



*THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA*

Executive Financial Report

For the Seven Months Ended January 31, 2012

Executive Financial Report
Table of Contents
For the Seven Months Ended January 31, 2012

Schedule	Page No.
Financial Statements Year-to-date Current vs. Prior Year – Accrual Basis	
Statements of Operations	1
Balance Sheets	2
Statistics	3
Cash and Investments	4
Construction Activities Year-to-date Actual vs. 1.8 MAF Projection – Accrual Basis	5
Eligibility of Securities	6

The Metropolitan Water District of Southern California

Statements of Operations - Accrual Basis (Dollars in millions)

	For the Seven Months Ended January 31,		<i>Favorable/ (Unfavorable) Variance</i>
	2012	2011	
Operating Revenues:			
Water Sales	\$ 605.0	\$ 567.9	\$ 37.1
Wheeling / Exchange	63.3	29.4	33.9
Readiness-to-Serve	74.7	69.7	5.0
Capacity Charge	19.8	20.1	(0.3)
Power Sales	22.1	15.5	6.5
Total Operating Revenues	784.8	702.6	82.2
Operating Expenses:			
Cost of Water	230.8	191.8	(39.0)
Operations & Maintenance	200.8	201.8	1.0
Demand Management Programs	24.9	26.8	1.9
Depreciation & Amortization	160.5	153.2	(7.3)
Total Operating Expenses	617.0	573.6	(43.5)
Net Operating Income	167.8	129.0	38.8
Other Income (Expense):			
Net Taxes/Annexations	46.1	51.5	(5.4)
Investment Income	24.8	2.9	21.9
Bond Interest Expense	(76.5)	(77.0)	0.5
Other	3.2	4.4	(1.2)
Total Other Income/(Expense) - Net	(2.4)	(18.2)	15.8
Net Income	\$ 165.4	\$ 110.8	\$ 54.6

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)

	January 31,		<i>Increase/ (Decrease)</i>
	2012	2011	
Assets:			
Cash and investments at book value ⁽¹⁾	\$ 1,021.3	\$ 1,068.7	\$ (47.3)
Fair Value Adjustment	18.4	(1.9)	20.3
Accounts Receivable	220.6	223.3	(2.7)
Property, Plant and Equipment, net	8,217.6	8,117.2	100.4
Prepaid State Water Project Costs, net	1,649.7	1,624.1	25.6
Participation Rights, net	340.3	378.1	(37.8)
Deferred Charges and Water Rights	447.3	417.7	29.5
Deferred Outflow of Effective Swaps	109.7	26.4	83.4
Other	232.4	225.7	6.7
Total Assets	\$ 12,257.4	\$ 12,079.4	\$ 178.0
Liabilities and Equity:			
Long-Term Debt	\$ 4,790.0	\$ 4,921.9	\$ (131.9)
Fair Value of Interest Rate Swaps	212.1	114.4	97.6
Off-Aqueduct Power Facilities	43.5	50.3	(6.8)
Accounts Payable and Accrued Bond Interest	216.4	198.8	17.5
Deferred Income	112.4	107.2	5.2
State Water Project Obligations	343.0	335.5	7.5
Trust Funds and Other	101.7	93.4	8.3
Total Liabilities	5,819.0	5,821.5	(2.5)
Equity	6,438.4	6,257.9	180.5
Total Liabilities and Equity	\$ 12,257.4	\$ 12,079.4	\$ 178.0

Notes:

(1) Fair value of cash and investments was \$1,039.7 million and \$1,066.8 million at January 31, 2012 and 2011, respectively.

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

The Metropolitan Water District of Southern California

Statistics - Accrual Basis

	For the Seven Months Ended		<i>Increase/ (Decrease)</i>
	2012	January 31, 2011	
Sales Statistics:			
Water Sales (TAF)	712.5	901.9	(189.4)
Wheeling/Exchange (TAF)	95.1	91.0	4.1
Replenishment Sales (TAF)	224.9	-	224.9
CVWD Exchange (TAF)	105.0	-	105.0
Power Sales (MWh)	279.2	202.3	76.9
Average Sales Price ⁽¹⁾			
Water Sales	\$ 705.37	\$ 629.70	\$ 75.67
Wheeling/Exchange	\$ 375.52	\$ 322.70	\$ 52.82
Replenishment Sales	\$ 455.70	\$ -	\$ 455.70
CVWD Exchange	\$ 262.32	\$ -	\$ 262.32
Power Sales	\$ 0.08	\$ 0.08	\$ -

Note:

