

# Year-to-Date - 3rd Quarter 2023 Financial Review



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# Financial Overview

The following discussion presents an overview of the financial activities and condition of the Central Arizona Water Conservation District (CAWCD or District). It summarizes the 2023 financial and budget performance through the third quarter and provides a projection for the full year. More detailed explanations are covered on the following pages.

## Highlights

**TOTAL REVENUES:** As shown on the graph to the right, total revenues through the third quarter were below budget by \$50 million. The variance is primarily due to Water Operations & Maintenance (O&M) charges coming in \$51 million lower than budget.

Full-year 2023 revenues are projected to be \$41 million lower than budget. Similar to the third quarter results, the variance is primarily due to Water O&M Charges projected to come in \$49 million lower than budget.

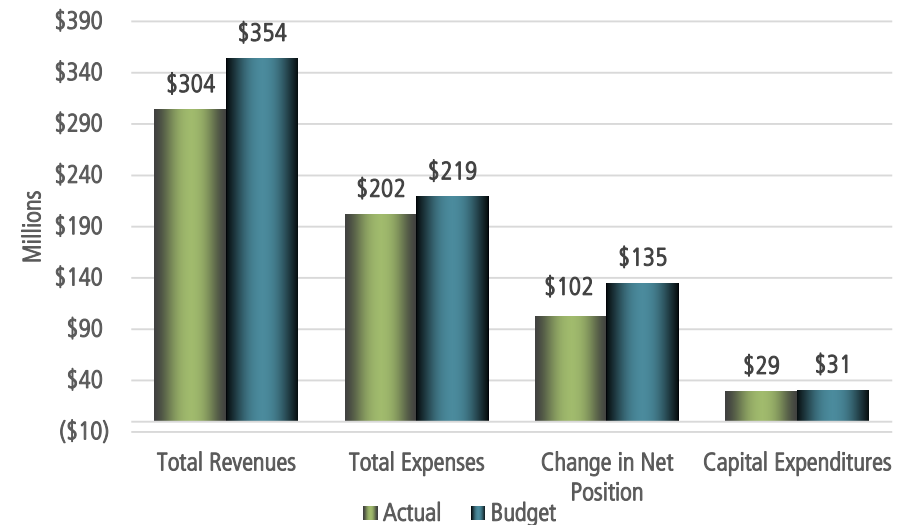
**TOTAL EXPENSES:** Expenses through the third quarter were \$17 million lower than budget and are projected to be \$19 million below budget for the year. Energy costs are the primary driver: \$12 million below budget through the third quarter and projected to be \$13 million below budget for the year.

See Total Revenues and Total Expenses sections on pages 6-7 for additional information.

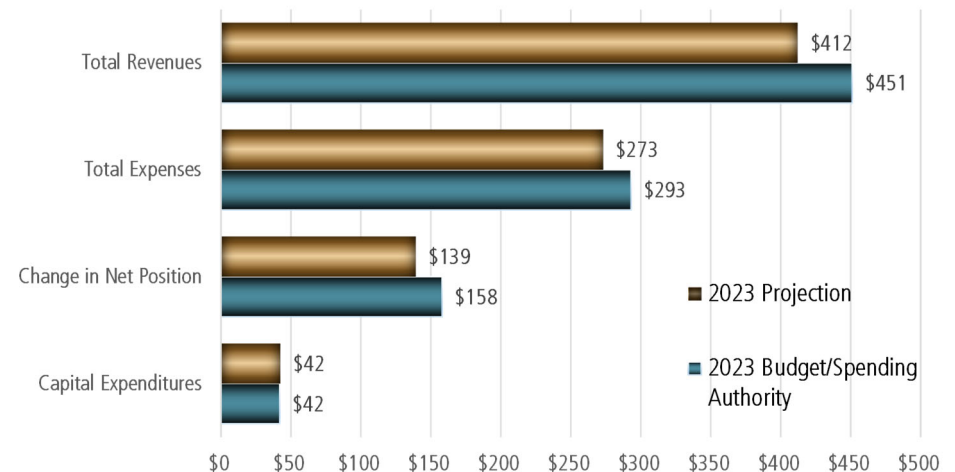
**CHANGE IN NET POSITION:** The change in net position—which is the difference between revenues and expenses—was \$102 million through the end of the third quarter, \$33 million lower than budget. For the full year, the change in net position is projected to be \$139 million, \$19 million lower than budget. See Statements of Net Position on page 5 for additional information.

**CAPITAL** The Project Steering Committee (PSC) oversees the capital budget. Capital spending through the third quarter was \$2 million lower than budget and projected to finish the year at budget. See Capital section starting on page 57 for additional information.

3rd Quarter 2023 - Actual vs Budget



Full Year 2023





## Statements of Net Position

### TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets and deferred outflows at the end of 2023 are projected to be \$37 million higher than the 2022 year-end balance.

**CURRENT ASSETS:** The largest component of the District's current assets is water inventory, which represents long term storage credits (LTSCs) and lake inventories. Water inventory is projected to increase by \$18 million in 2023.

Cash and cash equivalents are projected to increase by \$40 million. Other current assets—which are primarily made up of accounts receivable—are expected to increase by \$25 million. The majority of this increase is due to water customer receivables, which are a result of higher 2023 water delivery rates and the year-end reconciliation.

**NONCURRENT ASSETS:** The largest component of the District's capital assets is the net permanent service right (PSR). The PSR represents the District's right to operate the Central Arizona Project system and collect revenues from operations, for which the District has incurred a repayment obligation to the United States. Amortization of the PSR is approximately \$22 million. For 2023, the net PSR will decrease from \$997 million to \$975 million. Net capital operating assets, which grow as a result of ongoing capital projects, are projected to increase by \$18 million.

Investments and restricted assets are expected to decrease by \$36 million because of the use of taxes for rates and the use of rate stabilization funds.

Through the 2007 Arizona Water Settlements Act, the District acquired 96,295 acre-feet of non-Indian agricultural water rights, valued at \$89 million. In 2021, 44,530 acre-feet were allocated to M&I contractors leaving a remaining balance of 51,765 acre-feet valued at \$48 million. The remaining NIA priority water rights are anticipated to be reallocated by 2030.

**DEFERRED OUTFLOWS OF RESOURCES:** Includes Pension & Other Post-Employment Benefits (OPEB) valuation and upfront payments. Valuations are done at the end of the year.

<i>(Dollars in millions)</i>	2023	2022	Change	
<b>Current Assets</b>				
Cash and cash equivalents	\$ 209	\$ 169	\$ 40	23.7%
Funds held by federal gov't	7	9	(2)	(22.2%)
Water inventory	246	228	18	7.9%
Other current assets	102	77	25	32.5%
	564	483	81	16.8%
<b>Noncurrent Assets</b>				
Investments and restricted assets	576	612	(36)	(5.9%)
Agricultural water rights	48	48	-	0.0%
Capital assets - operating, net	349	331	18	5.4%
Capital assets - PSR, net	975	997	(22)	(2.2%)
Other assets	6	10	(4)	(40.0%)
	1,954	1,998	(44)	(2.2%)
<b>Deferred Outflows of Resources</b>				
Pension & OPEB valuation and Upfront Payments	14	14	-	0.0%
<b>Total Assets &amp; Deferred Outflows</b>	\$ 2,532	\$ 2,495	\$ 37	1.5%

## TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

**CURRENT LIABILITIES:** Current liabilities include payables, accrued interest, and current principal obligations. Overall, current liabilities are projected to decrease \$36 million in 2023, primarily because accounts payable is projected to decrease \$34 million due to a large 2022 customer payable that was paid in 2023.

**NONCURRENT LIABILITIES:** Overall, noncurrent liabilities are projected to decrease \$55 million, the largest component of which is the federal repayment obligation, that will decrease \$40 million. In addition, contract revenue bonds are expected to decrease \$6 million; the long term portion of the asset retirement obligation is expected to decrease by \$9 million; and other liabilities are expected to remain flat.

**DEFERRED INFLOW:** Deferred inflows include customer deposits and upfront payments, as well as deferred inflow OPEB and pension valuation. Deferred inflows of resources are expected to decrease by \$11 million in 2023 through the use of rate stabilization funds.

**NET POSITION:** Net position—which is the difference between Total Assets and Deferred Outflows and Total Liabilities and Deferred Inflows—is expected to increase \$139 million in 2023.

<i>(Dollars in millions)</i>	2023	2022	Change	
<b>Current Liabilities</b>	\$ 145	\$ 181	(36)	(19.9%)
<b>Noncurrent Liabilities</b>				
Repayment obligation, net	\$ 857	\$ 897	\$ (40)	(4.5%)
Contract revenue bonds	39	45	(6)	(13.3%)
Ag water right debt	89	89	-	0.0%
Asset retirement obligation	22	31	(9)	(29.0%)
Other	92	92	-	0.0%
<b>Noncurrent Liabilities</b>	<b>1,099</b>	<b>1,154</b>	<b>(55)</b>	<b>(4.8%)</b>
<b>Total Liabilities</b>	<b>\$ 1,244</b>	<b>\$ 1,335</b>	<b>\$ (91)</b>	<b>(6.8%)</b>
<b>Deferred Inflows of Resources</b>				
Customer Deposits and Upfront Payments	44	55	(11)	(20.0%)
Deferred Inflow OPEB	2	2	-	
Pension valuation	13	13	-	0.0%
<b>Total Deferred Inflows of Resources</b>	<b>\$ 59</b>	<b>\$ 70</b>	<b>\$ (11)</b>	<b>(15.7%)</b>
<b>Net Position</b>				
Investments in Capital Assets	\$ 382	\$ 340	42	12.4%
Restricted, net	97	92	5	5.4%
Unrestricted, net	747	658	89	13.5%
<b>Net Position</b>	<b>\$ 1,226</b>	<b>\$ 1,090</b>	<b>136</b>	<b>12.5%</b>
<b>Total Liabilities, Deferred Inflow of Resources and Net Position</b>	<b>\$ 2,529</b>	<b>\$ 2,495</b>	<b>34</b>	<b>1.4%</b>



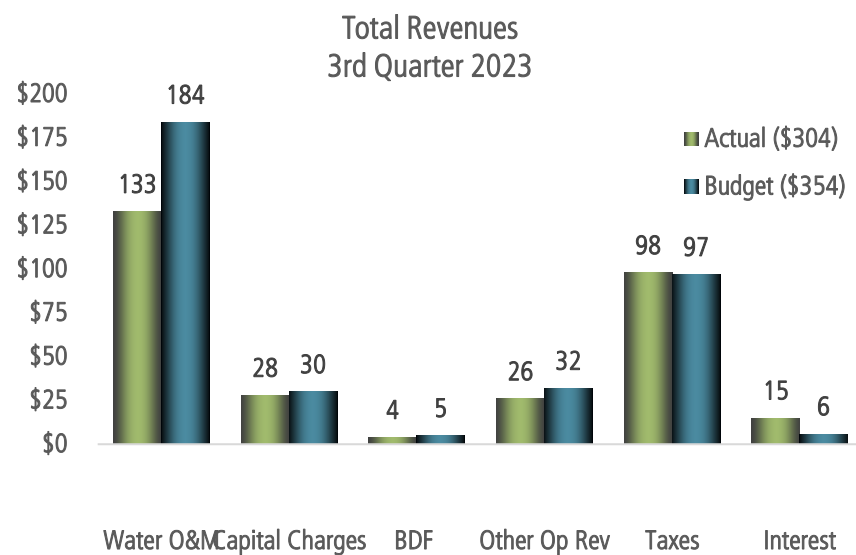
## Statements of Revenues, Expenses & Change in Net Position

Net position increased \$102 million through the third quarter, compared to a budgeted increase of \$140 million. Net position is projected to increase by \$139 million for the year. The factors contributing to the full-year net position change are discussed in the sections that follow.

### TOTAL REVENUES

**3RD QUARTER 2023 BUDGET PERFORMANCE:** Revenues through the third quarter were \$304 million compared to a budget of \$354 million. The variance is primarily due to the following:

- Water O&M revenues were \$51 million lower than budget due to lower deliveries related to mitigation efforts and use of taxes.
- Other operating revenue was \$6 million lower than budget, primarily due to lower CAGR rates than expected.
- Interest income was \$9 million higher than budget due to favorable market conditions.
- Capital charges, BDF revenues, and taxes were near budget.



### FULL YEAR 2023 BUDGET PERFORMANCE:

At year-end, total revenues are projected to be \$38 million lower than budget.

Operating Revenues are projected to be \$54 million lower than budget.

- Water O&M charges are projected to be \$49 million lower due to a lower volume of water deliveries as a result of the conservation programs and use of taxes.
- Capital charges are expected to be \$3 million lower than budget due to charging a lower rate than planned in the budget.
- Other operating revenues are projected to be \$1 million lower than budget. CAGR rates and fees revenue are projected to be under budget, largely offset by a federal grant reimbursement.

Non-Operating Revenues are expected to be \$16 million higher than budget.

- Property taxes are expected to be \$1 million higher than budget
- Interest income & other revenues are expected to be \$15 million higher than budget because of favorable market conditions and the resulting fair value adjustments.

	Full Year 2023		
	Projected	Budget	Change
<i>(Dollars in millions)</i>			
<b>Operating Revenues</b>			
Water O&M charges	\$ 185	\$ 234	\$ (49)
Water service capital charges	37	40	(3)
BDF revenues	7	8	(1)
Other revenues	62	63	(1)
	<u>\$ 291</u>	<u>\$ 345</u>	<u>\$ (54)</u>
<b>Non-operating Revenues</b>			
Property taxes	\$ 98	\$ 97	\$ 1
Interest income & other	24	9	15
	<u>\$ 122</u>	<u>\$ 106</u>	<u>\$ 16</u>
<b>Total Revenues</b>	<u>\$ 413</u>	<u>\$ 451</u>	<u>\$ (38)</u>

## TOTAL EXPENSES

**3RD QUARTER 2023 BUDGET PERFORMANCE:** Through September 30, 2023, total expenses were \$17 million lower than budget. The key factors were:

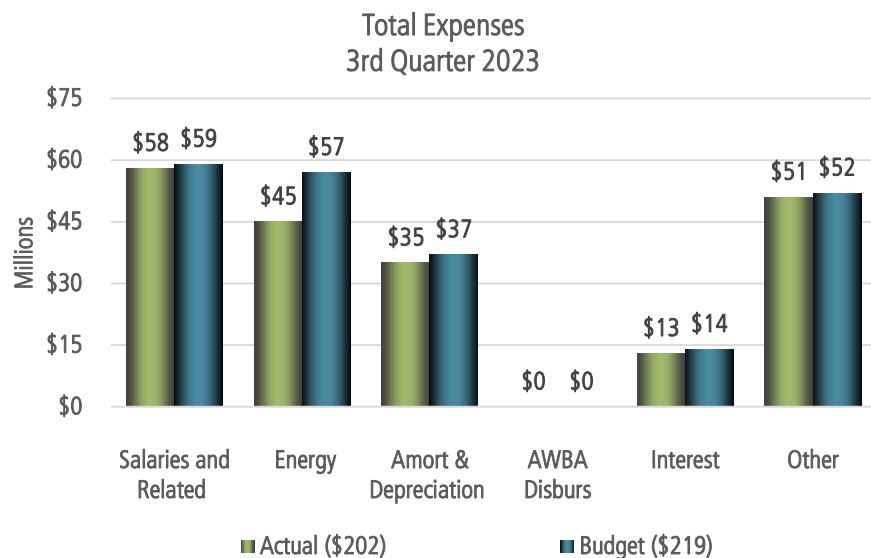
- Energy charges were \$12 million lower than budget because of lower deliveries than planned, shaping opportunities, and favorable summer sales.
- Amortization and depreciation were \$2 million lower than budget because of the ongoing impacts and delays in the supply chain, even as project and equipment deliveries increase.
- All other expense categories were at or near budget.

**FULL YEAR 2023 BUDGET PERFORMANCE:** Total expenses are anticipated to be \$272 million, which is \$21 million below budget. The key factors are:

Operating Expenses are projected to be \$21 million below budget.

- Energy expenses are projected to end the year \$13 million under budget because of lower deliveries than planned, shaping opportunities, and favorable summer sales.
- Other expenses are projected to be \$4 million under budget, mostly related to CAGR water for underground storage costs

Non-Operating Expenses are expected to be on budget.



Full Year 2023						
(Dollars in millions)	Projected		Budget		Change	
<b>Operating Expenses</b>						
Salary and related costs	\$	78	\$	80	\$	(2) (2.5%)
Energy		51		64		(13) (20.3%)
Amortization and depreciation		48		50		(2) (4.0%)
Other		76		80		(4) (5.0%)
	\$	253	\$	274	\$	(21) (7.7%)
<b>Nonoperating Expenses</b>						
AWBA Disbursements	\$	1	\$	1	\$	- 0.0%
Interest Expense		18		18		- 0.0%
	\$	19	\$	19	\$	- 0.0%
<b>Total Expenses</b>	\$	272	\$	293	\$	(21) (7.2%)



# Statement of Revenues, Expenses and Change in Net Position Combined Funds/Accounts

(Dollars in Millions)

	3rd Quarter 2023			Full Year 2023		
	Actual	Budget	Variance	Projection	Spending Authority	Variance
<b>Operating Revenues/Expenses</b>						
Revenues	\$ 191.0	\$ 251.3	\$ (60.3)	\$ 291.5	\$ 344.7	\$ (53.2)
Expenses	(188.8)	(204.3)	15.5	(254.8)	(273.9)	19.1
<b>Operating Income/Loss</b>	2.2	47.0	(44.8)	36.7	70.8	(34.1)
<b>Non-operating Revenues/Expenses</b>						
Revenues	113.1	103.7	9.4	121.7	105.8	15.9
Expenses	(13.7)	(14.0)	0.3	(18.8)	(18.6)	(0.2)
<b>Non-operating Income/(Loss)</b>	99.4	89.7	9.7	102.9	87.2	15.7
<b>Change in Net Position</b>	<u>\$ 101.6</u>	<u>\$ 136.7</u>	<u>\$ (35.1)</u>	<u>\$ 139.6</u>	<u>\$ 158.0</u>	<u>\$ (18.4)</u>
<b>Variance Analysis:</b>						
General Fund	\$ 76.5	\$ 111.3	\$ (34.8)	\$ 98.9	\$ 113.4	\$ (14.5)
CAGR	24.1	24.4	(0.3)	39.0	43.4	(4.4)
Other	1.0	1.0	(0.0)	1.7	1.2	0.5
	<u>\$ 101.6</u>	<u>\$ 136.7</u>	<u>\$ (35.1)</u>	<u>\$ 139.6</u>	<u>\$ 158.0</u>	<u>\$ (18.4)</u>

# General Fund

(Dollars in Millions)

