

# Year-to-Date - 4th 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 and compares 2023 to 2022. More detailed explanations are covered on the following pages.

## Highlights

**TOTAL REVENUES:** As shown in the graph to the right, total 2023 revenues were \$27 million below budget. The primary variances were water operations and maintenance (O&M) revenues, which was \$50 million below budget, offset by interest income, which was \$31 million over budget.

Total 2023 revenues were \$89 million higher than total 2022 revenues. The primary difference was interest income, which was \$76 million higher in 2023 because of favorable economic conditions.

**TOTAL EXPENSES:** Total 2023 expenses were \$273 million, which was \$17 million below budget, primarily because energy costs were \$14 million below budget. Total 2023 expenses were \$3 million less than total 2022 expenses.

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

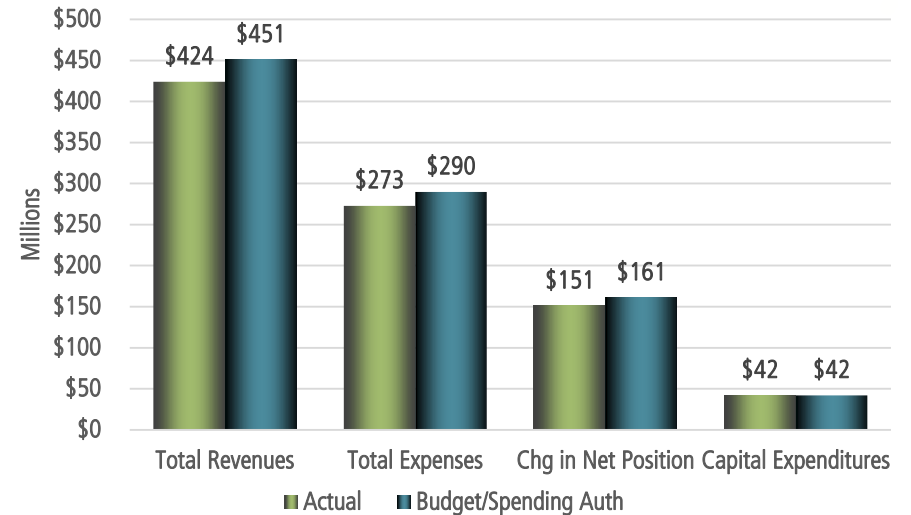
**CHANGE IN NET POSITION:** The 2023 change in net position—the difference between revenues and expenses for the year—was \$151 million, \$10 million lower than budget. However, the 2023 change in net position was \$92 million higher than in 2022. Similar to revenues, the primary reason was increased interest income.

See Statements of Net Position on page 5 for additional information.

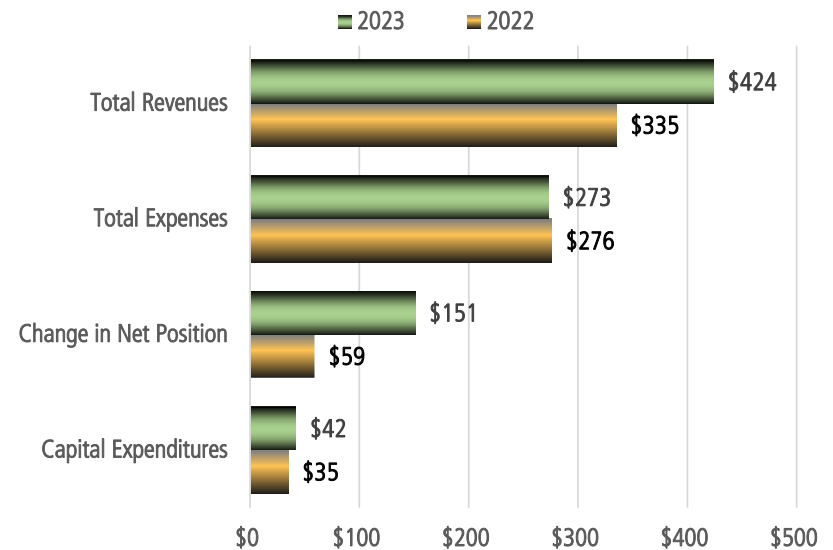
**CAPITAL:** The Project Steering Committee (PSC) oversees the capital budget. Total 2023 capital spending was \$42 million, which was on budget.

See Capital section starting on page 57 for additional information.

Full Year 2023 - Budget vs Actual



Year-Over-Year Comparison



## Statement of Net Position

### TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

At December 31, 2023, total assets and deferred outflows were \$73 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 increased \$13 million in 2023.

