



*THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA*

# **Executive Financial Report For the Four Months Ended October 31, 2012**

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# The Metropolitan Water District of Southern California

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

	For the Four Months Ended		<i>Favorable/(Unfavorable)</i>	
	October 31,		<i>Variance</i>	
	2012	2011	\$	%
<b>Operating Revenues</b>				
Water Sales <sup>(2)</sup>	\$ 482.6	\$ 432.7	\$ 49.9	12%
Wheeling / Exchange <sup>(2)</sup>	15.9	47.1	(31.2)	(66%)
Readiness-to-Serve	48.7	41.7	7.0	17%
Capacity Charge	10.6	11.4	(0.8)	(7%)
Power Sales	13.2	18.8	(5.6)	(30%)
<b>Total Operating Revenues</b>	<b>571.0</b>	551.7	19.3	3%
<b>Operating Expenses</b>				
Cost of Water	146.8	137.8	(9.0)	(7%)
Operations & Maintenance	130.6	121.2	(9.4)	(8%)
Demand Management Programs	15.0	15.0	0.1	1%
Depreciation & Amortization	90.9	91.5	0.6	1%
<b>Total Operating Expenses</b>	<b>383.3</b>	365.5	(17.8)	(5%)
<b>Net Operating Income</b>	<b>187.7</b>	186.2	1.5	1%
<b>Other Income (Expense)</b>				
Net Taxes/Annexations	28.5	29.3	(0.8)	(3%)
Investment Income	6.3	13.7	(7.4)	(54%)
Bond Interest Expense	(32.6)	(44.5)	11.9	27%
Other	1.2	2.6	(1.4)	(54%)
<b>Total Other Income/(Expense) - Net</b>	<b>3.3</b>	1.1	2.3	216%
<b>Net Income</b>	<b>\$ 191.0</b>	\$ 187.2	\$ 3.8	2%

**Notes:**

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

(2) 2012 includes adjustment for San Diego County Water Authority that reduced wheeling sales by \$6,221,000 and 16,722 acre feet and increased water sales by \$8,812,000 and 16,722 acre feet.

# The Metropolitan Water District of Southern California

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

	October 31,		Increase/(Decrease)	
	2012	2011	\$	%
<b>Assets</b>				
Cash and investments at book value <sup>(1)</sup>	\$ 1,027.5	\$ 1,024.4	\$ 3.1	0%
Fair Value Adjustment	21.3	9.0	12.3	137%
Accounts Receivable	435.5	398.6	36.9	9%
Property, Plant and Equipment, net	8,257.5	8,203.5	54.0	1%
Prepaid State Water Project Costs, net	1,475.7	1,468.9	6.9	0%
Participation Rights, net	330.1	343.7	(13.7)	(4%)
Deferred Charges and Water Rights	294.3	255.2	39.1	15%
Deferred Outflow of Effective Swaps	107.7	84.4	23.4	28%
Other	205.3	213.9	(8.7)	(4%)
<b>Total Assets</b>	<b>\$ 12,155.0</b>	<b>\$ 12,001.6</b>	<b>\$ 153.4</b>	<b>1%</b>
<b>Liabilities and Equity</b>				
Long-Term Debt	\$ 4,717.3	\$ 4,794.4	\$ (77.1)	(2%)
Fair Value of Interest Rate Swaps	163.9	187.1	(23.2)	(12%)
Off-Aqueduct Power Facilities	37.3	45.1	(7.8)	(17%)
Accounts Payable and Accrued Bond Interest	276.5	231.3	45.3	20%
Deferred Income	159.2	160.0	(0.7)	(0%)
State Water Project Obligations	61.6	24.6	37.0	151%
Trust Funds and Other	107.6	100.4	7.2	7%
<b>Total Liabilities</b>	<b>5,523.3</b>	<b>5,542.7</b>	<b>(19.3)</b>	<b>(0%)</b>
<b>Equity</b>	<b>6,631.6</b>	<b>6,458.9</b>	<b>172.7</b>	<b>3%</b>
<b>Total Liabilities and Equity</b>	<b>\$ 12,155.0</b>	<b>\$ 12,001.6</b>	<b>\$ 153.4</b>	<b>1%</b>

**Notes:**

- (1) Fair value of cash and investments was \$1,048.8 million and \$1,033.4 million at October 31, 2012 and 2011, respectively.  
(2) Totals may not foot / cross foot due to rounding.