	3rd Quarter 2023			Full Year 2023		
	Actual	Budget	Variance	Projection	Spending Authority	Variance
Water Deliveries (000 AF)	645	931	(286)	795	1,095	(300)
Revenues	\$ 284.0	\$ 331.4	\$ (47.4)	\$ 365.8	\$ 404.8	\$ (39.0)
Expenses	(207.5)	(220.1)	12.6	(266.9)	(291.4)	24.5
Change in Net Position	<b>\$ 76.5</b>	<b>\$ 111.3</b>	<b>\$ (34.8)</b>	<b>\$ 98.9</b>	<b>\$ 113.4</b>	<b>\$ (14.5)</b>
Variance Analysis:						
Water O&M Charges	\$ 139.9	\$ 191.0	\$ (51.1)	\$ 197.3	\$ 248.7	\$ (51.4)
Capital Charges	28.4	30.7	(2.3)	38.6	41.0	(2.4)
Basin Development Fund Revenues	3.9	5.1	(1.2)	7.1	8.1	(1.0)
Property Taxes	97.6	97.2	0.4	97.6	97.2	0.4
Interest and Other Income	14.2	7.2	7.0	25.2	9.8	15.4
Energy	(44.9)	(56.7)	11.8	(51.0)	(64.4)	13.4
Amortization/Depreciation	(35.5)	(37.6)	2.1	(48.2)	(50.1)	1.9
Disbursements to AWBA	(0.4)	(0.4)	-	(0.7)	(0.5)	(0.2)
Interest expense and other	(13.1)	(13.1)	-	(17.5)	(17.5)	-
Other	(113.6)	(112.1)	(1.5)	(149.5)	(158.9)	9.4
	<b>\$ 76.5</b>	<b>\$ 111.3</b>	<b>\$ (34.8)</b>	<b>\$ 98.9</b>	<b>\$ 113.4</b>	<b>\$ (14.5)</b>



# Central Arizona Groundwater Replenishment District (CAGRD) Account

(Dollars in Millions)

	3rd Quarter 2023			Variance	Full Year 2023			Variance
	Actual	Budget			Projection	Spending Authority		
Revenues	\$ 27.2	\$ 27.8	\$	(0.6)	\$ 61.0	\$ 62.6	\$	(1.6)
Expenses	(3.1)	(3.4)		0.3	(22.0)	(19.2)		(2.8)
Change in Net Position	\$ 24.1	\$ 24.4	\$	(0.3)	\$ 39.0	\$ 43.4	\$	(4.4)

## Variance Analysis:

Revenue-Rates	6.4	8.7	(2.3)	26.0	28.9	(2.9)
Revenue-Fees	12.7	16.2	(3.5)	16.3	21.4	(5.1)
Revenue-Dues	1.8	2.3	(0.5)	11.2	11.5	(0.3)
Miscellaneous Revenue	3.5	-	3.5	3.5	-	3.5
Interest Income	2.8	0.6	2.2	4.0	0.8	3.2
Expense -Water For Recharge	(0.4)	-	(0.4)	(17.9)	(14.8)	(3.1)
Expense - All Other	(2.7)	(3.4)	0.7	(4.1)	(4.4)	0.3
	\$ 24.1	\$ 24.4	\$ (0.3)	\$ 39.0	\$ 43.4	\$ (4.4)

# Statement of Revenues, Expenses and Change in Net Position

## All Funds/Accounts

(Dollars in Thousands)

	3rd Quarter 2023				Full Year 2023			
	Actual	Budget	Variance		Projection	Total Spending Authority	Variance	
			(\$)	(%)			(\$)	(%)
<b>Operating Revenues</b>								
Water O&M charges	\$ 132,895	\$ 184,383	\$ (51,488)	(27.9%)	\$ 185,370	\$ 233,483	\$ (48,113)	(20.6%)
Water service capital charges	28,115	30,099	(1,984)	(6.6%)	36,713	39,734	(3,021)	(7.6%)
Basin Development Fund Revenues	3,911	5,149	(1,238)	(24.0%)	7,095	8,130	(1,035)	(12.7%)
Other revenues	26,049	31,653	(5,604)	(17.7%)	62,316	63,363	(1,047)	(1.7%)
<b>Total Operating Revenues</b>	<b>\$ 190,970</b>	<b>\$ 251,284</b>	<b>\$ (60,314)</b>	<b>(24.0%)</b>	<b>\$ 291,494</b>	<b>\$ 344,710</b>	<b>\$ (53,216)</b>	<b>(15.4%)</b>
<b>Operating Expenses</b>								
Salaries and related costs	\$ (57,574)	\$ (59,495)	\$ 1,921	3.2%	\$ (78,392)	\$ (80,302)	\$ 1,910	2.4%
Energy	(44,885)	(56,693)	11,808	20.8%	(50,993)	(64,410)	13,417	20.8%
Transmission	(11,352)	(11,660)	308	2.6%	(15,348)	(15,580)	232	1.5%
Amortization	(16,336)	(16,337)	1	0.0%	(21,782)	(21,783)	1	0.0%
Depreciation	(19,177)	(21,271)	2,094	9.8%	(26,469)	(28,361)	1,892	6.7%
Other Operating Costs:								
Outside services	(35,284)	(31,262)	(4,022)	(12.9%)	(43,908)	(49,782)	5,874	11.8%
Materials and supplies	(8,149)	(6,925)	(1,224)	(17.7%)	(10,222)	(9,019)	(1,203)	(13.3%)
Water for underground storage	6,822	7,328	(506)	(6.9%)	(4,063)	1,804	(5,867)	(325.2%)
Overhead	4,158	2,907	1,251	43.0%	5,557	3,767	1,790	47.5%
Other expenses	(7,000)	(10,924)	3,924	35.9%	(9,177)	(10,257)	1,080	10.5%
Subtotal other costs	(39,453)	(38,876)	(577)	(1.5%)	(61,813)	(63,487)	1,674	2.6%
<b>Total Operating Expenses</b>	<b>(188,777)</b>	<b>(204,332)</b>	<b>15,555</b>	<b>7.6%</b>	<b>(254,797)</b>	<b>(273,923)</b>	<b>19,126</b>	<b>7.0%</b>
<b>Operating Income/(Loss)</b>	<b>\$ 2,193</b>	<b>\$ 46,952</b>	<b>\$ (44,759)</b>	<b>(95.3%)</b>	<b>\$ 36,697</b>	<b>\$ 70,787</b>	<b>\$ (34,090)</b>	<b>(48.2%)</b>
<b>Non-operating Revenues/(Expenses)</b>								
Property taxes	\$ 97,636	\$ 97,194	\$ 442	0.5%	\$ 97,636	\$ 97,194	\$ 442	0.5%
Interest income and other	15,461	6,453	9,008	139.6%	24,085	8,603	15,482	180.0%
Disbursements to AWBA	(366)	(409)	43	10.5%	(733)	(545)	(188)	(34.5%)
Interest expense and other	(13,250)	(13,612)	362	2.7%	(18,084)	(18,128)	44	0.2%
<b>Total Non-operating Revenues/(Expenses)</b>	<b>99,481</b>	<b>89,626</b>	<b>9,855</b>	<b>11.0%</b>	<b>102,904</b>	<b>87,124</b>	<b>15,780</b>	<b>18.1%</b>
Change in Net Position	101,674	136,578	(34,904)	(25.6%)	139,601	157,911	(18,310)	(11.6%)
Net position at beginning of period	1,089,778	1,110,783	(21,005)	(1.9%)	1,089,778	1,110,783	(21,005)	(1.9%)
Cumulative-effect of change in accounting principles	-	-	-	-	-	-	-	-
Net position at beginning of period -restated	1,089,778	1,110,783	(21,005)	(1.9%)	1,089,778	1,110,783	(21,005)	(1.9%)
Net position at end of period	<b>\$ 1,191,452</b>	<b>\$ 1,247,361</b>	<b>\$ (55,909)</b>	<b>(4.5%)</b>	<b>\$ 1,229,379</b>	<b>\$ 1,268,694</b>	<b>\$ (39,315)</b>	<b>(3.1%)</b>



# Statement of Revenues, Expenses and Change in Net Position By Fund/Account

(Dollars in Thousands)

	3rd Quarter 2023	Elimination	General Fund	Supplemental Water	CAGR D Account	Captive Insurance Fund
<b>Operating Revenues</b>						
Water O&M charges	\$ 132,895	\$ (6,968)	\$ 139,863	\$ -	\$ -	\$ -
Water service capital charges	28,115	(255)	28,370	-	-	-
Basin Development Fund Revenues	3,911	-	3,911	-	-	-
Other revenues	26,049	(8,449)	1,659	-	24,429	8,410
<b>Total Operating Revenues</b>	<b>\$ 190,970</b>	<b>\$ (15,672)</b>	<b>\$ 173,803</b>	<b>\$ -</b>	<b>\$ 24,429</b>	<b>\$ 8,410</b>
<b>Operating Expenses</b>						
Salaries and related costs	\$ (57,574)	\$ -	\$ (56,572)	\$ -	\$ (1,002)	\$ -
Energy	(44,885)	-	(44,885)	-	-	-
Transmission	(11,352)	-	(11,352)	-	-	-
Amortization	(16,336)	-	(16,336)	-	-	-
Depreciation	(19,177)	-	(19,131)	-	(46)	-
Other operating costs:						
Outside services	(35,284)	-	(34,803)	-	(302)	(179)
Materials and supplies	(8,149)	-	(8,149)	-	-	-
Water for recharge	6,822	7,262	-	-	(440)	-
Overhead	4,158	-	5,228	-	(1,070)	-
Other expenses	(7,000)	8,410	(8,069)	-	(142)	(7,199)
Subtotal other costs	(39,453)	15,672	(45,793)	-	(1,954)	(7,378)
<b>Total Operating Expenses</b>	<b>(188,777)</b>	<b>15,672</b>	<b>(194,069)</b>	<b>-</b>	<b>(3,002)</b>	<b>(7,378)</b>
<b>Operating Income/(Loss)</b>	<b>\$ 2,193</b>	<b>\$ -</b>	<b>\$ (20,266)</b>	<b>\$ -</b>	<b>\$ 21,427</b>	<b>\$ 1,032</b>
<b>Non-operating Revenues/(Expenses)</b>						
Property taxes	\$ 97,636	\$ -	\$ 97,636	\$ -	\$ -	\$ -
Interest income and other	15,461	-	12,553	110	2,797	1
Disbursements to AWBA	(366)	-	(366)	-	-	-
Interest expense and other	(13,250)	-	(13,109)	-	(141)	-
<b>Total Non-operating Revenues/(Expenses)</b>	<b>99,481</b>	<b>-</b>	<b>96,714</b>	<b>110</b>	<b>2,656</b>	<b>1</b>
Change in Net Position	101,674	-	76,448	110	24,083	1,033
Net position at beginning of period	1,089,778	(2,350)	778,441	8,592	293,955	11,140
Cumulative-effect of change in accounting principles	-	-	-	-	-	-
Net position at beginning of period-restated	1,089,778	(2,350)	778,441	8,592	293,955	11,140
Net position at end of period	<b>\$ 1,191,452</b>	<b>\$ (2,350)</b>	<b>\$ 854,889</b>	<b>\$ 8,702</b>	<b>\$ 318,038</b>	<b>\$ 12,173</b>

# Statement of Revenues, Expenses and Change in Net Position By Fund/Account

*(Dollars in Thousands)*

	Full Year 2023	Elimination	General Fund	Supplemental Water	CAGR D Account	Captive Insurance Fund
<b>Operating Revenues</b>						
Water O&M charges	\$ 185,370	\$ (11,943)	\$ 197,313	\$ -	\$ -	\$ -
Water service capital charges	36,713	(1,862)	38,575	-	-	-
Basin Development Fund Revenues	7,095	-	7,095	-	-	-
Other revenues	62,316	(12,237)	5,286	-	57,069	12,198
<b>Total Operating Revenues</b>	<b>\$ 291,494</b>	<b>\$ (26,042)</b>	<b>\$ 248,269</b>	<b>\$ -</b>	<b>\$ 57,069</b>	<b>\$ 12,198</b>
<b>Operating Expenses</b>						
Salaries and related costs	\$ (78,392)	\$ -	\$ (77,060)	\$ -	\$ (1,332)	\$ -
Energy	(50,993)	-	(50,993)	-	-	-
Transmission	(15,348)	-	(15,348)	-	-	-
Amortization	(21,782)	-	(21,782)	-	-	-
Depreciation	(26,469)	-	(26,408)	-	(61)	-
Other operating costs:						
Outside services	(43,908)	-	(43,136)	-	(498)	(274)
Materials and supplies	(10,222)	-	(10,221)	-	(1)	-
Water for recharge	(4,063)	13,844	-	-	(17,907)	-
Overhead	5,557	-	6,985	-	(1,428)	-
Other expenses	(9,177)	12,198	(10,717)	-	(202)	(10,456)
Subtotal other costs	(61,813)	26,042	(57,089)	-	(20,036)	(10,730)
<b>Total Operating Expenses</b>	<b>(254,797)</b>	<b>26,042</b>	<b>(248,680)</b>	<b>-</b>	<b>(21,429)</b>	<b>(10,730)</b>
<b>Operating Income/(Loss)</b>	<b>\$ 36,697</b>	<b>\$ -</b>	<b>\$ (411)</b>	<b>\$ -</b>	<b>\$ 35,640</b>	<b>\$ 1,468</b>
<b>Non-operating Revenues/(Expenses)</b>						
Property taxes	\$ 97,636	\$ -	\$ 97,636	\$ -	\$ -	\$ -
Interest income and other	24,085	-	19,902	193	3,988	2
Disbursements to AWBA	(733)	-	(733)	-	-	-
Interest expense and other	(18,084)	-	(17,479)	-	(605)	-
<b>Total Non-operating Revenues/(Expenses)</b>	<b>102,904</b>	<b>-</b>	<b>99,326</b>	<b>193</b>	<b>3,383</b>	<b>2</b>
Change in Net Position	139,601	-	98,915	193	39,023	1,470
Net position at beginning of period	1,089,778	(2,350)	778,441	8,592	293,955	11,140
Cumulative-effect of change in accounting principles	-	-	-	-	-	-
Net position at beginning of period-restated	1,089,778	(2,350)	778,441	8,592	293,955	11,140
Net position at end of period	<b>\$ 1,229,379</b>	<b>\$ (2,350)</b>	<b>\$ 877,356</b>	<b>\$ 8,785</b>	<b>\$ 332,978</b>	<b>\$ 12,610</b>



# Statement of Net Position

(Dollars in Thousands)

	2022	As of 09/30/2023	As of 12/31/2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 19,992	\$ 16,866	\$ 21,721
Cash Equivalents	148,578	155,829	187,102
Total cash and cash equivalents	168,570	172,695	208,823
Receivables			
Due from water customers	75	(7,216)	250
Due from property taxes, less allowance for doubtful accounts	44,619	98,314	47,323
Other Receivables	28,071	8,560	50,422
Water inventory	228,199	231,089	246,187
Funds held by federal government	9,081	3,991	7,227
Other assets	4,354	12,781	3,885
<b>Total Current Assets</b>	<b>482,969</b>	<b>520,214</b>	<b>564,117</b>
<b>Non-current Assets</b>			
Investments	501,222	481,988	460,793
Restricted assets	111,083	114,787	114,542
Agriculture water rights	47,692	47,692	47,692
Capital assets, less accumulated depreciation	331,241	341,488	349,118
Permanent service right, less accumulated amortization	996,834	980,498	975,053
Other assets	9,897	9,896	5,998
<b>Total Non-current Assets</b>	<b>1,997,969</b>	<b>1,976,349</b>	<b>1,953,196</b>
<b>Total Assets</b>	<b>\$ 2,480,938</b>	<b>\$ 2,496,563</b>	<b>\$ 2,517,313</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension & OPEB Valuation and Upfront Payments	\$ 14,092	\$ 14,527	\$ 14,527
<b>Total Deferred Outflows of Resources</b>	<b>14,092</b>	<b>14,527</b>	<b>14,527</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,495,030</b>	<b>\$ 2,511,090</b>	<b>\$ 2,531,840</b>

# Statement of Net Position

(Dollars in Thousands)

	2022	As of 09/30/2023	As of 12/31/2023
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 65,078	\$ 35,549	\$ 30,867
Accrued payroll, payroll taxes and other accrued expenses	9,445	7,795	9,175
Water operations, capital charges, and unearned revenue	37,362	52,345	38,138
Asset retirement obligation due within one year	4,886	10,752	2,559
Current liabilities payable from restricted assets, advances to federal government, and other Non-current assets:			
Accrued interest payable	18,716	12,736	17,293
Repayment obligation, due within one year	40,456	40,456	40,456
Contract revenue bonds, due within one year	5,540	5,725	5,725
<b>Total Current Liabilities</b>	<b>181,483</b>	<b>165,358</b>	<b>144,213</b>
<b>Non-current Liabilities:</b>			
Repayment obligation, due after one year	897,080	856,623	856,623
Contract revenue bonds, due after one year, net	45,323	39,177	39,036
Non-Indian agricultural 9(d) debt	88,719	88,719	88,719
Asset retirement obligation due after one year	30,448	14,682	22,875
Other non-current liabilities	91,975	91,975	91,975
<b>Subtotal Non-current Liabilities</b>	<b>1,153,545</b>	<b>1,091,176</b>	<b>1,099,228</b>
<b>Total Liabilities</b>	<b>1,335,028</b>	<b>1,256,534</b>	<b>1,243,441</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Customer Deposits	55,213	48,092	44,008
Deferred Inflow OPEB	2,391	2,391	2,391
Pension Valuation	12,621	12,621	12,621
<b>Total Deferred Inflows of Resources</b>	<b>70,225</b>	<b>63,104</b>	<b>59,020</b>
<b>NET POSITION</b>			
Net investment in capital assets	339,677	380,004	382,331
Restricted	92,367	102,051	97,249
Unrestricted	657,733	709,397	749,799
<b>Total Net Position</b>	<b>1,089,777</b>	<b>1,191,452</b>	<b>1,229,379</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 2,495,030</b>	<b>\$ 2,511,090</b>	<b>\$ 2,531,840</b>

# Statement of Net Position by Fund

(Dollars in Thousands)

	As of 12/31/2023	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 208,823	\$ -	\$ 167,357	\$ -	\$ 26,680	\$ 14,786
Receivables	97,995	(7,147)	90,600	-	14,542	-
Water inventory	246,187	-	22,803	-	223,384	-
Funds held by / advanced to federal government	7,227	-	7,227	-	-	-
Other assets	3,885	(2,144)	6,123	-	(104)	10
<b>Total Current Assets</b>	<b>564,117</b>	<b>(9,291)</b>	<b>294,110</b>	<b>-</b>	<b>264,502</b>	<b>14,796</b>
<b>Non-current Assets</b>						
Investments and restricted assets	575,335	(2,350)	489,881	8,785	76,769	2,250
Agriculture water rights	47,692	-	47,692	-	-	-
Capital assets, less accumulated depreciation	349,118	-	323,662	-	25,456	-
Permanent service right, less accumulated amortization	975,053	-	975,053	-	-	-
Other assets, less accumulated amortization	5,998	(7,329)	13,327	-	-	-
Bond issuance costs, net of accumulated amortization	-	-	-	-	-	-
<b>Total Non-current Assets</b>	<b>1,953,196</b>	<b>(9,679)</b>	<b>1,849,615</b>	<b>8,785</b>	<b>102,225</b>	<b>2,250</b>
<b>Total Assets</b>	<b>2,517,313</b>	<b>(18,970)</b>	<b>2,143,725</b>	<b>8,785</b>	<b>366,727</b>	<b>17,046</b>
<b>Deferred Outflows of Resources</b>						
	14,527	-	14,527	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,531,840</b>	<b>(18,970)</b>	<b>2,158,252</b>	<b>8,785</b>	<b>366,727</b>	<b>17,046</b>