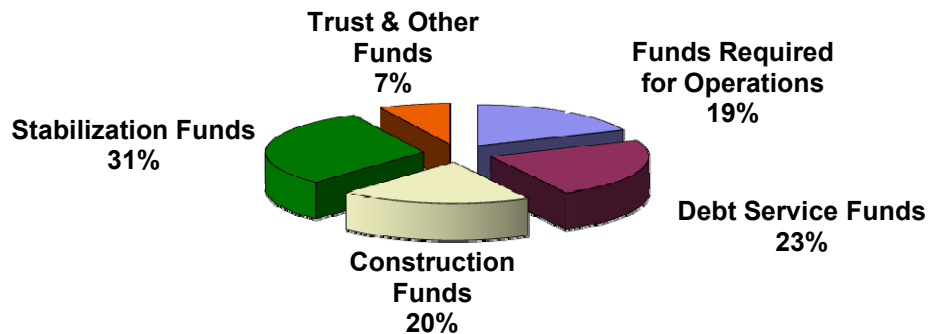
- (1) Average prices calculated using exact rather than rounded dollar amounts.
- (2) The fixed charge coverage ratio, bond debt service coverage ratio and revenue bond debt as a percent of equity are presented at quarter-end.

The Metropolitan Water District of Southern California

Cash and Investments at Book Value As of January 31, 2012 (Dollars in millions)

	Restricted		Unrestricted	Total
	Contractual	Board		
Funds Required for Operations	\$ 127.0	\$ 62.2	\$ 1.4	\$ 190.6
Debt Service Funds	240.1	-	-	240.1
Construction Funds	166.5	-	34.7	201.2
Stabilization Funds	28.3 ⁽¹⁾	-	286.5	314.8
Trust & Other Funds	54.7	19.9	-	74.6
Total	\$ 616.6	\$ 82.1	\$ 322.6	\$ 1,021.3

(1) Restricted investments of \$27.6 million and \$700,000 were posted as collateral with Morgan Stanley and JP Morgan Chase, respectively, 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 Seven Months Ended January 31, 2012					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	\$ 162.6	\$ 127.6	\$ 65.3	\$ 62.3	49%	\$ 293.5	\$ 236.9	\$ 142.0	\$ 94.9	32%
R & R/General Funds	26.3	24.2	17.9	6.3	26%	47.5	45.0	45.0	-	0%
Total	\$ 188.9	\$ 151.9	\$ 83.3	\$ 68.6	45%	\$ 341.0	\$ 281.9	\$ 187.0	\$ 94.9	34%
Program Expenditures										
Oxidation Retrofit Programs	\$ 41.9	\$ 40.4	\$ 31.3	\$ 9.1	23%	\$ 80.0	\$ 84.6	\$ 53.0	31.6	40%
Treatment Plant Improvement	41.1	46.6	22.5	24.0	52%	67.1	78.9	53.0	25.9	39%
Distribution System - Rehabilitation Program	28.2	21.8	7.7	14.1	65%	46.1	36.0	20.0	16.0	35%
CRA - Reliability/Containment Programs	15.1	10.3	5.7	4.7	45%	34.8	23.1	19.0	4.1	12%
La Verne Shop Facilities Upgrades	6.1	6.0	3.7	2.3	38%	11.9	12.5	8.2	4.3	36%
Information Technology System	13.6	3.7	0.8	2.8	78%	23.7	10.2	3.0	7.2	30%
Chlorine Containment and Handling Facilities	1.6	5.8	1.9	3.9	67%	2.4	6.2	6.0	0.2	10%
Inland Feeder	1.4	1.5	3.1	(1.6)	(113%)	1.9	2.1	3.5	(1.4)	(72%)
Other	39.9	15.9	6.6	9.3	59%	73.2	28.3	21.3	7.0	10%
Total	\$ 188.9	\$ 151.9	\$ 83.3	\$ 68.6	45%	\$ 341.0	\$ 281.9	\$ 187.0	\$ 94.9	34%

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: February 17, 2012
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 January 2012

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 January 2012 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, appearing to read "M. Scully".

Marcia Scully

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

Portfolio Summary Report
Attachment 2a
January 31, 2012
(\$ in Thousands)

Credit Ratings Moody's S&P		Medium Term Notes	Maturity Date	Market Value	Book Value
Baa1	A-	Bank of America 6.5%	8/1/2016	\$ 1,066	\$ 1,060
Baa1	A-	Merrill Lynch Corporation 5.0%	1/15/2015	\$ 2,056	\$ 2,031
				\$ 3,122	\$ 3,091