# The Metropolitan Water District of Southern California

## Statistics and Ratios

	For the Four Months Ended		Increase/(Decrease)	
	2012	October 31, 2011	TAF/\$	%
<b>Sales Statistics - Accrual Basis</b>				
Water Sales (TAF) <sup>(2)</sup>	<b>678.7</b>	509.9	168.8	33%
Wheeling/Exchange (TAF) <sup>(2)</sup>	<b>55.9</b>	52.6	3.3	6%
Replenishment Sales (TAF)	-	183.0	(183.0)	n/a
CVWD Exchange (TAF)	-	105.0	(105.0)	n/a
Power Sales (MWh)	<b>139.7</b>	222.0	(82.3)	(37%)
Average Sales Price <sup>(1)</sup>				
Water Sales	<b>\$ 697.99</b>	\$ 683.61	\$ 14.39	2%
Wheeling/Exchange	<b>\$ 396.00</b>	\$ 372.00	\$ 24.00	6%
Replenishment Sales	<b>\$ -</b>	\$ 459.58	\$ (459.58)	n/a
CVWD Exchange	<b>\$ -</b>	\$ 262.32	\$ (262.32)	n/a
Power Sales	<b>\$ 0.09</b>	\$ 0.08	\$ -	0%

### Notes:

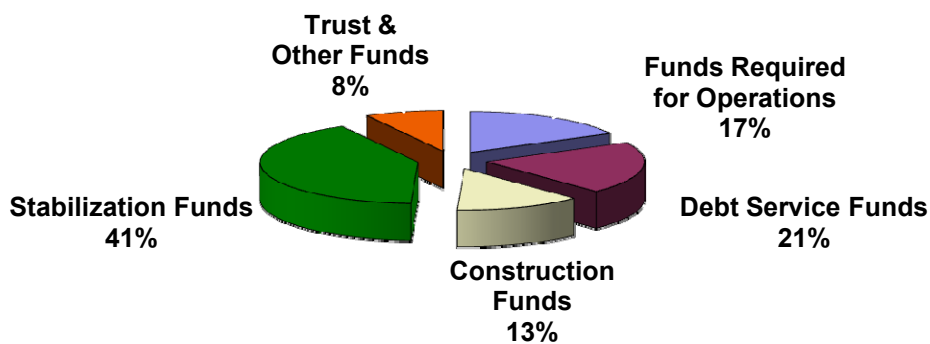
- (1) Average prices calculated using exact rather than rounded dollar amounts.
- (2) 2012 excludes adjustment for San Diego County Water Authority that reduced wheeling sales by \$6,221,000 and 16,722 acre feet and increased water sales by \$8,812,000 and 16,722 acre feet.
- (3) The fixed charge coverage 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 October 31, 2012 (Dollars in millions)

	Restricted		Unrestricted	Total
	Contractual	Board		
Funds Required for Operations	\$ 139.1	\$ 38.7	\$ 0.0	\$ 177.8
Debt Service Funds	210.9	-	-	210.9
Construction Funds	103.2	-	29.4	132.6
Stabilization Funds	23.4 <sup>(1)</sup>	-	400.3	423.7
Trust & Other Funds	62.8	19.7	-	82.5
<b>Total</b>	<b>\$ 539.4</b>	<b>\$ 58.4</b>	<b>\$ 429.7</b>	<b>\$ 1,027.5</b>

(1) Restricted investments of \$20.5 million and \$2.9 million 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. Budget: Construction Activity - Accrual Basis  
(Dollars in millions)

	For the Four Months Ended October 31, 2012			
	Budget <sup>(1)</sup>	Actual	Variance from Budget	
			\$	%
<b>Sources of Funds</b>				
Bond Construction Funds	\$ 53.0	\$ 43.5	\$ 9.4	18%
R & R/General Funds	14.4	(1.6)	16.0	111%
<b>Total</b>	<b>\$ 67.4</b>	<b>\$ 42.0</b>	<b>\$ 25.4</b>	<b>38%</b>

**Program Expenses**

Oxidation Retrofit Programs	\$ 13.7	\$ 13.8	\$ (0.0)	(0%)
Treatment Plant Improvement	16.4	9.6	6.8	42%
CRA - Reliability/Containment Programs	10.4	4.2	6.2	60%
Distribution System - Rehabilitation Program	10.1	3.0	7.1	70%
La Verne Shop Facilities Upgrades	4.9	3.2	1.7	35%
Information Technology System	2.6	0.5	2.2	82%
Chlorine Containment and Handling Facilities	1.5	2.3	(0.8)	(57%)
Other	7.8	5.5	2.3	0.3
<b>Total</b>	<b>\$ 67.4</b>	<b>\$ 42.0</b>	<b>\$ 25.4</b>	<b>38%</b>

**Notes:**

(1) Estimated year end results are under review.

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



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** November 14, 2012  
**To:** Board of Directors  
**From:** General Counsel Marcia Scully  
**Subject:** Review as to Eligibility of Securities Invested in by the  
Treasurer for the Month of October 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 October 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. 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 "M. Scully".

Marcia Scully

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