# Statement of Net Position by Fund

(Dollars in Thousands)

	As of 12/31/2023	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance
<b>Current Liabilities</b>						
Accounts payable / accrued payroll	\$ 40,042	\$ (7,218)	\$ 26,231	\$ -	\$ 16,593	\$ 4,436
Water operations, capital charges, and unearned revenue	38,138	-	38,138	-	-	-
Asset retirement obligation due within one year	2,559		2,559			
Other current liabilities	63,474	(2,073)	59,595	-	5,952	-
<b>Total Current Liabilities</b>	<b>144,213</b>	<b>(9,291)</b>	<b>126,523</b>	<b>-</b>	<b>22,545</b>	<b>4,436</b>
<b>Noncurrent Liabilities</b>						
Asset retirement obligation due after one year	22,875		22,875			
Repayment obligation, due after one year	856,623	-	856,623	-	-	-
Contract revenue bonds, due after one year, net	39,036	-	35,161	-	3,875	-
Non-Indian agricultural 9(d) debt	88,719	-	88,719	-	-	-
Other non-current liabilities	91,975	(7,329)	91,975	-	7,329	-
<b>Total Noncurrent Liabilities</b>	<b>1,099,228</b>	<b>(7,329)</b>	<b>1,095,353</b>	<b>-</b>	<b>11,204</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,243,441</b>	<b>(16,620)</b>	<b>1,221,876</b>	<b>-</b>	<b>33,749</b>	<b>4,436</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Customer Deposits and Upfront Payments	44,008	-	44,008	-	-	-
Deferred Inflow OPEB	2,391		2,391			
Pension Valuation	12,621	-	12,621	-	-	-
<b>Total Deferred inflows of Resources</b>	<b>59,020</b>	<b>-</b>	<b>59,020</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>						
Net Investment in capital assets	382,331	-	364,535	-	17,796	-
Restricted	97,249	-	60,739	8,785	25,475	2,250
Unrestricted	749,799	(2,350)	452,082	-	289,707	10,360
<b>Total Net Position</b>	<b>1,229,379</b>	<b>(2,350)</b>	<b>877,356</b>	<b>8,785</b>	<b>332,978</b>	<b>12,610</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 2,531,840</b>	<b>(18,970)</b>	<b>2,158,252</b>	<b>8,785</b>	<b>366,727</b>	<b>17,046</b>

## Spending Authority Full Year 2023

	General Fund Operating <sup>1</sup>	CAGR Operating <sup>2</sup>	Captive Insurance Fund	Capital Budget
Board Approved Budget	\$ 193,378	\$ 3,776	\$ 11,746	\$ 41,943
Additional Board Authorized Spending:				
Accounting Changes & Adjustments:				
Adjusted Spending Authority	\$ 193,378	\$ 3,776	\$ 11,746	\$ 41,943
Projection	\$ 182,339	\$ 3,522	\$ 10,730	\$ 42,363
Variance (\$) Fav/(Unfav)	\$ 11,039	\$ 254	\$ 1,016	\$ (420)
Variance (%)	5.7%	6.7%	8.6%	(1.0%)

### NOTES

<sup>1</sup> Energy and transmission are excluded because of market volatility and are administered by an Energy Risk Oversight

<sup>2</sup> CAGR water for recharge to meet obligations is excluded.

# Annual Repayment Obligation

## Master Repayment Contract (Accrual Basis)

(Dollars in Thousands)

	2022 Actual	2023		Variance (\$)	Notes
		Projection	Budget		
<b>Sources of Funds</b>					
Net line rental revenue	2,711	3,177	2,200	977	A
Hoover 4.5 mil surcharge	2,924	2,992	3,200	(208)	B
Parker-Davis	2,712	3,048	2,900	148	
Net CAP transmission revenues including line losses	(75)	(2,945)	(1,000)	(1,945)	C
Land-related revenues:					
Land use (net)	654	823	830	(7)	
Land sales (net)	-	-	-	-	
Interest on deposits	155	132	300	(168)	D
<b>Total Credits Toward Repayment</b>	<b>\$ 9,081</b>	<b>\$ 7,227</b>	<b>\$ 8,430</b>	<b>\$ (1,203)</b>	
<b>Uses of Funds</b>					
Principal	\$ 40,456	\$ 40,456	\$ 40,456	\$ -	
Interest	17,689	16,357	16,357	-	
Gross Payment <i>(Due Jan. 20th, following year-end)</i>	\$ 58,145	\$ 56,813	\$ 56,813	\$ -	
<b>Net Due / Excess Funds for Repayment</b>	<b>\$ (49,064)</b>	<b>\$ (49,586)</b>	<b>\$ (48,383)</b>	<b>\$ (1,203)</b>	
<b>CAP NGS Energy &amp; Navajo Transmission Reconciliation</b>	<b>\$ 654</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Net Funds Due to/from Federal Government</b>	<b>\$ (48,410)</b>	<b>\$ (49,586)</b>	<b>\$ (48,383)</b>	<b>\$ (1,203)</b>	

**Notes:**

- A Line rental revenue substantially higher than budgeted amount through the first 9 months
- B Hoover Power Plant surcharge revenue under budget due to lower than projected kilowatt hour usage
- C Southern transmission losses significantly higher than anticipated
- D Interest under budget due to lower than expected revenues

# Staffing - Average Full Time Equivalent (FTE)

	2022	3rd	2023		Variance	
		2023	Projection	Budget	FTEs	% (*)
<b>Management Council</b>	12.0	11.1	11.1	12.0	0.9	7.5%
<b><i>AGM - Finance &amp; Admin Group</i></b>						
<b>Finance &amp; Administration</b>						
Finance & Accounting	20.1	21.0	20.9	21.0	0.1	0.5%
Supply Chain & Facilities	26.9	27.0	27.0	27.0	-	0.0%
Total Finance and Administration	47.0	48.0	47.9	48.0	0.1	
<b>Technology &amp; Governance</b>						
Analytics	7.3	8.3	8.5	4.0	(4.5)	(112.5%)
Information Technology	27.1	27.4	27.7	36.0	8.3	23.1%
Enterprise Security	10.8	11.1	11.2	9.0	(2.2)	(24.4%)
Total Technology & Governance	45.2	46.8	47.4	49.0	1.6	3.3%
<b>Employee Services</b>						
Cent Learning & Development	5.5	5.0	5.0	6.0	1.0	16.7%
Environment, Health & Safety	10.4	9.6	9.7	11.0	1.3	11.8%
Human Resources	7.2	7.7	7.3	7.5	0.2	2.7%
Total Employee Services	23.1	22.3	22.0	24.5	2.5	10.2%
<b><i>AGM - Water Policy Group</i></b>						
<b>Water Policy</b>						
CAGRD	9.2	9.1	9.1	9.0	(0.1)	(1.1%)
Water Policy	7.8	8.8	8.8	8.0	(0.8)	(10.0%)
Total Water Policy	17.0	17.9	17.9	17.0	(0.9)	(5.3%)
<b>General Counsel</b>	5.0	5.0	5.0	5.0	-	0.0%
<b>Public Affairs</b>	16.3	16.6	16.4	17.0	0.6	3.5%
<b><i>AGM - Ops &amp; Engineering Group</i></b>						
<b>Centralized Maint &amp; Reliability</b>						
Centralized Maintenance	68.1	67.0	67.2	72.0	4.8	6.7%
Maintenance Control	36.6	38.4	39.1	42.0	2.9	6.9%
Total Centralized Maint & Reliability	104.7	105.4	106.3	114.0	7.7	6.8%
<b>Field Maintenance</b>						
Operational Technology	35.2	36.0	36.7	38.0	1.3	3.4%
South Area Maintenance	42.6	42.9	43.2	46.0	2.8	6.1%
West Area Maintenance	44.9	45.6	45.7	45.0	(0.7)	(1.6%)
Total Field Maintenance	122.7	124.5	125.6	129.0	3.4	2.6%
<b>Operations and Engineering</b>						
Engineering	61.3	61.6	62.2	63.0	0.8	1.3%
Power Program Admin	2.1	2.2	2.1	2.0	(0.1)	(5.0%)
Water Operations	23.3	23.0	23.2	24.0	0.8	3.3%
Total Operations and Engineering	86.7	86.8	87.5	89.0	1.5	1.7%
<b>Vacancy/Salary Savings Equivalent</b>	-	-	(0.7)	(15.0)	(14.3)	95.3%
<b>Total FTE</b>	<b>479.7</b>	<b>484.4</b>	<b>486.4</b>	<b>489.5</b>	<b>3.1</b>	<b>0.6%</b>



# General Fund

The General Fund ended the third quarter with a net position increase of \$76.4 million compared to a budgeted net position increase of \$111.3 million. The General Fund is projected to end the year with a net position increase of \$98.9 million.

The following discussion summarizes the General Fund's 2023 budget performance through the third quarter and for the full year projection.

## GENERAL FUND Budget Performance - 3rd Quarter 2023

<i>(Dollars in thousands)</i>	Actuals	Budget	Change
Revenues	\$ 283,992	\$ 331,400	\$ (47,408)
Expenses	(207,544)	(220,078)	12,534
Change in Net Position	\$ 76,448	\$ 111,322	\$ (34,874)
Beginning Net Position	778,441	830,672	(52,231)
Ending Net Position	\$ 854,889	\$ 941,994	\$ (87,105)

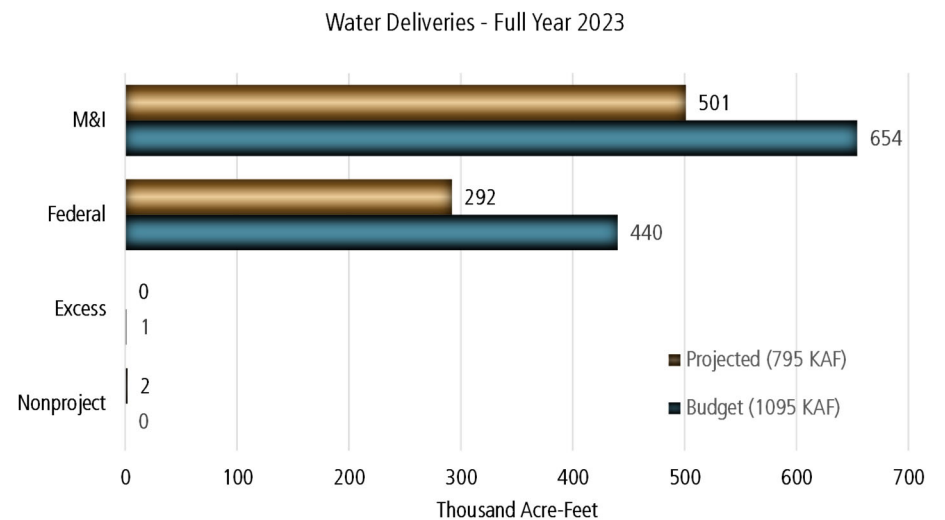
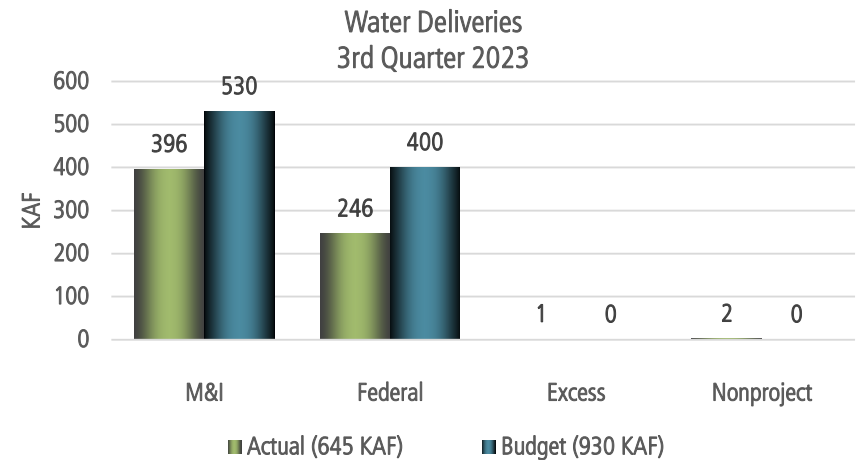
## GENERAL FUND Budget Performance - Full Year 2023

<i>(Dollars in thousands)</i>	Projected	Spending Authority	Change
Revenues	\$ 365,807	\$ 404,836	\$ (39,029)
Expenses	(266,892)	(291,392)	24,500
Change in Net Position	\$ 98,915	\$ 113,444	\$ (14,529)
Beginning Net Position	778,441	830,672	(52,231)
Ending Net Position	\$ 877,356	\$ 944,116	\$ (66,760)

## Water Deliveries

Through September 2023, total water deliveries were 285 KAF lower than budget because of limited supply and conservation programs.

Full-year deliveries are expected to be 300 KAF lower than budget. M&I deliveries are expected to be 153 KAF lower than budget, and federal deliveries are expected to be 148 KAF lower than budget. Total full-year deliveries are expected to include 2 KAF of nonproject water deliveries.



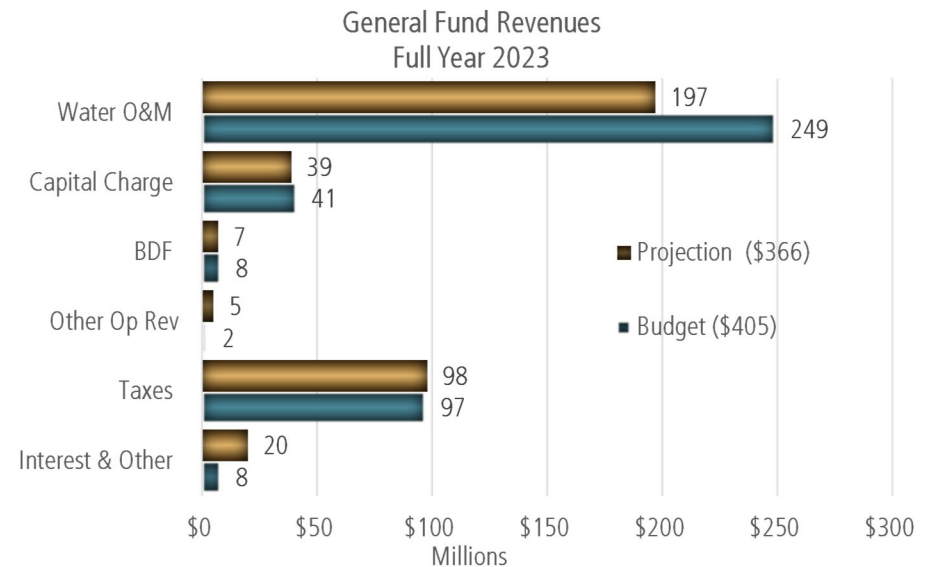
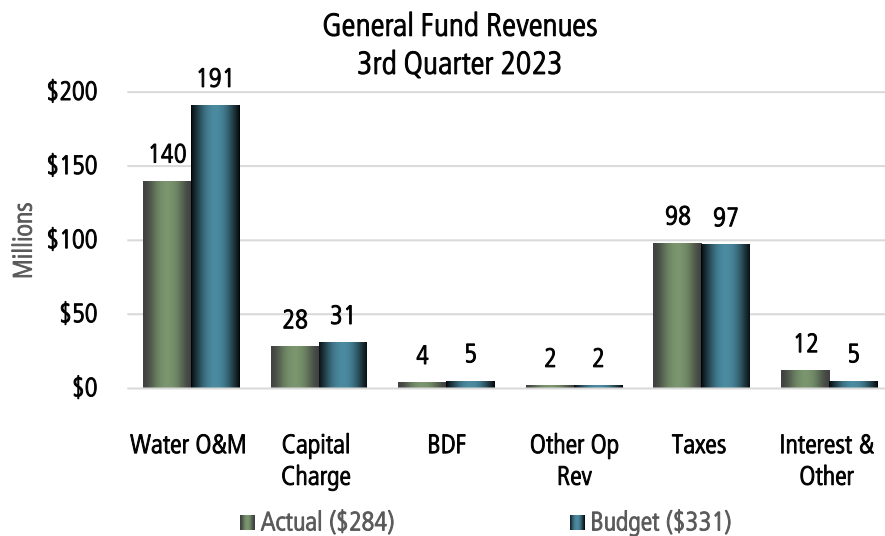
## Total Revenues

**3RD QUARTER 2023 BUDGET PERFORMANCE:** Through September 2023, total General Fund revenues were \$284 million, \$47 million lower than budget. Key factors contributing to the variance were:

- Water O&M revenues were lower than budget by \$51 million due to lower deliveries related to conservation efforts and taxes applied to the delivery rate.
- Interest income was higher than budget by \$7 million due to favorable market conditions and the resulting fair value adjustment.
- Capital charges were \$3 million lower than budget because the actual capital rate was lower than the budgeted rate.
- All other operating and nonoperating revenues were at or near budget.

**FULL YEAR 2023 BUDGET PERFORMANCE:** Full year General Fund revenues are projected to be \$366 million, \$39 million lower than the full-year budget of \$405 million. The key factors contributing to the variance are:

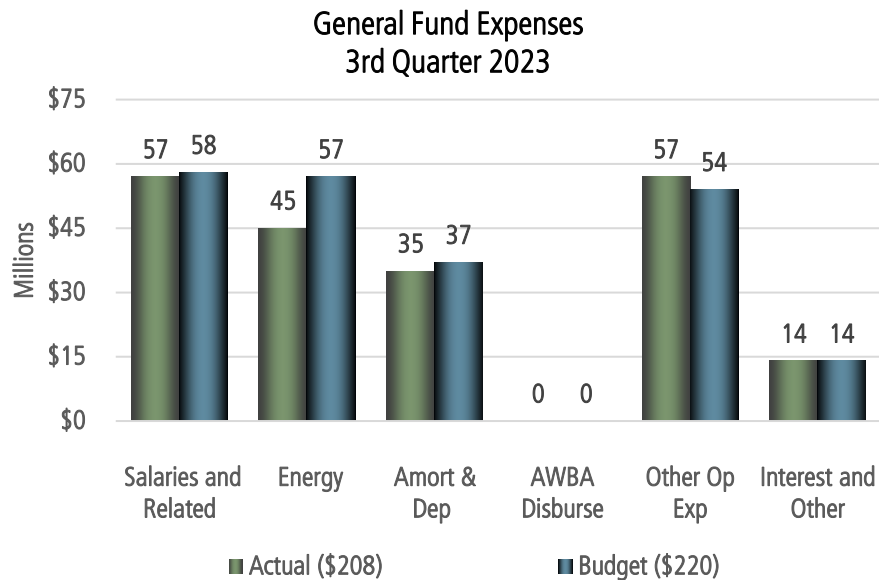
- Water O&M revenues are projected to be \$52 million lower than budget due to lower deliveries related to conservation efforts and taxes applied to the delivery rate.
- Capital charges are projected to be \$2 million lower than budget because the actual capital rate was lower than the budgeted rate.
- Other operating revenues are project to be \$3 million higher than budget because of the federal grant reimbursement.
- Interest income is projected to be \$12 million higher than budget due to favorable market conditions and the resulting fair value adjustment.



