of cash and investments was \$1,033.3 million and \$874.8 million at October 31, 2011 and 2010, respectively.

(2) 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 Four Months Ended

	2011	October 31, 2010	<i>Increase/ (Decrease)</i>
Sales Statistics:			
Water Sales (TAF)	468.0	599.2	(131.2)
Wheeling/Exchange (TAF)	40.6	49.2	(8.7)
Replenishment Sales (TAF)	224.9	-	224.9
CVWD Exchange (TAF)	105.0	-	105.0
Power Sales (MWh)	222.0	136.7	85.3
Average Sales Price ⁽¹⁾			
Water Sales	\$ 705.52	\$ 626.39	\$ 79.13
Wheeling/Exchange	\$ 482.04	\$ 314.00	\$ 168.04
Replenishment Sales	\$ 455.70	\$ -	\$ 455.70
CVWD Exchange	\$ 262.32	\$ -	\$ 262.32
Power Sales	\$ 0.08	\$ 0.08	\$ -

Ratios:

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

Actual	1.14 x	1.03 x
Target ⁽²⁾	≥ 1.20 x	≥ 1.20 x

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

Actual	1.59 x	1.56 x
Target ⁽²⁾	> 2.00 x	> 2.00 x

Revenue Bond Debt as a Percent of Equity

Actual	73.9 %	73.0 %
Target ⁽³⁾	< 100.0 %	< 100.0 %

Notes:

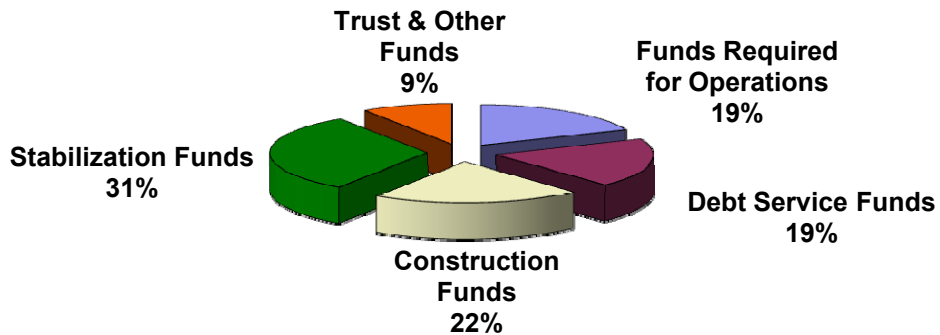
- (1) Average prices calculated using exact rather than rounded dollar amounts.
- (2) Board adopted guideline.
- (3) Per Metropolitan Water District Act - Part 5, Chapter 1.6, Section 239.2.

The Metropolitan Water District of Southern California

Cash and Investments at Book Value As of October 31, 2011 (Dollars in millions)

	Restricted		Unrestricted	Total
	Contractual	Board		
Funds Required for Operations	\$ 127.7	\$ 63.7	\$ -	\$ 191.4
Debt Service Funds	197.7	-	-	197.7
Construction Funds	196.2	-	24.0	220.2
Stabilization Funds	20.0 ⁽¹⁾	-	299.6	319.6
Trust & Other Funds	75.6	19.9	-	95.5
Total	\$ 617.2	\$ 83.6	\$ 323.6	\$ 1,024.4

(1) Restricted investments of \$20 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. 1.8 MAF Projection: Construction Activity - Accrual Basis
(Dollars in millions)

For the Four Months Ended October 31, 2011

Fiscal Year Ending June 30, 2012

	For the Four Months Ended October 31, 2011					Fiscal Year Ending June 30, 2012				
	Budget	1.8 MAF Projection	Actual	Variance: Actual vs. Projection		Annual Budget	1.8 MAF Projection	Year End Estimate ⁽¹⁾	Variance: Estimate vs. Projection	
				\$	%				\$	%
Sources of Funds										
Bond Construction Funds	\$ 90.9	\$ 69.2	\$ 41.2	\$ 28.0	40%	\$ 293.5	\$ 236.9	\$ 190.8	\$ 46.1	16%
R & R/General Funds	14.7	13.1	10.0	3.1	24%	47.5	45.0	45.0	-	0%
Total	\$ 105.7	\$ 82.3	\$ 51.2	\$ 31.1	38%	\$ 341.0	\$ 281.9	\$ 235.8	\$ 46.1	16%
Program Expenditures										
Oxidation Retrofit Programs	\$ 21.1	\$ 19.6	\$ 18.3	\$ 1.3	7%	\$ 80.0	\$ 84.6	\$ 79.8	4.8	6%
Treatment Plant Improvement	24.6	25.7	14.3	11.4	44%	67.1	78.9	76.2	2.7	4%
Distribution System - Rehabilitation Program	16.4	13.0	4.7	8.3	64%	46.1	36.0	20.0	16.0	35%
CRA - Reliability/Containment Programs	7.1	5.8	3.1	2.7	47%	34.8	23.1	15.0	8.1	23%
La Verne Shop Facilities Upgrades	2.8	2.8	1.7	1.1	38%	11.9	12.5	15.0	(2.5)	(21%)
Information Technology System	8.2	3.4	0.4	2.9	87%	23.7	10.2	3.0	7.2	30%
Chlorine Containment and Handling Facilities	1.2	1.9	1.1	0.8	44%	2.4	6.2	2.0	4.2	176%
Inland Feeder	0.9	0.9	2.6	(1.7)	(192%)	1.9	2.1	3.5	(1.4)	(72%)
Other	23.4	9.2	4.9	4.3	46%	73.2	28.3	21.3	7.0	10%
Total	\$ 105.7	\$ 82.3	\$ 51.2	\$ 31.1	38%	\$ 341.0	\$ 281.9	\$ 235.8	\$ 46.1	16%

Notes:

(1) Year end estimate 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 7, 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 October 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 October 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.

A handwritten signature in cursive script that reads "mscully".

Marcia Scully

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