

BALANCE SHEETS and STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED
JUNE 30, 2009 (PRELIMINARY UNAUDITED) AND JUNE 30, 2008 (AUDITED)

BALANCE SHEETSTHE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

| (Dollars in thousands) | June 30, | |
|--|----------------------|----------------------|
| | 2009 | 2008 |
| ASSETS | (UNAUDITED) | (AUDITED) |
| Current Assets: | | |
| Cash and investments, at fair value: | | |
| Unrestricted (cost \$1,765 and \$113,534 for fiscal years 2009 and 2008, respectively) | \$ 1,765 | \$ 113,832 |
| Restricted (cost \$464,999 and \$514,667 for fiscal years 2009 and 2008, respectively) | 462,677 | 515,616 |
| Total cash and investments | 464,442 | 629,448 |
| Receivables, net: | | |
| Water sales | 186,247 | 175,219 |
| Annexation charges-current portion | 902 | 1,732 |
| Interest on investments | 6,867 | 8,387 |
| Other | 98,820 | 38,174 |
| Total receivables | 292,836 | 223,512 |
| Inventories | 70,790 | 83,473 |
| Prepaid State Water Project costs - current portion | 123,470 | 124,171 |
| Deposits, deferred charges, and other - current portion | 129,622 | 133,727 |
| Total current assets | 1,081,160 | 1,194,331 |
| Noncurrent Assets: | | |
| Cash and investments, at fair value: | | |
| Unrestricted (cost \$417,965 and \$290,256 for fiscal years 2009 and 2008, respectively) | 415,877 | 290,696 |
| Restricted (cost \$185,015 and \$161,239 for fiscal years 2009 and 2008, respectively) | 184,092 | 161,537 |
| Total cash and investments | 599,969 | 452,233 |
| Capital Assets: | | |
| Plant and equipment | 9,356,933 | 8,952,993 |
| Participation rights | 384,291 | 328,039 |
| Total capital assets | 9,741,224 | 9,281,032 |
| Less accumulated depreciation and amortization | (1,539,150) | (1,436,570) |
| Total capital assets, net | 8,202,074 | 7,844,462 |
| Other assets, net of current portion: | | |
| Prepaid State Water Project costs, net | 1,384,791 | 1,363,625 |
| Deposits and other deferred charges | 166,765 | 167,461 |
| Annexation charges, net | 4,777 | 3,981 |
| Total other assets | 1,556,333 | 1,535,067 |
| Total noncurrent assets | 10,358,376 | 9,831,762 |
| Total Assets | \$ 11,439,536 | \$ 11,026,093 |

BALANCE SHEETS

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

| (Dollars in thousands) | June 30, | |
|---|----------------------|----------------------|
| | 2009 | 2008 |
| LIABILITIES AND NET ASSETS | (UNAUDITED) | (AUDITED) |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 342,020 | \$ 295,480 |
| Current portion of long-term debt | 104,430 | 109,401 |
| Current portion of obligations for off-aqueduct power facilities | 7,123 | 6,411 |
| Current portion of accrued compensated absences | 16,600 | 15,300 |
| Current portion of customer deposits and trust funds | 5,312 | 28,014 |
| Current portion of workers' compensation and third party claims | 6,059 | 9,413 |
| Current portion of other long-term debt obligations | 60 | 60 |
| Accrued bond interest | 59,195 | 54,892 |
| Matured bonds and coupons not presented for payment | 1,206 | 1,216 |
| Other | 1,572 | 1,682 |
| Total current liabilities | 543,577 | 521,869 |
| Noncurrent Liabilities: | | |
| Long-term debt, net of current portion | 4,625,760 | 4,425,444 |
| Obligations for off-aqueduct power facilities, net of current portion | 53,647 | 60,248 |
| Accrued compensated absences, net of current portion | 30,110 | 29,614 |
| Customer deposits and trust funds, net of current portion | 37,143 | 22,154 |
| Postemployment benefits other than pensions | 84,108 | 62,933 |
| Worker's compensation and third party claims, net of current portion | 20,638 | 21,666 |
| Other long-term obligations, net of current portion | 5,219 | 5,353 |
| Total noncurrent liabilities | 4,856,625 | 4,627,412 |
| Total liabilities | 5,400,202 | 5,149,281 |
| Net Assets: | | |
| Invested in capital assets and State Water Project costs, net of related debt | 5,071,140 | 4,839,644 |
| Restricted for: | | |
| Debt Service | 366,532 | 341,032 |
| Other | 166,485 | 166,897 |
| Unrestricted | 435,177 | 529,239 |
| Total net assets | 6,039,334 | 5,876,812 |
| Total Liabilities and Net Assets | \$ 11,439,536 | \$ 11,026,093 |

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

| (Dollars in thousands) | Year Ended June 30, | |
|--|---------------------|---------------------|
| | 2009 (UNAUDITED) | 2008 (AUDITED) |
| Operating Revenues: | | |
| Water Sales | \$ 1,032,131 | \$ 991,261 |
| Readiness-to-serve charges | 87,000 | 82,137 |
| Power recoveries | 17,345 | 23,121 |
| Total operating revenues | 1,136,476 | 1,096,519 |
| Operating Expenses: | | |
| Power and water costs | 403,377 | 350,265 |
| Operations and maintenance | 443,647 | 404,958 |
| Total operating expenses | 847,024 | 755,223 |
| Operating income before depreciation and amortization | 289,452 | 341,296 |
| Less depreciation and amortization | (230,916) | (228,963) |
| Operating income | 58,536 | 112,333 |
| Nonoperating Revenues (Expenses): | | |
| Taxes, net | 105,580 | 98,648 |
| Bond interest, net of \$69,741 and \$71,111 of interest capitalized in fiscal years 2009 and 2008, respectively | (101,271) | (119,879) |
| Investment income | 29,989 | 65,906 |
| Interest and adjustments on off-aqueduct power facilities obligations | (3,831) | (4,142) |
| Other, net | 4,631 | 2,895 |
| Total nonoperating revenues, net | 35,098 | 43,428 |
| Income before Contributions | 93,634 | 155,761 |
| Capital contributions, net | 68,888 | 15,551 |
| Change in net assets | 162,522 | 171,312 |
| Net assets, beginning of year | 5,876,812 | 5,705,500 |
| Net Assets, End of Year | \$ 6,039,334 | \$ 5,876,812 |