## Total Expenses

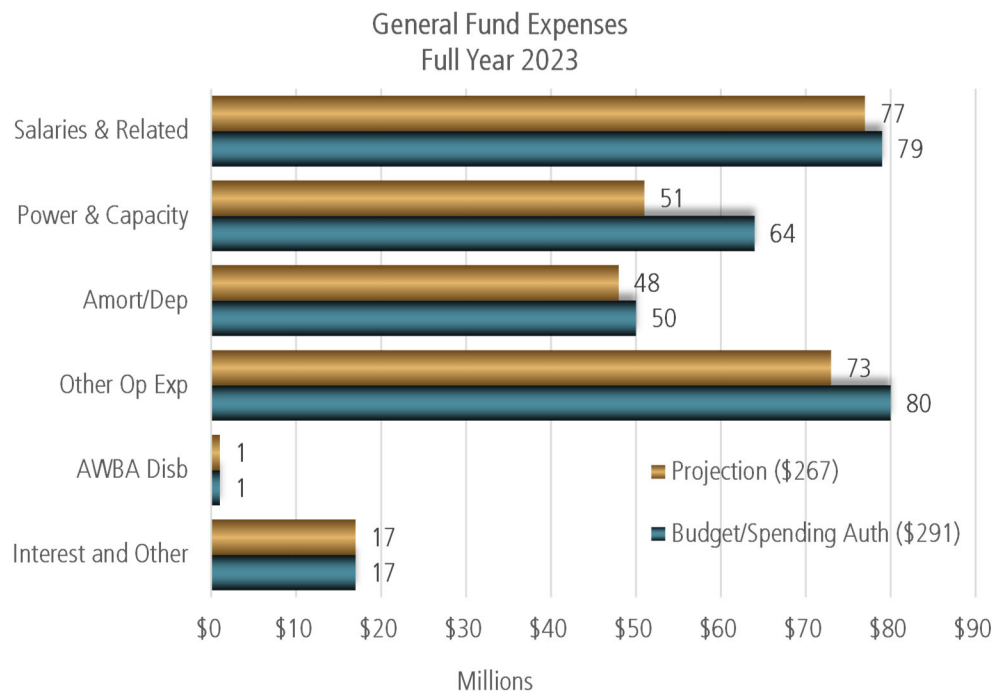
**3RD QUARTER BUDGET PERFORMANCE:** Through September 2023, total General Fund expenses were \$208 million, \$12 million lower than budget. Key factors contributing to the variance were:

- Energy expenses were \$12 million lower than budget because of lower deliveries than planned and shaping opportunities.
- Other operating expenses were \$3 million higher than budget, largely because of ICS Preservation payments that were budgeted for Q4 but occurred in Q3, which offsets conservation agreements that are now federally funded.
- All other operating and nonoperating expenses were at or near budget.



**FULL YEAR 2023 BUDGET PERFORMANCE:** Total expenses for 2023 are anticipated to be \$267 million compared to a budget of \$291 million.

- Salaries and related expenses are projected to be \$2 million under budget because more labor is being charged to capital projects and lower benefit costs.
- Energy expenses are expected to end the year \$13 million under budget because of lower deliveries and shaping opportunities.
- Other operating expenses are projected to be \$7 million under budget, largely because system conservation agreements are being federally funded.
- All other operating and nonoperating expenses are projected to be at or near budget.



## General Fund Reserves

The District maintains several reserves, many of which are restricted for specific purposes. The District also maintains the following reserves that the Board has specified:

- **STRATEGIC RESERVES** are cash reserves for unusual or unplanned events, such as equipment failures, business interruption or unplanned costs. These reserves may be drawn upon if unusual or unplanned events occur, or they may never be used at all.
- **EXTRAORDINARY COST RESERVES** were established through Board action, and these reserves are essentially a revolving fund intended to pay for large expenses that may either not be appropriate for the water rate or may cause unplanned "spikes" in the water rate.
- **WORKING CAPITAL** is self-replenishing funds used to smooth out timing differences in revenues and spending, within and across years.

The CAWCD Board reviews each of the reserves targets biennially, and on May 5, 2022 approved separate revised reserve targets. Each of them is calculated with a consistent methodology applicable for each reserve type, in accordance with Government Finance Officers Association (GFOA) best practices.

Known planned expenses or events are included in the budget, and funded on a "pay as you go" basis through water rates and taxes. Other reserves have been established for specific purposes, such as the water storage reserve, or rate stabilization reserve, and are not included in these reserves.

Working Capital will fluctuate depending on operational needs of the District and capital spending. Funds typically decrease throughout the year until property taxes are received, primarily in May-June and again in November-December.

### RESERVE MANAGEMENT GUIDELINES

The Board established Reserve Management Guidelines in May 2022 to identify a flow of funds. The general rule is to fill Strategic Reserves to target, then fill Working Capital to target, and then fill Extraordinary Cost Reserves to target. Extraordinary Cost Reserves are currently below the newly established target, and will take several years to get to the target. Once that target is met, any excess funds will flow to Working Capital.

### END OF YEAR BALANCE PROJECTIONS

Strategic Reserves and Working Capital are expected to be at target at the end of the year. The Extraordinary Cost Reserve is expected to be at \$204 million; through Q3, \$30 million from this reserve was allocated for Board approved purposes, leaving an unallocated amount of \$174 million.

## Board Established Targets

*(Dollars in Millions)*

### Strategic Reserves

Capital Reserve	\$73
Operating Reserve	\$80
Contingency Reserve	\$8
<b>Total Strategic Reserves Target</b>	<b>\$161</b>

<b>Total Extraordinary Cost Reserves Target</b>	<b>\$281</b>
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<b>Total Working Capital Target</b>	<b>\$89</b>
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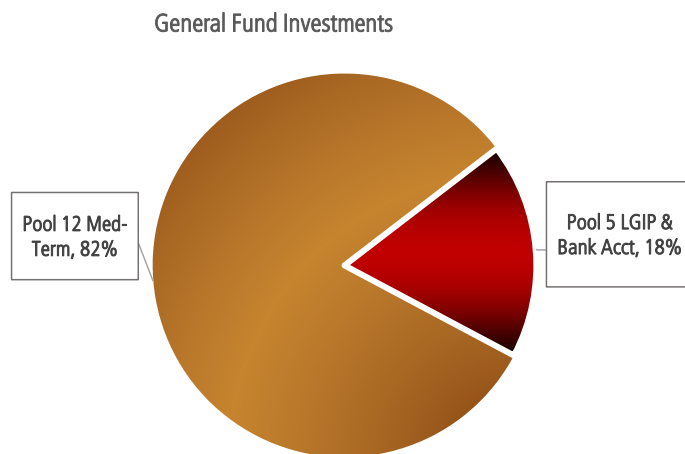
## General Fund Cash and Investments

As prescribed by the District's Enabling Act, the Arizona State Treasurer holds the District's investments. These investments are held in the following investment pools:

- **Pool 5 (Local Government Investment Pool or LGIP)** – Used for liquid cash equivalent needs consisting of short-term investments.
- **Pool 12 (CAWCD Medium-Term Pool)** – Provides investments in medium- to long-term securities with a target duration of two to four years.

The average investment yields for funds invested with the State Treasurer through September 2023 was 3.48% for pool 12 and 5.30% for pool 5.

Funds needed to meet the immediate expenses and costs of the District are held with Bank of America (BoFA).



As shown on the following table, the District maintains several reserves to meet specific purposes:

	Market Value as of	
<i>(Dollars in millions)</i>	9/30/23	12/31/22
<b>Strategic Reserves</b>		
<b>Restricted Reserves</b>		
Major Repair & Replacement Reserve	1	2
<b>Assigned Reserves</b>		
Capital Reserve	71	72
Operating Reserve	79	80
Contingency Reserve	8	7
<b>Total Strategic Reserves</b>	<b>159</b>	<b>161</b>
<b>Working Capital</b>	<b>\$ 50</b>	<b>\$ 89</b>
<b>Extraordinary Cost Reserves</b>	<b>\$ 244</b>	<b>\$ 216</b>
<b>Other Reserves</b>		
Navajo Decommissioning	\$ 19	\$ 28
Repayment Reserve	37	37
Emergency OM&R Reserve	6	6
System Use Reserve	4	4
Tribal ICS Reserve	33	33
Rate Stabilization	12	17
Voluntary Rate Stabilization	7	7
Bond Reserve	6	6
9(d) Debt Reserve	18	18
Recovery Reserve	6	6
Recharge O & M	8	8
Water Storage Tax for AWBA	34	30
<b>Total Other Reserves</b>	<b>190</b>	<b>200</b>
<b>Total Reserves</b>	<b>\$ 643</b>	<b>\$ 666</b>

# Statement of Revenues, Expenses and Change in Net Position

## General Fund

(Dollars in Thousands)

	3rd Quarter 2023				Full Year 2023						Notes
	Actual	Budget	Variance		Projection	Budget	Additional Spending	Total Spending Authority	Variance		
			(\$)	(%)					(\$)	(%)	
Water Deliveries (acre-feet in thousands)	645	931	(286)	(30.7%)	795	1,095	-	1,095	(300)	(27.4%)	
Operating Revenues											
Water O&M charges	\$ 139,863	\$ 190,976	(51,113)	(26.8%)	\$ 197,313	\$ 248,741	\$ -	\$ 248,741	\$ (51,428)	(20.7%)	A
Water service capital charges	28,370	30,738	(2,368)	(7.7%)	38,575	40,984	-	40,984	(2,409)	(5.9%)	B
Basin Development Fund Revenues	3,911	5,149	(1,238)	(24.0%)	7,095	8,130	-	8,130	(1,035)	(12.7%)	C
Other revenues	1,659	1,611	48	3.0%	5,286	2,144	-	2,144	3,142	146.5%	D
Total Operating Revenues	\$ 173,803	\$ 228,474	\$ (54,671)	(23.9%)	\$ 248,269	\$ 299,999	-	\$ 299,999	\$ (51,730)	(17.2%)	
Operating Expenses											
Salaries and related costs	\$ (56,572)	\$ (58,434)	\$ 1,862	3.2%	\$ (77,060)	\$ (78,912)	\$ -	\$ (78,912)	\$ 1,852	2.3%	E
Energy	(44,885)	(56,693)	11,808	20.8%	(50,993)	(64,410)	-	(64,410)	13,417	20.8%	F
Transmission	(11,352)	(11,660)	308	2.6%	(15,348)	(15,580)	-	(15,580)	232	1.5%	G
Amortization of Permanent Service Right	(16,336)	(16,336)	-	0.0%	(21,782)	(21,782)	-	(21,782)	-	0.0%	
Depreciation and Amortization	(19,131)	(21,225)	2,094	9.9%	(26,408)	(28,300)	-	(28,300)	1,892	6.7%	H
Other operating costs:											
Outside services	(34,803)	(30,471)	(4,332)	(14.2%)	(43,136)	(48,751)	-	(48,751)	5,615	11.5%	I
Materials and supplies	(8,149)	(6,925)	(1,224)	(17.7%)	(10,221)	(9,019)	-	(9,019)	(1,202)	(13.3%)	
Overhead	5,228	4,058	1,170	28.8%	6,985	5,274	-	5,274	1,711	32.4%	
Other expenses	(8,069)	(8,874)	805	9.1%	(10,717)	(11,888)	-	(11,888)	1,171	9.9%	J
Total other operating expenses	(45,793)	(42,212)	(3,581)	(8.5%)	(57,089)	(64,384)	-	(64,384)	7,295	11.3%	
Total Operating Expenses	(194,069)	(206,560)	12,491	6.0%	(248,680)	(273,368)	-	(273,368)	24,688	9.0%	
Operating Income/(Loss)	\$ (20,266)	\$ 21,914	\$ (42,180)	(192.5%)	\$ (411)	\$ 26,631	\$ -	\$ 26,631	\$ (27,042)	(101.5%)	
Non-Operating Revenues/(Expenses)											
Property taxes	\$ 97,636	\$ 97,194	\$ 442	0.5%	\$ 97,636	\$ 97,194		97,194	442	0.5%	
Interest income and other	12,553	5,732	6,821	119.0%	19,902	7,643	-	7,643	12,259	160.4%	K
Disbursements to AWBA	(366)	(409)	43	10.5%	(733)	(545)	-	(545)	(188)	(34.5%)	
Interest expense and other	(13,109)	(13,109)	-	0.0%	(17,479)	(17,479)	-	(17,479)	-	0.0%	
Net Non-operating Income/(Loss)	96,714	89,408	7,306	8.2%	99,326	86,813	-	86,813	12,513	14.4%	
Change in Net Position	76,448	111,322	(34,874)	(31.3%)	98,915	113,444	-	113,444	(14,529)	(12.8%)	
Net Position at beginning of period	778,441	830,672	(52,231)	(6.3%)	778,441	830,672	-	830,672	(52,231)	(6.3%)	
Cumulative-effect of Change in Accounting Principles	-	-	-		-	-		-	-		
Net Position at beginning of period - restated	\$ 778,441	\$ 830,672	\$ (52,231)	(6.3%)	\$ 778,441	\$ 830,672	\$ -	\$ 830,672	\$ (52,231)	(6.3%)	
Net Position at end of period	\$ 854,889	\$ 941,994	\$ (87,105)	(9.2%)	\$ 877,356	\$ 944,116	\$ -	\$ 944,116	\$ (66,760)	(7.1%)	

# Statement of Revenues, Expenses and Change in Net Position

## General Fund

### *Notes*

- A **Water O&M Charges:** 2023 water deliveries are 300 thousand acre-feet less than budget because of limited water availability and conservation efforts. Water O&M revenue for 2023 is \$50 million less than budget, primarily because of lower-than-expected deliveries and tax revenues applied to some water delivery costs.
- B **Water Service Capital Charges:** 2023 capital charges are projected to be \$2.3 million lower than budget because the final rate is \$3/acre-foot lower than the budgeted rate.
- C **Basin Development Fund Revenues:** Q3 and full year revenues are projected to be less than budget primarily because of higher than projected transmission losses and lower-than-expected water deliveries.
- D **Other Revenues:** 2023 Other revenues are projected to be \$3.1 million higher than budget largely because of the federal grant reimbursement that reimbursed payments to NDrip.
- E **Salaries and Related Costs:** Salaries and related costs are projected to be under budget due to more labor charged to capital projects and lower benefit costs.
- F **Energy:** Due to the shortage and conservation & preservation agreements, there are projected lower diversions and lower water deliveries than planned, creating the opportunity for greater shaping. The planned water release by the Army Corps of Engineers out of Alamo Lake resulted in an operational decision to stop diversions and pumping for approximately 8 days in March until the turbidity levels in Lake Havasu dropped. Also during Q1, Mark Wilmer Pumping Plant experienced a power supply disruption, resulting in stopping diversions and pumping for a few days. The forecast includes favorable summer sales. CAP continues to explore price stability and looks to the forward energy auctions as a method to accomplish this.
- G **Transmission:** There was a substantial unanticipated rate increase of approximately 600% in 2022, which equates to a \$2.6 million increase over budget, in the El Paso Electric transmission capacity contract. Additionally, transmission losses are projected over budget by \$1.1 million due to higher rates. These increases are offset by the reduction in the CAP transmission system rate of approximately \$3.5 million.
- H **Depreciation and Amortization:** Full-year variance is primarily due to ongoing impacts and delays in the supply chain, even as project and equipment deliveries increase.
- I **Outside Services:** 2023 full-year variances is due largely to system conservation agreements that are now federally funded. The same is true for Q3-YTD, but the Q3 total also includes ICS Preservation payments that were originally planned for Q4.
- J **Other Expenses:** Full-year expenses are projected to be \$1.7 million less than expected. Primary causes of the variance are less-than-planned employee travel and license renewal expenses and reduced wheeling fees at Lower Santa Cruz Recharge Project due to conservation.
- K **Interest Income and Other:** YTD and full year variances are due to favorable economic environment.

# Water Volumes

(in Acre-Feet)

	3rd Quarter 2023				Full Year 2023				
	Actual	Budget	Variance		Projection	Budget	Variance		Notes
			(A/F)	(%)			(A/F)	(%)	
PROJECT WATER DELIVERIES				-				-	
Municipal & Industrial Water Subcontract	396,423	530,365	(133,942)	-25%	500,567	654,341	(153,774)	-24%	A
Federal Contract	246,119	399,957	(153,838)	-38%	292,497	440,459	(147,962)	-34%	B
Subtotal Project Water Deliveries	642,542	930,322	(287,780)	-31%	793,064	1,094,800	(301,736)	-28%	
Excess									C
Ag Settlement Pool (includes Ag Forbearance)	-	-	-	-	-	-	-	-	
CAGRD Obligation	-	-	-	-	-	-	-	-	
CAGRD Obligation @ Scottsdale IWDS	-	-	-	-	-	-	-	-	
AWBA	-	-	-	-	-	-	-	-	
AWBA Interstate Banking Water	-	-	-	-	-	-	-	-	
USBR Firming	-	-	-	-	-	-	-	-	
CAGRD Replenishment Reserve	-	-	-	-	-	-	-	-	
Temporary water use permits	-	293	(293)	-100%	-	625	(625)	-100%	
Full Cost Excess (Unscheduled overruns)	-	-	-	-	-	-	-	-	
Subtotal Excess	-	293	(293)	-100%	-	625	(625)	-100%	
NONPROJECT WATER DELIVERIES									
Firming - Federal	1,040	-	1,040	-	1,040	-	1,040	-	
Firming - CAWCD	-	-	-	-	-	-	-	-	
Other Wheeled Water-Federal	943	-	943	-	943	-	943	-	
Other Wheeled Water - CAWCD	-	-	-	-	-	-	-	-	
Subtotal Nonproject Water	1,983	-	1,983	-	1,983	-	1,983	-	
Total Water Deliveries	644,525	930,615	(286,090)	-31%	795,047	1,095,425	(300,378)	-27%	
Transfer of credits to CAGRD	-	-	-	-	13,617	16,289	(2,672)	-16%	
Take or Pay/Adjustment	-	-	-	-	-	6,000	(6,000)	-100%	
Billed Fixed OM&R Water Volumes	644,525	930,615	(286,090)	-31%	808,664	1,117,714	(309,050)	-28%	

Notes explaining the variances are shown on the following page.



# Notes

## Water Volumes , Water Revenues, and Capital Charges (pages 28 and 31)

- A **M&I Subcontract:** 2023 deliveries are expected to be 154K acre-feet less than budget due to conservation programs.
- B **Federal Contract:** 2023 deliveries are expected to be 148K acre-feet less than budget due to conservation programs.
- C **Excess:** There are no planned excess water deliveries in 2023.
- D **Capital and Facility Use Charges (M&I Subcontractors):** Full-year projection is \$2.3M less than budget because the final published rate is \$3 per acre-foot less than the budgeted rate.
- E **Capital and Facility Use Charges (M&I Nonsubcontractors):** Full-year projection is \$149K less than budget because projected transfers of LTSC to CAGR D are lower than budgeted, and the the final published rate is \$3 per acre-foot less than the budgeted rate.
- F **Underground Storage Facility Use Charges:** There will be no storage of water by the tribes at CAP recharge projects due to planned diversion to Lake Mead this year.



# Water Revenues and Capital Charges

(Dollars in Thousands)

	3rd Quarter 2023				Full Year 2023				Notes
	Actual	Budget	Variance		Projection	Budget	Variance		
			(\$)	(%)			(\$)	(%)	
<b>PROJECT WATER REVENUES</b>									
Municipal & Industrial Water Subcontract	\$ 86,024	\$ 108,725	\$ (22,701)	-21%	\$ 122,138	\$ 145,997	\$ (23,859)	-16%	A
Federal Contract	53,408	81,991	(28,583)	-35%	71,369	98,275	(26,906)	-27%	B
<b>Subtotal Project Water Deliveries</b>	139,432	190,716	(51,284)	-27%	193,507	244,272	(50,765)	-21%	
<b>Excess</b>									
Ag Settlement Pool (includes Ag Forbearance)	-	-	-	-	-	-	-	-	C
CAGR D Obligation	-	-	-	-	-	-	-	-	
CAGR D Obligation @ Scottsdale IWDS	-	-	-	-	-	-	-	-	
AWBA	-	-	-	-	-	-	-	-	
AWBA Interstate Banking Water	-	-	-	-	-	-	-	-	
USBR Firming	-	-	-	-	-	-	-	-	
CAGR D Replenishment Reserve	-	-	-	-	-	-	-	-	
Water Revenues Contra WSTA	-	195	(195)	-100%	-	416	(416)	-100%	
Temporary water use permits	-	-	-	-	-	-	-	-	
Full Cost Excess (Unscheduled overruns)	-	65	(65)	-100%	-	-	-	-	
<b>Subtotal Excess</b>	-	260	(260)	-100%	-	416	(416)	-100%	
<b>NONPROJECT WATER REVENUES</b>									
Firming - Federal	226	-	226	-	254	-	254	-	
Firming - CAWCD	-	-	-	-	-	-	-	-	
Other Wheeled Water-Federal	205	-	205	-	230	-	230	-	
Other Wheeled Water - CAWCD	-	-	-	-	-	-	-	-	
<b>Subtotal Nonproject Water Revenues</b>	431	-	431	-	484	-	484	-	
<b>Water O&amp;M Charges before adjustments</b>	139,863	190,976	(51,113)	-27%	193,991	244,688	(50,697)	-21%	
Misc. Adjustments	-	-	-	-	-	-	-	-	
Transfer of credits to CAGR D	-	-	-	-	3,322	3,453	(131)	-4%	
Take/Pay Adj.	-	-	-	-	-	600	(600)	-100%	
<b>Total Water O&amp;M Charges</b>	\$ 139,863	\$ 190,976	\$ (51,113)	-27%	\$ 197,313	\$ 248,741	\$ (51,428)	-21%	
<b>CAPITAL &amp; FACILITY USE CHARGES</b>									
M&I subcontractors	28,320	30,014	\$ (1,694)	-6%	37,759	40,019	(2,260)	-6%	D
M&I non-subcontract	-	684	(684)	-100%	763	912	(149)	-16%	E
Facility Use Charges - Pima & Maricopa (interstate)	-	-	-	-	-	-	-	-	
Facility Use Charges - Nonproject Water	50	-	50	-	53	-	53	-	
Underground storage facilities	-	40	(40)	-100%	-	53	(53)	-100%	F
<b>Total Capital &amp; Facility Use Charges</b>	\$ 28,370	\$ 30,738	\$ (2,368)	-8%	\$ 38,575	\$ 40,984	\$ (2,409)	-6%	

# Energy & Transmission Adjustment

	2022 Actuals	3rd Quarter 2023				Full Year 2023		Notes
		Actual	Budget	Variance		Projection	Budget	
				(\$)	(%)			
<b>ENERGY (MWH)</b>								
Waddell	32,382	29,671	29,452	(219)	0.0%	29,671	29,452	
Hoover	121,467	87,461	100,484	13,023	13.0%	108,042	128,019	
Long-term contracts	310,377	252,214	366,128	113,914	31.1%	346,222	474,768	
Market Purchases	1,253,075	882,254	1,059,459	177,205	16.7%	1,048,059	1,455,849	
<b>Total MWH</b>	<b>1,717,301</b>	<b>1,251,600</b>	<b>1,555,523</b>	<b>303,923</b>	<b>19.5%</b>	<b>1,531,994</b>	<b>2,088,088</b>	
<b>ENERGY RATE (\$/MWH)</b>								
Waddell	\$ -	\$ -	\$ -	\$ -	n/a	\$ -	\$ -	
Hoover	42.92	44.21	45.92	1.70	3.7%	47.63	48.18	
Long-term contracts	68.40	45.73	36.85	(8.89)	(24.1%)	47.13	37.07	A
Market Purchases	13.20	32.05	27.55	(4.50)	(16.3%)	29.38	27.87	B
<b>Grand Weighted Average \$/MWH</b>	<b>\$ 25.51</b>	<b>\$ 35.74</b>	<b>\$ 30.99</b>	<b>\$ (4.75)</b>	<b>(15.3%)</b>	<b>\$ 34.78</b>	<b>\$ 31.26</b>	
<b>ENERGY COSTS (\$000)</b>								
Waddell	\$ -	\$ -	\$ -	\$ -	n/a	\$ -	\$ -	
Hoover	5,213	3,867	4,614	747	16.2%	5,146	6,168	
Long-term contracts	21,229	11,534	13,490	1,956	14.5%	16,317	17,600	A
Market Purchases	16,542	28,275	29,188	913	3.1%	30,787	40,576	B
<b>Gross Energy Costs (\$000)</b>	<b>\$ 42,984</b>	<b>\$ 43,676</b>	<b>\$ 47,292</b>	<b>\$ 3,616</b>	<b>7.6%</b>	<b>\$ 52,250</b>	<b>\$ 64,344</b>	
Energy Scheduling Services	\$ 1,161	\$ 610	\$ 871	\$ 261	30.0%	\$ 849	\$ 1,161	
MWD Agreement Expense	73	39	80	41	0.0%	39	80	
Lake Pleasant Adjustment	4,003	473	7,859	7,386	(94.0%)	(2,475)	(1,767)	C
Lake Roosevelt Adjustment	693	87	591	504	(85.3%)	330	591	C
<b>Total Energy (\$000)</b>	<b>\$ 48,914</b>	<b>\$ 44,885</b>	<b>\$ 56,693</b>	<b>\$ 11,808</b>	<b>20.8%</b>	<b>\$ 50,993</b>	<b>\$ 64,409</b>	
<b>TRANSMISSION ADJUSTMENT</b>								
Elec Trans-Losses	\$ 5,508	\$ 3,036	\$ 1,884	\$ (1,152)	(61.1%)	\$ 3,674	\$ 2,511	D
Elec Trans-SRP SALT GILA	285	84	283	199	70.3%	143	378	D
Elec Trans-Brady/Pichacho/RR	485	276	263	(13)	(4.9%)	384	350	D
Elec Trans-WECC Trans	201	148	146	(2)	(1.4%)	171	233	D
<b>Total Transmission Adjustment (\$000)</b>	<b>\$ 6,479</b>	<b>\$ 3,544</b>	<b>\$ 2,576</b>	<b>\$ (968)</b>	<b>(37.6%)</b>	<b>\$ 4,372</b>	<b>\$ 3,472</b>	
<b>OTHER ADJUSTMENT</b>								
Other Income	\$ -	(406)	-	406	0.0%	(514)	-	E
<b>Total Energy, Transmission &amp; Other Adjustments (\$000)</b>	<b>\$ 55,393</b>	<b>\$ 48,023</b>	<b>\$ 59,269</b>	<b>\$ 11,246</b>	<b>19.0%</b>	<b>\$ 54,851</b>	<b>\$ 67,881</b>	

Notes explaining the variances are shown on page 33.

# Energy & Transmission Adjustment

## *Notes*

- A As part of the CAP power portfolio, two long-term contracts were solidified at the end of 2019. The first is a 20 year power purchase agreement at a fixed contract energy price from a solar facility, and the second is a 5 year power purchase agreement from Salt River Project (SRP), in which the contracted energy price is tied to a natural gas index and is therefore variable in nature.
- B Due to the shortage and conservation & preservation agreements, there are projected lower diversions and lower water deliveries than planned, creating the opportunity for greater shaping. The planned water release by the Army Corps of Engineers out of Alamo Lake resulted in an operational decision to stop diversions and pumping for approximately 8 days in March until the turbidity levels in Lake Havasu dropped. Also during Q1, Mark Wilmer Pumping Plant experienced a power supply disruption, resulting in stopping diversions and pumping for a few days. The forecast includes favorable summer sales. CAP continues to explore price stability and looks to the forward energy auctions as a method to accomplish this.
- C The Lake Pleasant & Lake Roosevelt variances are the net impact of storing (negative number) and releasing (positive number) water. The energy cost to store water in the lakes is held as inventory rather than being expensed. When used, the inventory amount is added to the energy cost. Due to the shortage and conservation & preservation agreements, Lake Pleasant water will be stored, increasing inventory. Additionally, Lake Roosevelt (SRP/CAP exchange agreement) is planned to contribute 5 thousand acre-feet to fulfill water delivery orders.
- D Transmission costs, which are variable in nature, are included in energy costs. Transmission losses are contractually assessed to the affected transmission systems and are projected to increase over planned amounts due to higher rates.
- E Sale of 2021 - 2023 year-to-date renewable energy credits (REC) as a result of the Salome AZ Solar 1 project, which passed all registration requirements and began collecting RECs in October of 2020.



# Underground Storage Operations and Maintenance

(Dollars in Thousands)

	3rd Quarter 2023				Full Year 2023				Notes
	Actual	Budget	Variance (\$)	Variance (%)	Projection	Budget	Variance (\$)	Variance (%)	
Water Deliveries (000 acre-feet)	53	88	(35)	(39.8%)	59	117	(58)	(49.6%)	
<b>Revenues</b>									
Other revenues	\$ 737	\$ 1,226	\$ (489)	(39.9%)	\$ 826	\$ 1,630	\$ (804)	(49.3%)	
<b>Total Revenues</b>	737	1,226	(489)	(39.9%)	826	1,630	(804)	(49.3%)	
<b>Expenses</b>									
Salaries and related costs	(50)	(200)	150	75.0%	(120)	(267)	147	55.1%	
Other operating costs:									
Outside services	(15)	(225)	210	93.3%	(99)	(300)	201	67.0%	
Materials and supplies	(14)	(76)	62	81.5%	(35)	(101)	66	65.3%	
Other expenses	(266)	(657)	391	59.5%	(393)	(876)	483	55.1%	
Subtotal	(295)	(958)	663	69.2%	(527)	(1,277)	750	58.7%	
<b>Total Expenses</b>	<b>(345)</b>	<b>(1,158)</b>	<b>813</b>	<b>70.2%</b>	<b>(647)</b>	<b>(1,544)</b>	<b>897</b>	<b>58.1%</b>	
Change in Net Position	392	68	324	476.5%	179	86	93	(108.1%)	
Net position at beginning of period	8,021	4,485	3,536	78.8%	8,021	4,485	3,536	78.8%	
Net position at end of period	\$ 8,413	\$ 4,553	\$ 3,860	84.8%	\$ 8,200	\$ 4,571	\$ 3,629	79.4%	
<b>Expense Summary</b>									
Aqua Fria	\$ (24)	\$ (82)	\$ 58	70.6%	\$ (49)	\$ (109)	\$ 60	55.0%	A
Hieroglyphic Mountains	(91)	(176)	85	48.4%	(129)	(235)	106	45.1%	B
Lower Santa Cruz	(68)	(383)	315	82.3%	(95)	(511)	416	81.4%	C
Pima Mine Road	(37)	(161)	124	77.1%	(125)	(215)	90	41.9%	D
Superstition Mountain	(119)	(255)	136	53.3%	(224)	(340)	116	34.1%	E
Tonopah Desert	(6)	(101)	95	94.0%	(25)	(134)	109	81.3%	F
<b>Total</b>	<b>\$ (345)</b>	<b>\$ (1,158)</b>	<b>\$ 813</b>	<b>70.2%</b>	<b>\$ (647)</b>	<b>\$ (1,544)</b>	<b>\$ 897</b>	<b>58.1%</b>	

Notes explaining the variances are shown on the next page.

# Underground Storage Operations and Maintenance

## *Notes*

- A **Agua Fria:** 2023 deliveries are projected to be 7 KAF less than budget, resulting in \$95 thousand less in revenues than budgeted. Total costs are projected to be \$60 thousand less than budget, largely due to lower costs associated with lower deliveries.
- B **Hieroglyphic Mountains:** 2023 deliveries are projected to be 7 KAF less than budget, resulting in \$91 thousand less revenues than budget. Total costs are projected to be \$106 thousand less than budget, largely due to lower costs associated with lower deliveries.
- C **Lower Santa Cruz:** 2023 deliveries are projected to be 16 KAF less than budget, resulting in \$233 thousand less revenues than budget. Total costs are projected to be \$416 thousand less than budget, largely due to lower costs associated with lower deliveries and a decrease in wheeling fees resulting from decrease in deliveries this year.
- D **Pima Mine Rd:** 2023 deliveries are projected to be 8 KAF less than budget, resulting in \$116 thousand less revenues than budget. Total costs are projected to be \$90 thousand less than budget, largely due to lower costs associated with lower deliveries and a decrease in outside commercial services associated with planned annual maintenance of the basins
- E **Superstition Mountain:** Full year deliveries are projected to be 15 KAF lower than budget, resulting in \$194 thousand less revenues than budget. Total costs are projected to be \$116 thousand less than budget, largely due to lower costs associated with lower deliveries.
- F **Tonopah Desert:** There were no planned deliveries to Tonopah this year; regularly planned maintenance will still be completed. Total costs are projected to be \$109 thousand less than budget due mostly to a decrease in materials and supplies for reduced maintenance.

## 2023 Rate Reconciliation

(Dollars in Thousands)

		Projection		Published
<b>General Fund Operating Expenses</b>	\$	248,680	\$	280,422
<b>Adjustments for O&amp;M Expenses</b>				
Depreciation & Amortization		(48,190)		(49,951)
Energy		(50,993)		(72,098)
Transmission & Other Adjustments		(3,858)		(4,178)
Underground storage site O&M		(647)		(1,518)
Extraordinary Maintenance (when part of "Big R")		(1,937)		(2,572)
Other income		(563)		(514)
Conservation Initiative - PVID Fallowing (Funded by Extraordinary Cost Reserve)		(516)		(2,100)
Irrigation Conserv Prgms, including Ndrip (Funded by Extraordinary Cost Reserve)		(1,056)		(700)
Compensated Mitigation (Funded by 'Big R')		(3,535)		-
Regional Recycled with MWD - (Funded by Water Storage Reserve)		(1,105)		(1,000)
Wheeling Costs - (Funded by System Use Reserve)		(41)		(20)
TDRP Recovery Wells design contract (Funded by Recovery Reserve)		(249)		-
Recovery Expenses - (Funded by Recovery Reserve)		-		(3,750)
500+ Plan/ICS Preservation - (Funded by Extraordinary Cost Reserve)		(4,778)		(5,000)
500+ Plan Additional Spending Authority - Funded by Extra Ordinary Cost Reserves		-		(5,000)
Storm Damage Repair Pool 34 - (Funded by Extraordinary Cost Reserve)		(68)		(4,500)
Conservation Fallowing with Bard - (Funded by Extraordinary Cost Reserve)		-		(216)
Visitor Center Design - (Funded by Extraordinary Cost Reserve)		-		(260)
Total Adjustments		(117,536)		(153,377)
<b>Fixed O&amp;M Expenses</b>	<b>\$</b>	<b>131,144</b>	<b>\$</b>	<b>127,045</b>
<b>Energy, Transmission &amp; Other Adjustments</b>				
Energy	\$	50,993	\$	72,098
Transmission & Other Adjustments		3,858		4,178
<b>Total Energy, Transmission &amp; Other Adjustments</b>	<b>\$</b>	<b>54,851</b>	<b>\$</b>	<b>76,276</b>

# 2023 Rate Reconciliation

(Dollars in Thousands)

## Subcontract / Federal Rates

	Projection	Tier 1 Published	Variance Publ vs Proj	Variance Bdgt vs Proj
<b>Water Delivery Costs (Thousands)</b>				
Fixed O&M Expenses	\$ 131,144	\$ 127,045	\$ (4,099)	\$ 3,049
Total Energy & Transmission Adjustment Expenses	54,851	76,276	21,425	13,031
<b>Water Delivery (Acre-Feet)</b>				
Total water deliveries with credits	808,664	1,003,703	195,039	303,050
Take or Pay adjustment	-	-	-	6,000
Billed Fixed OM&R Water Volume	808,664	1,003,703	195,039	309,050
Pumping Energy Rate 1 Water Volume	808,664	1,003,703	195,039	303,050
<b>Water Delivery Rate (\$/AF)</b>				
Calculated Fixed O&M Rate	\$ 162.17	\$ 127.00	\$ (35.17)	\$ (42.11)
Apply 2.5 cents of 2022/23 Property taxes	(12.00)	(12.00)	-	-
Adjusted Fixed OM Rate	150.17	115.00	(35.17)	(30.11)
Capital Replacement Component ("Big R")	37.00	37.00	-	5.00
<b>Total Fixed OM&amp;R</b>	<b>187.17</b>	<b>152.00</b>	<b>(35.17)</b>	<b>(25.11)</b>
Calculated Pumping Energy Rate	67.83	76.00	8.17	(6.77)
Apply 2 cents of 2022/23 Property taxes	(11.00)	(11.00)	-	11.00
<b>Total Pumping Energy Rate 1</b>	<b>56.83</b>	<b>65.00</b>	<b>8.17</b>	<b>4.23</b>
<b>Total Delivery Rate</b>	<b>\$ 244.00</b>	<b>\$ 217.00</b>	<b>\$ (27.00)</b>	<b>\$ (20.88)</b>
<b>Full Rate Stabilization</b>	<b>\$ (12.00)</b>	<b>\$ (12.00)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Delivery Rate</b>	<b>\$ 232.00</b>	<b>\$ 205.00</b>	<b>\$ (27.00)</b>	<b>\$ (20.88)</b>

Long Term Contract reconciliation-Fixed OM&R (\$000)- (refund)/bill	\$ 27,892
Long Term Contract reconciliation-Energy (\$000)- (refund)/bill	\$ (6,479)
Total Long Term Contract reconciliation (\$000)- (refund)/bill	\$ 21,413

## ICS & System Conservation/Augmentation Programs

The CAWCD Board has established an ICS & system conservation/augmentation strategy to improve the reliability of CAWCD's Colorado River supply to directly benefit CAP long-term customers.

Program - ICS	Project Activity Years	Involved Parties (Contracted)	Description	CAWCD Financial Impact	Acre-Feet	Notes
Gila River Indian Community (GRIC)	2022	ICS Creation Plan and AZ ICS Framework Agmnt	Conserve and create EC ICS for GRIC	BOR paid Fixed OM&R	78,565	A
Gila River Indian Community (GRIC)	2021	ICS Creation Plan and AZ ICS Framework Agmnt	Conserve and create EC ICS for GRIC	BOR paid Fixed OM&R	40,000	
Gila River Indian Community (GRIC)	2020	ICS Creation Plan and AZ ICS Framework Agmnt	Conserve and create EC ICS for GRIC	BOR paid Fixed OM&R	50,000	
Gila River Indian Community (GRIC)	2020	ICS Creation Plan and AZ ICS Framework Agmnt; GRIC and Arizona Water Banking Authority Agmnt	Conserve and create EC ICS for GRIC	BOR paid Fixed OM&R	33,000	
Gila River Indian Community (GRIC)	2019	ICS Creation Plan and AZ ICS Framework Agmnt; GRIC and Arizona Water Banking Authority Agmnt	Conserve and create EC ICS for GRIC	BOR paid Fixed OM&R	17,000	
Gila River Indian Community (GRIC)	2019	GRIC and BOR (ICS Creation Plan); United States (BOR), State of Arizona, and CAWCD; (AZ ICS Framework Agmnt); GRIC and BOR Agmnt	Conserve and create EC ICS for GRIC	BOR paid Fixed OM&R	100,000	
Ag Forbearance III	2017-2030	CAWCD and Ag Settlement Pool participants	Conserve and create ICS for CAWCD through Ag districts forbearing any or all of their Ag Settlement Pool water	Fixed O&M increases and CAWCD reserves increase due to reduction of covered Fixed OM&R.	various	
CAWCD ICS Preservation Program	2023	10 CAWCD Subcontractors and the Arizona Department of Water Resources (ADWR)	Conserve 41,776 AF to reduce 2023 delivery of ICS	Total cost of \$13.8M. CAWCD contribution of \$4.6M and ADWR contribution of \$9.2M. Rate impact of additional \$14-\$15 per acre-foot in addition to the rate impact on 93,000 AF in the 2023 rates.	41,776	
United States System Conservation Program	2023	8 CAWCD Subcontractors, United States (BOR)	Conserve 141,400 AF	Rate impact of additional \$14-\$15 per acre-foot in addition to rate impact on 93,000 AF in 2023 rates. No CAWCD project contribution. Total project cost of \$56.4M.	141,000	



## ICS & System Conservation/Augmentation Programs - continued

The CAWCD Board has established an ICS & system conservation/augmentation strategy to improve the reliability of CAWCD's Colorado River supply to directly benefit CAP long-term customers.

Program - System Conservation/Augmentation	Project Activity Years	Involved Parties (Contracted)	Description	CAWCD Financial Impact	Acre-Feet	Notes
United States System Conservation Program	2024	9 CAWCD Subcontractors, United States (BOR)	Conserve 129,600 AF	Cost and rate impact to be determined	129,600	
United States System Conservation Program	2025	9 CAWCD Subcontractors, United States (BOR)	Conserve 128,600 AF	Cost and rate impact to be determined	128,600	
Mohave Valley Irrigation and Drainage District System Conservation (MVIDD)	2023-2025	MVIDD and United States (BOR)	Conserve 12,819 AF	No impact	12,819	
Yuma Mesa Irrigation and Drainage District System Conservation (YMIDD)	2023-2025	YMIDD and United States (BOR)	Conserve 23,197 - 26,460 AF	No impact	23,197-26,460	
Gabrych	2023-2025	Gabrych and United States (BOR)	Conserve 3,240 AF	No impact	3,240	
Cathcarts	2023-2026	Cathcarts and United States (BOR)	Conserve 57 AF each year	No impact	57	
Cibola Valley Irrigation and Drainage District (CVIDD)	2023-2027	CVIDD and United States (BOR)	Conserve 2,700 AF each year	No impact	2,700	
Hopi Tribe	2023-2028	Hope Tribe and United States (BOR)	Conserve 3,500 AF each year	No impact	3,500	
California Regional Recycled Water Program	2022-2035	Arizona Department of Water Resources (ADWR) and the Metropolitan Water District of Southern California (MWD).	Recycle water currently discharged to the Pacific Ocean & firm M&I supplies through Interstate exchange	\$6 million total over the period - Water Storage Reserves decrease of \$5 million and \$1 million from DWR (ensured by Water Storage Reserves, if necessary)	TBD	B

## ICS & System Conservation/Augmentation Programs - continued

The CAWCD Board has established an ICS & system conservation/augmentation strategy to improve the reliability of CAWCD's Colorado River supply to directly benefit CAP long-term customers.

Program - System Conservation/Augmentation	Project Activity Years	Involved Parties (Contracted)	Description	CAWCD Financial Impact	Acre-Feet	Notes
Fort McDowell Yavapai Nation (FMYN) System Conservation	2023-2025	FMYN and BOR	Conserve 13,933 AF each year	Fixed O&M increase of \$1.78/af	13,933	A
GRIC System Conservation	2023-2025	GRIC and BOR	Conserve up to 125,000 AF each year	Fixed O&M increase of \$12.46/af	125,000	
San Carlos Apache Tribe (SCAT)	2023	SCAT and BOR	Conserve 23,080 AF	Fixed O&M increase of \$1.98/af	23,080	
GRIC Exchange	2024-2025	GRIC and BOR	Conserve 20,000 AF each year	To Be Determined	20,000	
Interstate System Conservation (with Palo Verde Irrigation District (PVID))	2021-2024 (3 Years)	United States (BOR), CAWCD, Metropolitan Water District of Southern California (MWD) and Southern Nevada Water Authority (SNWA)	Conserve up to 60,000 AF/year. CAWCD is contributing 16.7%.	\$6.3 million over the period - Extraordinary Cost Reserve decrease. Joint funding is terminating July 31, 2023 as program moves to IRA funding.	60,000	

**Notes:**

A: Numbers for 2023 - 2025 are provisional.

B: In 2022, ADWR could not secure the funding. Water Storage Reserves will be used to pay for the total cost of the project (\$6 million).

# Extraordinary Maintenance Projects

(Dollars in Thousands)

	3rd Quarter 2023				Full Year 2023					
	Actual	Budget	Variance		Projection	Budget	Additional Spending	Total Spending Authority	Variance	
			(\$)	(%)					(\$)	(%)
<b>Expenses</b>										
Salaries and related costs	\$ (281)	\$ (233)	\$ (48)	(20.6%)	\$ (285)	\$ (236)	\$ -	\$ (236)	\$ (49)	(20.7%)
Other operating costs:				0.0%						
Outside services	(1,370)	(2,040)	670	32.8%	(1,370)	(2,040)	-	(2,040)	670	32.8%
Materials and supplies	(4)	(10)	6	60.0%	(4)	(10)	-	(10)	6	60.0%
Other expenses/overhead	(343)	(282)	(61)	(21.6%)	(346)	(286)	-	(286)	(60)	(21.1%)
Subtotal	(1,717)	(2,332)	615	26.4%	(1,720)	(2,336)	-	(2,336)	616	26.4%
<b>Total Expenses</b>	<b>\$ (1,998)</b>	<b>\$ (2,565)</b>	<b>\$ 567</b>	<b>22.1%</b>	<b>\$ (2,005)</b>	<b>\$ (2,572)</b>	<b>\$ -</b>	<b>\$ (2,572)</b>	<b>\$ 567</b>	<b>22.0%</b>

											Notes
Total Project Costs											
Through 2022	2023 Projection	Balance Remaining	Projection	Budget	Additional Spending	Total Spending Authority	Variance				
							(\$)	(%)			
EM-Storm Damage Repairs Pool 34	\$ (11,115)	\$ (68)	\$ (0)	\$ (11,184)	\$ -	\$ (13,000)	\$ (13,000)	\$ 1,816	14.0%	A	
EM-MWP Suction Tubes & BSH Right Manifold Reline	(3,264)	(1,937)	0	(5,201)	(6,776)	-	(6,776)	1,575	23.2%	B	
<b>Total</b>	<b>\$ (14,379)</b>	<b>\$ (2,005)</b>	<b>\$ (0)</b>	<b>\$ (16,384)</b>	<b>\$ (6,776)</b>	<b>\$ (13,000)</b>	<b>\$ (19,776)</b>	<b>\$ 3,392</b>	<b>17.2%</b>		

## Notes:

- A Pool 34 repairs were funded through Extraordinary Cost Reserves and are not part of the Fixed O&M Rate. On September 2, 2021, the Board approved \$4.5 million of additional spending authority for 2021 expenses, and, on August 4, 2022, the Board approved \$8.5 million of additional spending authority for 2022 expenses related to the Pool 34 repair. Final project expenses occurred in Q1 2023.
- B Funded through "Big R"



# Central Arizona Groundwater Replenishment District (CAGRD)

## BUDGET PERFORMANCE - Full Year 2023

<i>(Dollars in Thousands)</i>	Projection	Spending Authority	Change	
Revenues	\$ 61,057	\$ 62,596	\$ (1,539)	(2%)
Expenses	(22,034)	(19,252)	(2,782)	(14%)
Change in Net Position	39,023	43,344	(4,321)	(10%)
Beginning Net Position	293,955	265,973	27,982	
Ending Net Position	\$ 332,978	\$ 309,317	\$ 23,661	

### Total Revenues

Total revenues are projected to be \$61.1 million for the year, \$1.5 million lower than budget.

Operating revenue is projected to be \$4.7 million lower than budget. Rates revenue is projected to be \$2.9 million lower than budget because of lower obligation than estimated in the budget; and fees revenue is projected to be \$5.0 million lower than budget because of lower activations and enrollments. These are partially offset by CAGRD's participation in the ICS Preservation program, which resulted in \$3.5 million of unbudgeted revenue.

Nonoperating income is projected to be \$3.2 million higher than budget due to a favorable economic environment and the resulting fair value adjustment.

### Total Expenses

Expenses are projected to be \$22.0 million for the year, \$2.8 million higher than budget. The difference is primarily due to \$3.1 million of higher water expenses. The expense for water represents an estimate of 2023 pumping and any 2023 long term storage credit purchases from CAWCD. The variance is primarily because the increase in the CAWCD delivery cost. Nonoperating expenses are projected to be close to budget for the year.

## Reserves

The CAGRD maintains the following cash reserves that are held by the Arizona State Treasurer:

**Administrative** – Funds are used to pay the administrative expenses of the CAGRD.

**Infrastructure and Water Rights** – Funds in this reserve are dedicated to the development of water supplies and infrastructure necessary for CAGRD to meet its replenishment obligations. In accordance with the current Plan of Operation and direction of the CAWCD Board of Directors, CAGRD is actively pursuing the development of additional water supplies that can be used to meet replenishment obligations in both the near-term and long-term.

To date, CAGRD has developed several different types of water supplies through a variety of mechanisms. These supplies range from permanent CAP M&I subcontract entitlements to a long-term lease of water from an Arizona Tribal community. CAGRD has entered into several agreements to purchase long-term storage credits and has contracted for a 100-year lease of municipal effluent. These various supplies represent the equivalent of approximately 35,000 acre-feet/year of 100-year water supply. A \$95 million long-term storage credit purchase was completed in 2019.

**Water and Replenishment** – Funds are used to purchase and recharge water to meet CAGRD's annual replenishment obligation on a cost-of-service basis. Water is not actually purchased until the revenues have been received by CAGRD. This methodology ensures CAGRD's financial health because it allows CAGRD to avoid going into debt for this activity.

**Replenishment Reserve** – Funds held in this reserve are used to accrue long-term storage credits to establish and build a replenishment reserve as required by state law.





# Statement of Revenues, Expenses and Change in Net Position

## CAGR D

(Dollars in Thousands)

	3rd Quarter 2023				Full Year 2023				Notes
	Actual	Budget	Variance (\$)	Variance (%)	Projection	Spending Authority	Variance (\$)	Variance (%)	
<b>Operating Revenues</b>									
Other operating revenue									
Revenue-Rates	\$ 6,429	\$ 8,744	\$ (2,315)	(26.5%)	\$ 25,964	\$ 28,915	\$ (2,951)	(10.2%)	
Revenue-Fees	12,674	16,171	(3,497)	(21.6%)	16,345	21,369	(5,024)	(23.5%)	
Revenue-Dues	1,815	2,301	(486)	(21.1%)	11,249	11,519	\$ (270)	(2.3%)	
Miscellaneous revenue	3,511	-	3,511		3,511	-	3,511		
<b>Total Operating Other Revenues</b>	\$ 24,429	\$ 27,216	\$ (2,787)	(10.2%)	\$ 57,069	\$ 61,803	(4,734)	(7.7%)	A
<b>Operating Expenses</b>									
Salaries and related costs	\$ (1,002)	\$ (1,061)	\$ 59	5.6%	\$ (1,332)	\$ (1,390)	\$ 58	4.2%	
Depreciation	(46)	(46)	-	0.0%	(61)	(61)	-	0.0%	
Other operating costs:									
Outside services	(302)	(590)	288	48.8%	(498)	(763)	265	34.7%	
Water for underground storage	(440)	-	(440)		(17,907)	(14,827)	(3,080)	(20.8%)	B
Materials and supplies	-	(1)	1	100.0%	(1)	(1)	-	0.0%	
Overhead	(1,070)	(1,151)	81	7.0%	(1,428)	(1,507)	79	5.2%	
Other expenses	(142)	(46)	(96)	(208.7%)	(202)	(54)	(148)	(274.1%)	
Total other operating costs	(1,954)	(1,788)	(166)	(9.3%)	(20,036)	(17,152)	(2,884)	(16.8%)	
<b>Total Operating Expenses</b>	\$ (3,002)	\$ (2,895)	\$ (107)	(0)	\$ (21,429)	\$ (18,603)	\$ (2,826)	(15.2%)	
<b>Net Operating Income/(loss)</b>	\$ 21,427	\$ 24,321	\$ (2,894)	(11.9%)	\$ 35,640	\$ 43,200	\$ (7,560)	(17.5%)	
<b>Non-operating Revenues/(Expenses)</b>									
Interest income and other	\$ 2,797	\$ 595	\$ 2,202	370.1%	\$ 3,988	\$ 793	\$ 3,195	402.9%	C
Interest expense and other	(141)	(503)	362	72.0%	(605)	(649)	\$ 44	6.8%	
<b>Net Non-operating Income/(Loss)</b>	\$ 2,656	\$ 92	2,564	2787.0%	\$ 3,383	\$ 144	\$ 3,239	2249.3%	
<b>Change in Net assets</b>	\$ 24,083	\$ 24,413	\$ (330)	(1.4%)	\$ 39,023	\$ 43,344	\$ (4,321)	(10.0%)	

### NOTES:

- A Other Operating Revenues:** YTD and projected full-year revenue are \$4.7 million lower than budget. For both, the result is primarily because of lower activation fees and obligation than budgeted. Revenues from dues are projected to be close to budget. These are offset by the ICS Preservation payment of \$3.5 million.
- B Water for Underground Storage:** This expense represents the cost to satisfy the 2023 obligation estimate and any 2023 long term storage credits CAGR D purchases from CAP. The variance is because of an increase in the obligation estimate for 2023 pumping and an increase in replenishment costs due to the shortage.
- C Interest Income and Other:** YTD and the full-year projection are higher than budget because of a positive interest rate environment.

# CAGRD Replenishment Obligation Year and Corresponding Purchased Water

*(in Acre-Feet)*

## REPLENISHMENT OBLIGATIONS

Acre-Feet by AMA	Phoenix AMA	Pinal AMA	Tucson AMA	Total AMAs
2023				
Outstanding Obligation - Year Ending	36,656	1,242	2,872	40,770
Prior year Obligations adjustment (prev est less CDAR)	(2,904)	(14)	(656)	(3,574)
Obligation Estimate for current year	36,656	1,242	2,872	40,770
Less CAWCD Deliveries to meet Obligation (CDAR)	(36,656)	-	(2,206)	(38,862)
Less CAWCD LTSC purchased to meet Obligation	-	(593)	-	(593)
Less I&WR LTSC purchased to meet Obligation	-	-	(540)	(540)
Outstanding Obligations at end of 2023	33,752	1,877	2,342	37,971

# CAGRD Fund Balances

(Dollars in Thousands)

	2022 Actual	3rd Qtr 2023 Actual	2023 Projection
<b>Administrative:</b>			
Beginning Fund Balance	\$ 1,766	\$ 1,883	\$ 1,883
Administrative Component Revenue	1,700	511	1,688
Transfer from Phoenix Infrastructure	294	113	172
<b>Total Cash Collected</b>	<b>1,994</b>	<b>624</b>	<b>1,860</b>
Administrative (Operating) Expenses	(1,895)	(568)	(1,814)
Interest Income / Expense	18	60	80
<b>Ending Fund Balance</b>	<b>\$ 1,883</b>	<b>\$ 1,999</b>	<b>\$ 2,009</b>
<b>Conservation:</b>			
Beginning Fund Balance	\$ 849	\$ 911	\$ 911
Administrative Component Revenue	72	24	76
Administrative (Operating) Expenses	(10)	(164)	(190)
Interest Income / Expense	-	34	45
<b>Ending Fund Balance</b>	<b>\$ 911</b>	<b>\$ 805</b>	<b>\$ 842</b>

# CAGR Fund Balances

(Dollars in Thousands)

	Full year projection 2023			
	Phoenix AMA	Pinal AMA	Tucson AMA	Total
<b>Water and Replenishment:</b>				
Beginning Fund Balance	\$ 3,947	\$ 171	\$ 584	\$ 4,702
Revenue	8,142	11	816	8,969
Rate Adjustment	334	-	36	370
Water Purchased	(6,646)	-	(564)	(7,210)
CAWCD Credits Purchased	-	(46)	-	(46)
I&WR Credits Purchased	-	-	-	-
Interest Income (Expense)	210	10	39	259
Ending Balance	\$ 5,987	\$ 146	\$ 911	\$ 7,044
<b>Replenishment Reserve:</b>				
Beginning Fund Balance	\$ 2,258	\$ 2	\$ 183	\$ 2,443
Replenishment Reserve Revenue	3,512	30	256	3,798
Water Purchased	-	-	-	-
CAP Credits	(2,463)	(14)	-	(2,477)
I&WR Credits Purchased	-	-	(199)	(199)
Interest Income / Expense	173	2	12	187
Ending Balance	\$ 3,480	\$ 20	\$ 252	\$ 3,752

# CAGR Fund Balances

(Dollars in Thousands)

	2022 Actual	3rd Qtr 2023 Actual	2023 Projection
<b>Infrastructure and Water Rights:</b>			
Beginning Fund Balance	\$ 60,110	\$ 76,153	\$ 76,153
Revenue	39,818	21,054	33,713
Proceeds from LTSC internal transfers	665	-	199
ICS Preservation payment	-	3,511	3,511
Restricted bond proceeds	-	-	4,317
Reimbursement from Obligation fund	-	-	5,877
Proceeds from M&I Allocation transfer	1,205	-	-
NIA Reallocation and 9(d) Debt	(7,912)	-	(7,430)
GRIC and other Lease Considerations	288	(7,334)	(8,013)
Water Costs for LTSC	(4,285)	(482)	(2,545)
LTSC purchases	(9,683)	(4,665)	(12,665)
Technical Studies & Other Operating Expenses	(977)	(924)	(1,408)
Debt Service payments	(3,975)	(2,979)	(3,972)
Interest Income / Expense	899	2,437	2,066
<b>Ending Fund Balance</b>	<b>\$ 76,153</b>	<b>\$ 86,771</b>	<b>\$ 89,803</b>

# CAGRD Enrollment and Activation Summary

Figure 1: Member Land Enrollment

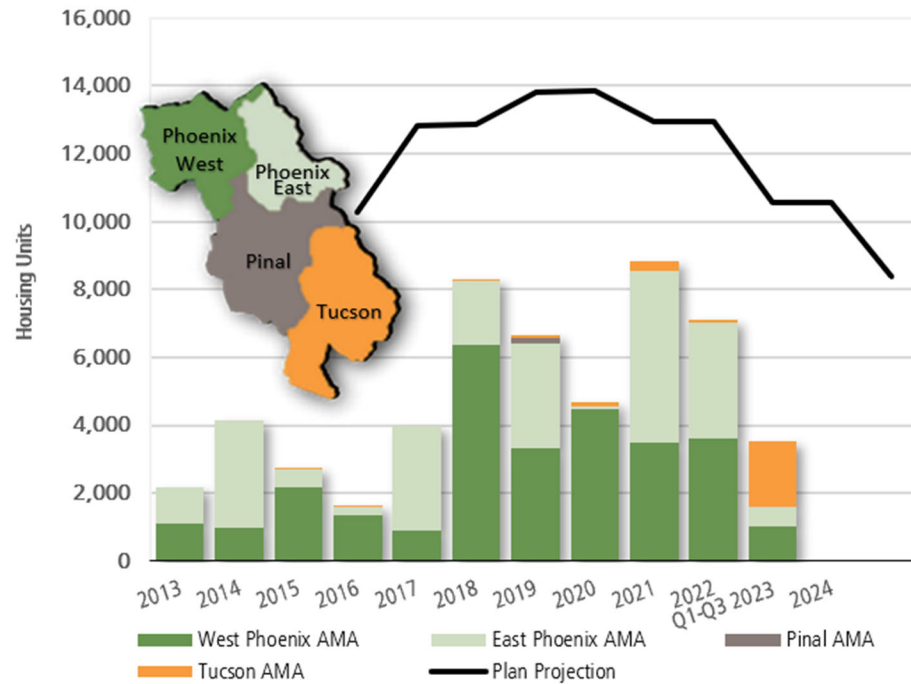


Table 1: Enrollment Units Q1-Q3 2023

AMA	ML Lots	Projected Demand (AF/year)
West Phoenix	1,024	697
East Phoenix	566	441
Pinal	0	0
Tucson	1,928	1,077
<b>TOTAL</b>	<b>3,518</b>	<b>2,215</b>

Figure 2: Activation Units

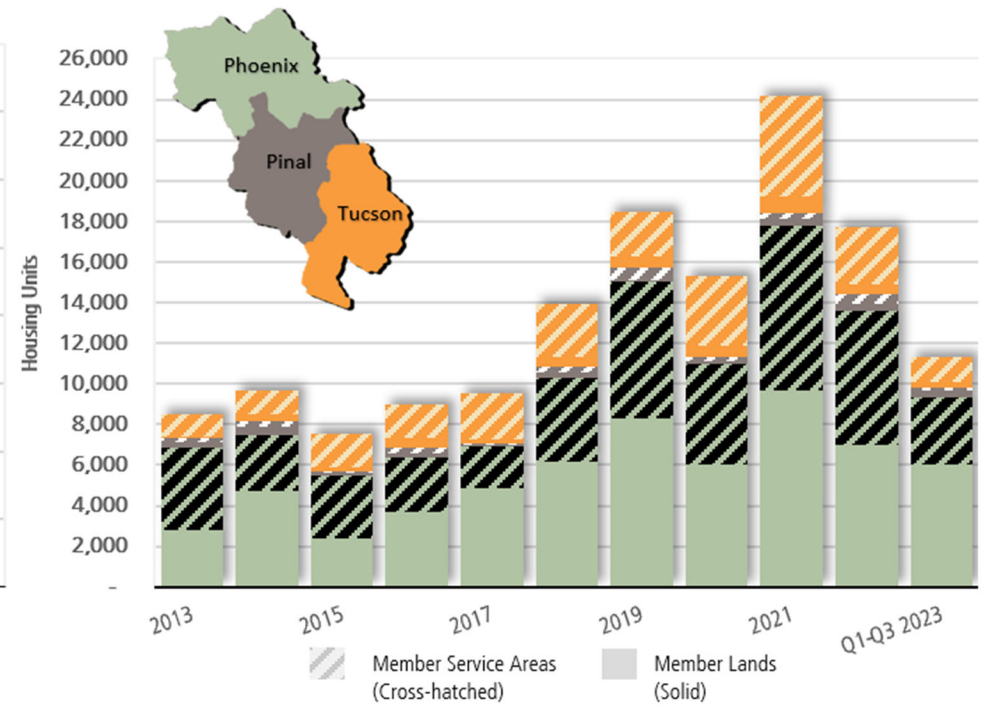


Table 2: Activation Units Q1-Q3 2023

AMA	ML Lots	MSA Lots	Total Lots
Phoenix	6,024	3,326	9,350
Pinal	350	91	441
Tucson	300	1,211	1,511
<b>TOTAL</b>	<b>6,674</b>	<b>4,628</b>	<b>11,302</b>



# CAGRD Enrollment and Activation Summary

## Enrollment in 2023

An individual subdivision enrolls as a Member Land (ML) of CAGRD when: (1) its owner executes and records an irrevocable declaration of covenants, conditions and restrictions ("ML Declaration") running with the land that includes the land in CAGRD and subjects it to the replenishment assessment; and (2) the owner and the municipal provider that will supply water to the subdivision execute and record an agreement ("ML Agreement") under which the water provider agrees to submit the water delivery information necessary to calculate the replenishment assessment for each parcel of land annually to CAGRD. Individual parcels within a CAGRD ML are categorized as Category 1 MLs or Category 2 MLs. Category 2 MLs are those parcels that are part of a golf course and that choose not to participate in CAGRD's replenishment reserve program. Category 1 MLs are all ML parcels that do not qualify as Category 2 MLs.

**Figure 1** illustrates the recent history of CAGRD member land enrollment from 2013 through Q3 2023. **Table 1** provides a breakdown by AMA of member land enrollment activity through the end of Q3 2023. ML enrollment occurred in the Phoenix AMA and was comprised of 1 new subdivision with 10 lots and with a total projected demand of 1 AF/yr. This ML is in the East Valley. The West Valley had 0 enrollments. The Tucson AMA had 1 enrollment with 63 lots and with a projected demand of 18 AF/yr. No new subdivisions enrolled within the Pinal AMA through Q3 2023.

No new Member Service Areas (MSAs) enrolled through Q3 2023 and there were no de-enrollments.

## Activation in 2023

The Arizona Department of Real Estate issues a public report allowing the sale of lots within subdivisions. Prior to this report being issued for subdivisions within CAGRD MLs and MSAs, an Activation Fee must be paid to CAGRD per residential unit offered for sale. **Figure 2** shows the recent history of activation lots in Member Lands and Member Service Areas by AMA. MSA lots are represented with crosshatching while ML lots are solid colors by AMA. The number of lots activated through Q3 2023 totaled 11,302 (Member Land lots = 6,674; Member Service Area lots = 4,628). **Table 2** provides a breakdown by AMA of previously enrolled lots that were activated through Q3 2023. By comparison, there were 15,604 units activated through Q1-Q3 2022.



# Statement of Revenues, Expenses and Change in Net Position

## Captive Insurance Fund

*(Dollars in Thousands)*

	3rd Quarter 2023				Full Year 2023						Notes
	Actual	Budget	Variance (\$)	Variance (%)	Projection	Budget	Additional Spending	Total Spending Authority	Variance (\$)	Variance (%)	
<b>Operating Revenues</b>											
Other revenues	\$ 8,410	\$ 9,526	\$ (1,116)	(11.7%)	\$ 12,198	\$ 12,702		\$ 12,702	\$ (504)	(4.0%)	A
<b>Total Operating Revenues</b>	\$ 8,410	\$ 9,526	\$ (1,116)	(11.7%)	\$ 12,198	\$ 12,702	\$ -	\$ 12,702	\$ (504)	(4.0%)	
<b>Operating Expenses</b>											
Other Operating costs:											
Outside services	\$ (179)	\$ (201)	\$ 22	10.9%	\$ (274)	\$ (268)		\$ (268)	\$ (6)	(2.2%)	B
Other expenses	(7,199)	(8,608)	1,409	16.4%	(10,456)	(11,478)	-	(11,478)	1,022	8.9%	
<b>Total Operating Expenses</b>	(7,378)	(8,809)	1,431	16.2%	(10,730)	(11,746)	-	(11,746)	1,016	8.6%	
<b>Net Operating Income/(Loss)</b>	\$ 1,032	\$ 672	\$ 315	46.9%	\$ 1,468	\$ 956	\$ -	\$ 956	\$ 512	(54%)	
<b>Non-operating Revenues/(Expenses)</b>											
Interest income and other	\$ 1	\$ 26	\$ (25)	(96.2%)	\$ 2	\$ 34		\$ 34	\$ (32)	(94.1%)	
<b>Net Non-operating Income/(Loss)</b>	1	26	(25)	(96.2%)	2	34	-	34	(32)	(94.1%)	
Change in Net Position	1,033	698	290	(41.5%)	1,470	990	-	990	480	(48.5%)	
Net position at beginning of period	11,140	7,246	3,894	53.7%	11,140	7,246		7,246	3,894	53.7%	
Net position at end of period	\$ 12,173	\$ 7,944	\$ 4,184	52.7%	\$ 12,610	\$ 8,236	\$ -	\$ 8,236	\$ 4,374	53.1%	

### Notes:

- A **Reimbursements and other revenues:** 2023 full year projection is expected to be slightly lower than budget due to lower than expected enrollment in CAWCD medical program
- B **Other Expenses:** 2023 underwriting expenses are projected to be lower than budget as medical claims are coming in lower than estimated.



# Statement of Revenues, Expenses and Change in Net Position

## Supplemental Water Account

(Dollars in Thousands)

	3rd Quarter 2023				Full Year 2023				Notes
	Actual	Budget	Variance		Projection	Total Spending Authority	Variance		
			(\$)	(%)			(\$)	(%)	
Operating Expenses									
Outside services	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	N/A	
Total Operating Expenses	-	-	-	N/A	-	-	-	N/A	
Non-operating Revenues/(Expenses)									
Interest income / FV Adj	110	100	10	10.0%	193	\$ 133	60	45.1%	A
Interest expenses and other	0	0	0	N/A	0	-	-	N/A	
Total Non-operating Revenues/(Expenses)	110	100	10	10.0%	193	133	60	45.1%	
Change in Net Position	110	100	10	10.0%	193	133	60	45.1%	
Net position at beginning of period	8,592	9,242	(650)	-7.0%	8,592	9,242	(650)	(7.0%)	
Net position at end of period	8,702	9,342	(640)	-6.9%	8,785	\$ 9,375	\$ (590)	(6.3%)	

### Notes:

A. YTD and full year favorable variances mainly due to higher interest income





# Capital

The Project Steering Committee (PSC) oversees the individual projects ensuring total capital spending does not exceed the annual approval amount and if necessary may request approval from the Board for additional spending.

The Project Management Office and Engineering with the support of the PSC reviewed the current projects and Asset Modifications. Change in scope, scheduling and timing are the main causes for project cost variances. The projects experiencing the most significant variances during 2023 are listed in the following table.



Electromechanical  
Relay Replacements  
Phase 2



Isolation Valves at  
Black Mountain &  
Snyder Hill

## 2023 CAWCD CAPITAL SPENDING

	2023 Projection	2023 Total Spending Authority	Variance
(Dollars in Thousands)			
<b>Capital Equipment</b>	\$ 4,801	\$ 5,073	\$ 272
Capital Projects (by Absolute Variance)			
HVAC Replacement Headquarters Building 2	47	4,853	4,806
Fire Protection at San Xavier, Twin Peaks, Sandario, Brawley, Tucson Field Office	225	4,514	4,289
Fire Protection System Upgrade Mark Wilmer Pumping Plant	6,578	2,692	(3,886)
SCADA Replacement Control Center	2,137	4,609	2,472
Transformer McCullough	-	2,000	2,000
Electromechanical Relay Replacement Phase 2	3,453	1,588	(1,865)
Backup Power Systems Replacement at Checks Turnouts & Microwave Sites	815	2,234	1,419
Motor Exciters & Control Unit Replacements at West Plants	1,872	670	(1,202)
Elevator System Replacement (Phase 2)	3,952	2,820	(1,132)
All Other Capital Projects	18,482	10,890	(7,592)
Subtotal - Capital Projects	\$ 37,562	\$ 36,870	\$ (692)
<b>Total CAWCD Capital Spending</b>	\$ 42,363	\$ 41,943	\$ (420)

## TOTAL CAWCD CAPITAL PROJECTS

Many of the projects cover multiple years. Consequently, projects may be completed early and increase costs in the current year or may be delayed and push costs into later years. For this reason, the PSC monitors the project's total cost performance, in addition to annual spending. The following table lists significant projects and their total projected variances.

	Projection	Budget	Variance
(Dollars in Thousands)			
<b>Capital Projects - Ten Largest</b>			
Electromechanical Relay Replacement Phase 2	\$ 22,026	\$ 14,544	\$ (7,482)
SCADA Replacement Control Center	20,264	19,215	(1,049)
Motor Exciters & Control Unit Replacements at West Plants	15,507	14,760	(747)
Fire Protection at San Xavier, Twin Peaks, Sandario, Brawley, Tucson Field Office	13,925	11,321	(2,604)
Backup Power Systems Replacement at Checks Turnouts & Microwave Sites	13,719	12,286	(1,433)
Condition-Based Monitoring	12,587	11,312	(1,275)
Fire Protection System Upgrade Mark Wilmer Pumping Plant	11,864	7,962	(3,902)
Elevator System Replacement (Phase 2)	9,243	8,476	(767)
Transformer McCullough	7,869	9,184	1,315
Programmable Logic Controller (PLC) Replacement Waddell	6,275	5,403	(872)



# 2023 Capital Spending Variance Summary

(Dollars in Thousands)

## SUMMARY

### Capital & Cost-Shared Spending

	3rd Quarter 2023				Full Year 2023			
	Actual	Budget	Variance (\$)	Variance (%)	Projection	Total Spending Authority	Variance (\$)	Variance (%)
Salaries and related costs	\$ 3,837	\$ 2,680	\$ (1,157)	(43.2%)	5,126	\$ 3,472	\$ (1,654)	(47.6%)
Equipment and structures	20,799	22,754	1,955	8.6%	30,465	32,361	1,896	5.9%
Other expenses:								
Outside services	2	2,151	2,149	99.9%	549	2,151	1,602	74.5%
Materials and supplies & other expenses	616	152	(463)	(304.3%)	666	192	(474)	(246.9%)
Overhead expenses	4,158	2,907	(1,251)	(43.0%)	5,557	3,767	(1,790)	(47.5%)
Subtotal Other Expenses	4,776	5,210	434	8.3%	6,772	6,110	(662)	(10.8%)
<b>Total Capital</b>	<b>\$ 29,412</b>	<b>\$ 30,644</b>	<b>\$ 1,232</b>	<b>4.0%</b>	<b>42,363</b>	<b>\$ 41,943</b>	<b>\$ (420)</b>	<b>(1.0%)</b>

# 2023 CAWCD Capital Spending Variance Detail

(Dollars in Thousands)

Projects	3rd Quarter 2023				Full Year 2023				Notes
	Actual	Budget	Variance (\$)	Variance (%)	Projection	Total Spending Authority	Variance (\$)	Variance (%)	
<b>CAPITAL EQUIPMENT</b>									
Buildings & Structures	-	-	-	-	165	-	(165)	-	
Computer Equipment	\$ -	\$ 564	\$ 564	100.0%	\$ -	\$ 752	\$ 752	100.0%	
Furniture & Office Equipment	-	-	-	0.0%	-	-	-	-	
Vehicles	1,073	891	(182)	(20.4%)	1,287	891	(396)	(44.4%)	
Field & Other Equipment	2,565	500	(2,065)	(413.0%)	3,152	3,345	193	5.8%	
Communication Equipment	154	85	(69)	(80.8%)	197	85	(112)	(131.8%)	
<b>Capital Equipment Total</b>	<b>\$ 3,791</b>	<b>\$ 2,040</b>	<b>\$ (1,751)</b>	<b>(85.9%)</b>	<b>\$ 4,801</b>	<b>\$ 5,073</b>	<b>\$ 272</b>	<b>5.4%</b>	
<b>2022-2023 Budgeted Projects</b>									
Air Compressors BRD/PIC/RED	\$ 59	\$ 190	\$ 131	69.0%	\$ 390	\$ 451	\$ 61	13.5%	
Backup Power Systems Replacement at Checks Turnouts & Microwave Sites	798	1,932	1,134	58.7%	815	2,234	1,419	63.5%	A
Condition-Based Monitoring	210	804	595	73.9%	906	1,021	115	11.3%	
Discharge Valves at Bouse Hills, Little Harquahala & Hassayampa Pumping Plants	1,016	767	(250)	(32.6%)	1,034	824	(210)	(25.5%)	
Electromechanical Relay Replacement Phase 2	2,508	1,436	(1,072)	(74.6%)	3,453	1,588	(1,865)	(117.5%)	B
Elevator System Replacement (Phase 2)	2,937	2,114	(823)	(39.0%)	3,952	2,820	(1,132)	(40.1%)	C
Elevator System Replacement (Phase 3)	-	569	569	100.0%	-	765	765	100.0%	D
Fire Hydrant Feeder Valves at Headquarters	1,155	537	(619)	(115.2%)	1,426	1,011	(415)	(41.0%)	
Fire Protection at San Xavier, Twin Peaks, Sandario, Brawley, Tucson Field Office	188	3,189	3,002	94.1%	225	4,514	4,289	95.0%	E
Fire Protection System Upgrade Mark Wilmer Pumping Plant	5,458	2,692	(2,766)	(102.8%)	6,578	2,692	(3,886)	(144.3%)	F
HVAC Replacement Headquarters Building 2	47	3,117	3,070	98.5%	47	4,853	4,806	99.0%	G
HVAC Replacement Mark Wilmer Pumping Plant	-	19	19	100.0%	-	19	19	100.0%	
Isolation Valves at Black Mountain & Snyder Hill (Pilot)	786	1,217	432	35.5%	2,742	1,728	(1,014)	(58.7%)	H
Motor Exciters & Control Unit Replacements at West Plants	1,554	670	(883)	(131.8%)	1,872	670	(1,202)	(179.3%)	I
Motor Exciters at Twin Peaks, Sandario, Snyder Hill & Black Mountain	447	694	247	35.6%	1,019	735	(284)	(38.6%)	
Network Refresh 2023	710	200	(510)	(255.1%)	710	200	(510)	(255.1%)	J
Potable Water Skid Replacement	1,677	1,119	(558)	(49.8%)	1,711	1,119	(592)	(52.9%)	K
Potable Water at Pinal Field Office	107	285	179	62.6%	109	285	176	61.7%	
Programmable Logic Controller (PLC) Replacement Waddell	832	1,186	354	29.9%	1,587	1,642	55	3.3%	
Roof Replacement BLK/SNY	35	88	53	60.2%	65	132	67	50.8%	
SCADA Replacement Control Center	1,482	2,993	1,511	50.5%	2,137	4,609	2,472	53.6%	L
Sump Pump Water Level Controls at Pumping Plants	143	140	(3)	(1.9%)	143	140	(3)	(1.9%)	
Swchyd Scurity Hardning Delaney	298	445	147	33.1%	428	618	190	30.8%	
Transformer McCullough	-	2,000	2,000	100.0%	-	2,000	2,000	100.0%	M
Windows Server Refresh 2023	72	200	128	63.8%	192	200	8	3.8%	
<b>Totals - 2022-2023 Budgeted Projects</b>	<b>\$ 22,516</b>	<b>\$ 28,604</b>	<b>\$ 6,087</b>	<b>21.3%</b>	<b>\$ 31,540</b>	<b>\$ 36,870</b>	<b>\$ 5,330</b>	<b>14.5%</b>	

# 2023 CAWCD Capital Spending Variance Detail (cont.)

(Dollars in Thousands)

## Projects Without a Budget in 2023

Canal-Wide CP System Upgrade	\$	1	\$	-	\$	(1)	-	\$	1	\$	-	\$	(1)	-		
Fire Pump Replacement Waddell		24		-		(24)		-	53		-		(53)	-		
Machine Shop Overhead Crane Improvements		215		-		(215)		-	222		-		(222)	-		
Monitor Well Aguafria Rechr		25		-		(25)		-	32		-		(32)	-		
Noise Reduction Project Phase 2 MWP		129		-		(129)		-	910		-		(910)	-		
TDRP Recovery Wells		2,233		-		(2,233)		-	3,191		-		(3,191)	-		
Potable Water System Upgrade at Sandario Pumping Plant		76		-		(76)		-	76		-		(76)	-		
Transmission Line APS		(685)		-		685		-	(685)		-		685	-		
Water Education Center		31		-		(31)		-	248		-		(248)	-		
West Entrance Gate HDQ		1,026		-		(1,026)		-	1,945		-		(1,945)	-		
Windows Server Refresh 2022		29		-		(29)		-	29		-		(29)	-		
Totals - Projects Without a Budget in 2023	\$	3,104	\$	-	\$	(3,104)	\$	-	\$	6,022	\$	-	\$	(6,022)	\$	-
NET CAPITAL	\$	29,412	\$	30,644	\$	1,232	4.0%	\$	42,363	\$	41,943	\$	(420)	(1.0%)		

- A **Backup Power Systems Replacement at Checks Turnouts & Microwave Sites:** Work delayed to 2024 due to supply chain issues with delivery of final 10 Generators. Work on 13 IPSS continues in 2023, with 27 remaining to be received.
- B **Electromechanical Relay Replacement Phase 2:** 2022 billing delayed into 2023, as well as automation scope being implemented requiring additional internal staff resources. Budgeted contractor prices being monitored carefully.
- C **Elevator System Replacement (Phase 2):** Five-month supply chain delay pushed work planned for 2022 into 2023 creating slight variance. Project on track for 2023 completion and Q1 2024 closeout.
- D **Elevator System Replacement (Phase 3):** Project remains underway and forecasts will adjust as phase two closes out and scope of work reflects phase three.
- E **Fire Protection at San Xavier, Twin Peaks, Sandario, Brawley, Tucson Field Office:** Construction and design paused while internal resources are realigned. Current forecast reflects design completion for 1 of 4 sites, assumes resuming in 2024.
- F **Fire Protection System Upgrade Mark Wilmer Pumping Plant:** In addition to increasing inflationary pressure, work delays resulting from Covid-19 protocols delayed 20/21 work into current budget cycle. Additional spending projected in 22/23 compared to budget, but reflects original project scope.
- G **HVAC Replacement Headquarters Building 2:** Construction and design paused while internal resources are realigned. Current forecast reflects project cost anticipated until resuming at a later date.
- H **Isolation Valves at Black Mountain & Snyder Hill (Pilot):** Labor and material price increases required additional funds for 2023. Work has completed ahead of schedule reducing the budgeted cost for 2024.
- I **Motor Exciters & Control Unit Replacements at West Plants:** LHQ remaining 8 units construction pushed to Q3 of 2023 due to operational needs and outages.
- J **Network Refresh 2023:** Budgeted capitol computer equipment purchases will not be moving forward, which expanded the scope of this year's network refresh project, as approved by the Project Steering
- K **Potable Water Skid Replacement:** Longer than anticipated equipment procurement of potable water skids has caused project delays and increased cost estimate.
- L **SCADA Replacement Control Center:** Internal Labor was over estimated for 2022 and the SCADA Standards Contract has become more complex than originally anticipated.
- M **Transformer McCullough:** Project estimates were revised, making the 2023 advanced payment (\$2M) unnecessary. Project lead agency will solidify projected costs when procurement process begins.

# Total CAWCD Capital Projects Variance Detail

(Dollars in Thousands)

Projects	Through 2022	2023 Projection	Remaining Balance	Total Projected	Total Spending Authority	Variance (\$)	(%)	Notes
<b>2022 - 2023 Budgeted Projects</b>								
Air Compressors BRD/PIC/RED	\$ -	\$ 390	\$ 1,057	\$ 1,447	\$ 1,177	\$ (270)	(22.9%)	
Backup Power Systems Replacement at Checks Turnouts & Microwave Sites	9,480	815	3,424	13,719	12,286	(1,433)	(11.7%)	A
Condition-Based Monitoring	8,761	906	2,920	12,587	11,312	(1,275)	(11.3%)	B
Discharge Valves at Bouse Hills, Little Harquahala & Hassayampa Pumping Plants	1,151	1,034	699	2,884	2,718	(166)	(6.1%)	
Electromechanical Relay Replacement Phase 2	5,872	3,453	12,701	22,026	14,544	(7,482)	(51.4%)	C
Elevator System Replacement (Phase 2)	4,862	3,952	429	9,243	8,476	(767)	(9.0%)	
Elevator System Replacement (Phase 3)	-	-	-	-	4,000	4,000	100.0%	D
Fire Hydrant Feeder Valves at Headquarters	263	1,426	17	1,706	1,272	(434)	(34.1%)	
Fire Protection at San Xavier, Twin Peaks, Sandario, Brawley, Tucson Field Office	457	225	13,243	13,925	11,321	(2,604)	(23.0%)	E
Fire Protection System Upgrade Mark Wilmer Pumping Plant	4,716	6,578	570	11,864	7,962	(3,902)	(49.0%)	F
HVAC Replacement Headquarters Building 2	397	47	319	763	6,530	5,767	88.3%	G
HVAC Replacement Mark Wilmer Pumping Plant	5,882	-	-	5,882	5,117	(765)	(15.0%)	
Isolation Valves at Black Mountain & Snyder Hill (Pilot)	290	2,742	1,223	4,255	2,066	(2,189)	(105.9%)	H
Motor Exciters & Control Unit Replacements at West Plants	13,635	1,872	0	15,507	14,760	(747)	(5.1%)	
Motor Exciters at Twin Peaks, Sandario, Snyder Hill & Black Mountain	210	1,019	559	1,788	1,421	(367)	(25.8%)	
Network Refresh 2023	-	710	(0)	710	200	(510)	(255.0%)	
Potable Water Skid Replacement	1,262	1,711	(1)	2,972	1,956	(1,016)	(52.0%)	I
Potable Water at Pinal Field Office	219	109	575	903	461	(442)	(95.9%)	
Programmable Logic Controller (PLC) Replacement Waddell	3,142	1,587	1,546	6,275	5,403	(872)	(16.1%)	
Roof Replacement BLK/SNY	19	65	970	1,054	1,034	(20)	(1.9%)	
SCADA Replacement Control Center	1,882	2,137	16,245	20,264	19,215	(1,049)	(5.5%)	J
Sump Pump Water Level Controls at Pumping Plants	1,036	143	4,831	6,010	2,030	(3,980)	(196.0%)	K
Swchyd Scurity Hardning Delaney	110	428	19	557	618	61	9.9%	
Transformer McCullough	7,839	-	30	7,869	9,184	1,315	14.3%	L
Windows Server Refresh 2023	-	192	(0)	192	200	8	4.0%	
<b>Totals - 2022-2023 Budgeted Projects</b>	<b>\$ 71,485</b>	<b>\$ 31,540</b>	<b>\$ 61,377</b>	<b>\$ 164,402</b>	<b>\$ 145,263</b>	<b>\$ (19,139)</b>	<b>(13.2%)</b>	



# Total CAWCD Capital Projects Variance Detail (cont.)

(Dollars in Thousands)

## Projects Without a Budget in 2023

Canal-Wide CP System Upgrade	\$ 539	\$ 1	\$ 39	\$ 579	\$ -	\$ (579)	-
Fire Pump Replacement Waddell	-	53	500	553	-	(553)	-
Machine Shop Overhead Crane Improvements	188	222	(0)	410	294	(116)	(39.5%)
Monitor Well AguaFria Rechrq	53	32	0	85	-	(85)	-
Noise Reduction Project Phase 2 MWP	6	910	529	1,445	-	(1,445)	-
Potable Water System Upgrade at Sandario Pumping Plant	963	76	(0)	1,039	775	(264)	(34.0%)
TDRP Recovery Wells	-	3,191	10,552	13,743	-	(13,743)	-
Transmission Line APS	29,227	(685)	(18,916)	9,626	-	(9,626)	-
Water Education Center	-	248	27,361	27,609	-	(27,609)	-
West Entrance Gate HDQ	178	1,945	133	2,256	-	(2,256)	-
Windows Server Refresh 2022	123	29	0	152	150	(2)	(1.3%)
<b>Totals - Projects Without a Budget in 2023</b>	<b>\$ 31,277</b>	<b>\$ 6,022</b>	<b>\$ 20,198</b>	<b>\$ 57,497</b>	<b>\$ 1,219</b>	<b>\$ (56,278)</b>	<b>(4616.3%)</b>
<b>Totals - Budgeted &amp; Unbudgeted</b>	<b>\$ 102,762</b>	<b>\$ 37,562</b>	<b>\$ 81,575</b>	<b>\$ 221,899</b>	<b>\$ 146,482</b>	<b>\$ (75,417)</b>	<b>(51.5%)</b>

- A **Backup Power Systems Replacement at Checks Turnouts & Microwave Sites:** Work delayed to 2024/25 due to supply chain issues with generators. Work on IPSS continues at turnouts, completion in 2024.
- B **Condition-Based Monitoring:** New contractor selected to finish four southern plants (BRW, SXV, SAN, TWP), and increased scope of work from 2020 plan.
- C **Electro Mech Relay Phase 2:** The MWP plant phase has been moved up to accommodate the outage schedule. Project is expanding to include relay management software development & deployment to centrally manage the new equipment.
- D **Elevator System Replacement (Phase 3):** Project design was to begin in 2023 with construction in 2024, but was pushed to the next budget cycle (2026-2027)
- E **Fire Protection at San Xavier, Twin Peaks, Sandario, Brawley, Tucson Field Office:** Engineering chose to pause construction and design in 2023 due to lack of internal staffing resources. The current forecast will finish design of 1 of 4 sites in early 2023, then resume design in 2024 and construction in 2025.
- F **Fire Protection System Upgrade Mark Wilmer Pumping Plant:** Board approved increased spending due to added cost for inflation within the project budget.
- G **HVAC Replacement Headquarters Building 2:** The project was postponed, and will be reevaluated in future years.
- H **Isolation Valves at Black Mountain & Snyder Hill (Pilot):** Material costs have increased significantly from original project plans.
- I **Potable Water Skid Replacement:** Longer than anticipated equipment procurement of potable water skids has caused project delays and increased cost estimate.
- J **SCADA Replacement Control Center:** Internal Labor was overestimated for 2022 and the SCADA Standards Contract has become more complex than originally anticipated. The original design was slated to be completed in 2022; however, the design will not be completed until 2023.
- K **Sump Pump Water Level Controls at Pumping Plants:** Project timeline has been adjusted to match the revised plan; also, estimated construction costs have been increased to account for post-pandemic price increases.
- L **Transformer McCullough:** Project estimates were revised, making the 2023 advanced payment (\$2M) unnecessary. Project lead agency will solidify projected costs when procurement process begins.

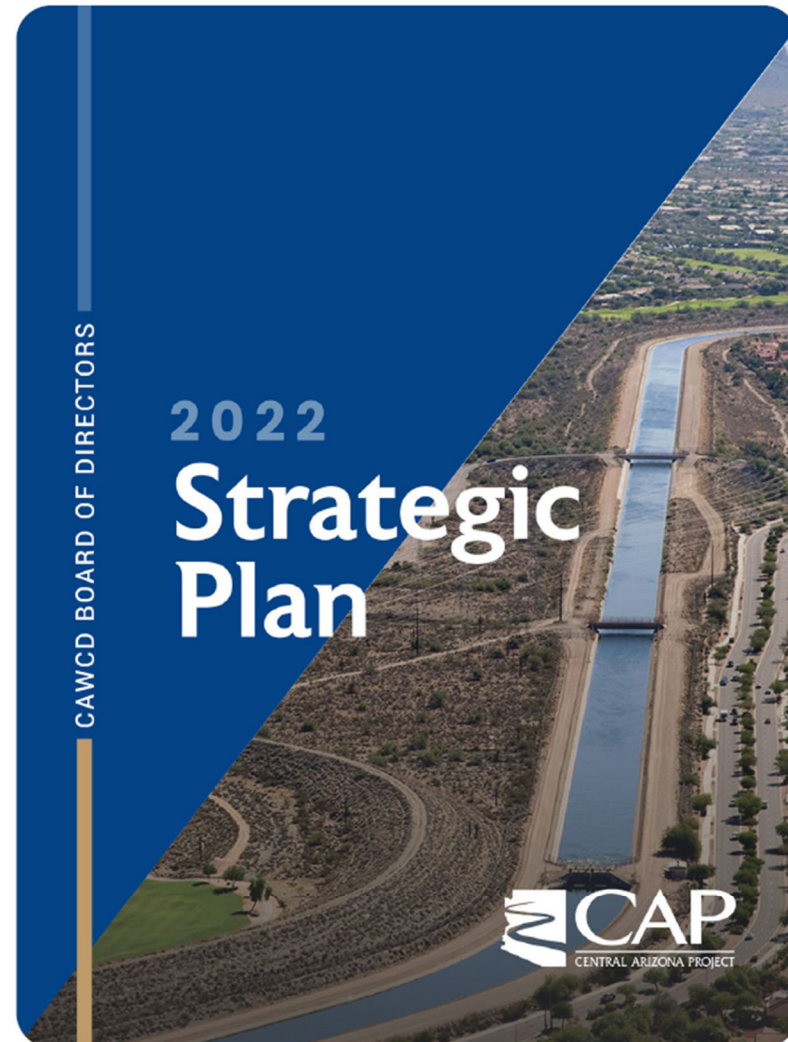


# Strategic Plan Update

Q3 2023

## BACKGROUND

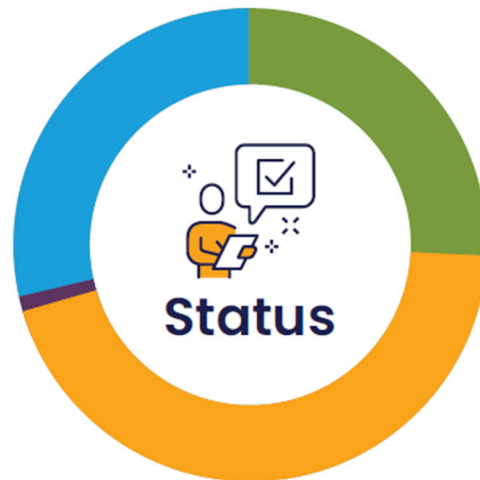
In 2020, the Board adopted the [2022 Board Strategic Plan](#). Facilitated by an external consultant, the 18-month process included several Board retreats, input from employees, and two rounds of stakeholder forums. Implementation of the new plan began with the 2022-23 budget cycle. The Plan provides high-level strategic guidance to the organization and defines CAP's Vision, Mission, and Values. It also defines eight Key Result Areas (KRAs) and identifies 3-5 Strategic Issues for each KRA. This hierarchy of issues serves as the context for many other planning activities at CAP, including the biennial budget, the "Big 5" organization-wide objectives, Board reports and employee performance goals. As part of CAP's two-year budget process, staff links the Board Strategic Plan to the biennial Business Plans to ensure that organizational goals are consistent with the strategic direction provided by the Board. The Public Affairs Department coordinates strategic planning activities for the organization.





## Q3 2023 PROGRESS UPDATE

For 2022-23, staff developed 146 action plans to implement the Board Strategic Plan. That work began on January 1, 2022.



- 26.03% ● In Progress
- 42.47% ● Ongoing - Work is continuous
- 1.37% ● Discontinued
- 30.14% ● Completed

Each quarter, Public Affairs staff will provide a progress snapshot and highlights from one of the seven CAP departments.



### DEPARTMENT HIGHLIGHT: CENTRALIZED MAINTENANCE

Mission: The Maintenance Group protects and preserves the integrity and capacity of CAP's water delivery system and related infrastructure through proactive, reliability-based maintenance practices and a continuous improvement management philosophy, while valuing employee input and placing the highest priority on employee safety, health and welfare.





## ACTION PLAN:

Engage the Asset Management/Reliability Excellence community of practice and peer utilities to gain insights and knowledge of "best practices" and implement as appropriate for CAP.

We have engaged with the Reliability Leadership Institute (RLI) to better access teaching and training opportunities supported by our membership. We have engaged with RLI to host several Certified Reliability Leadership Workshops at CAP in 2022 and 2023. A total of 70 CAP employees have now completed the requirements for Certified Reliability Leadership certification. CAP has been involved in numerous best practice exchanges as part of the reliability community of practice. These exchanges included Salt River Project, Clark County Nevada Water Reclamation District, Intel, Environmental Agency of the United Kingdom, Vancouver British Columbia, Portland Oregon, Metropolitan Council Environmental Services, and others.

*(Project Reliability: Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability^)*



## ACTION PLAN:

Maintain high levels of operational reliability by scheduling maintenance outages and eliminating unplanned outages.

Our annual goal is a forced outage ratio (FOX) of less than 2% which is a measure of the reliability of our assets and their availability to meet our mission of providing water to our stakeholders. In 2022, the FOX rate was 1.9%. For 2023, the FOX rate was 2.61% as of the end of Q3.

*(Project Reliability: Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability^)*



## ACTION PLAN:

Plan, forecast, execute, monitor & control the completion of major maintenance work for West and South outage windows.

In 2022, the results for both major outage windows show a combined completion rate of 94% of all base line scheduled work with a goal of 90%. The overall Annual Maintenance Plan and Centralized Annual Maintenance Plan for 2022 achieved a completion rate of 71% and 72% respectively. In 2023, the summer outage ended at a rate of 97% completion rate of all base line of work identified. The fall outage is now being executed and is anticipated to exceed the overall goal of 90%. The overall Annual Maintenance Plan and Centralized Annual Maintenance Plan for 2023 is forecast to achieve a completion rate of 85% and 94% respectively. This has been an area of focus and part of a Director Goal for Centralized Maintenance and Reliability.

*(Project Reliability: Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability^)*



## ACTION PLAN:

Develop an annual state of the fleet report and present out to OPEM Directors and Managers.

The state of the fleet report has been created and is now part of our suite of reporting tools for managing Fleet assets. The report is being used to forecast expenses as part of the long range financial plan for future Fleet assets, review under utilized assets, monitor fuel usage and consumption, and provide general data and information. This data is now available for use by all CAP employees and has been stored in our data warehouse.

*(Project Reliability: Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability^)*