Cash and cash equivalents increased \$67 million in 2023, primarily because of accumulation in the CAGR accounts for future infrastructure and water needs and the extraordinary cost reserve for future planned projects. Other current assets—primarily made up of accounts receivable—increased \$11 million. The majority of the increase is because of 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. In 2023, the net PSR decreased from \$997 million to \$975 million. Net capital operating assets, which grow as a result of ongoing capital projects, are projected to increase by \$15 million.

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 for deferred pension and OPEB outflows, which make up the majority of the balance, are completed at year-end by an actuarial firm contracted by the Arizona State Retirement System.

### Total assets and deferred outflows of resources

2023 vs. 2022

(in millions)

	2023	2022	Change	
<b>Current assets</b>				
Cash and cash equivalents	\$ 236	\$ 169	\$ 67	39.6%
Funds held by federal gov't	5	9	(4)	(44.4%)
Water inventory	241	228	13	5.7%
Other current assets	88	77	11	14.3%
Total current assets	570	483	87	18.0%
<b>Noncurrent assets</b>				
Investments and restricted assets	613	612	1	0.2%
Agricultural water rights	48	48	-	0.0%
Capital assets - operating, net	346	331	15	4.5%
Capital assets - PSR, net	975	997	(22)	(2.2%)
Other assets	6	10	(4)	(40.0%)
Total noncurrent assets	1,988	1,998	(10)	(0.5%)
<b>Deferred outflows of resources</b>				
Pension & OPEB valuation and upfront payments	10	14	(4)	(28.6%)
<b>Total assets &amp; deferred outflows of resources</b>	<b>\$ 2,568</b>	<b>\$ 2,495</b>	<b>\$ 73</b>	<b>2.9%</b>

## Statement of Net Position (con't)

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

At December 31, 2023, total liabilities and deferred inflows of resources were \$77 million lower than December 31, 2022; net position was \$150 million higher.

**CURRENT LIABILITIES:** Current liabilities include payables, unearned revenue, accrued interest, and current principal obligations. Overall, current liabilities decreased \$4 million, or 2.2%, in 2023. Payables were down \$8.8 million, primarily because customer payables were down; unearned revenue was up \$6.7 million, which is reflective of higher rates on payments received in December for January deliveries; and the asset retirement obligation—a current principal obligation—was down \$2.3 million because the Navajo Generating Station decommissioning charges are lower in 2024.

**NONCURRENT LIABILITIES:** Noncurrent liabilities decreased \$63 million, primarily because long-term liabilities were paid down, including the federal repayment obligation decreased (\$40 million); contract revenue bonds (\$6 million); and the long-term portion of the asset retirement obligation (\$10 million). Other noncurrent liabilities decreased \$7 million because of pension and other post-employment benefit valuations.

**DEFERRED INFLOW OF RESOURCES:** Deferred inflows include customer deposits and upfront payments, as well as deferred inflow OPEB and pension valuations. Deferred inflows of resources decrease \$10 million in 2023, largely because the rate stabilization customer deposits were utilized.

**NET POSITION:** Net position—which is the difference between total assets and deferred outflows and total liabilities and deferred inflows—increased \$150 million in 2023.

### Total liabilities, deferred inflows of resources, and net position

2023 vs. 2022

(in millions)

	2023	2022	Change	
<b>Current liabilities</b>	177	181	\$ (4)	(2.2%)
<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	21	31	(10)	(32.3%)
Other noncurrent liabilities	85	92	(7)	(7.6%)
Total noncurrent liabilities	1,091	1,154	(63)	
<b>Deferred inflows of resources</b>				
Customer deposits and upfront payments	44	55	(11)	(20.0%)
Deferred inflow OPEB	12	13	(1)	(7.7%)
Deferred inflow pension	4	2	2	100.0%
Total deferred inflows of resources	60	70	(10)	(14.3%)
<b>Total liabilities and deferred inflows of resources</b>	<b>1,328</b>	<b>1,405</b>	<b>(77)</b>	<b>(5.5%)</b>
<b>Net position</b>				
Investments in capital assets	379	340	(97)	(28.5%)
Restricted, net	105	92	13	14.1%
Unrestricted, net	756	658	98	14.9%
Total net position	1,240	1,090	150	13.8%
<b>Total liabilities, deferred inflows of resources, &amp; net position</b>	<b>\$ 2,568</b>	<b>\$ 2,495</b>	<b>\$ 73</b>	<b>2.9%</b>

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

Net position—the difference between revenues and expenses—increased \$151 million in 2023 compared to a budgeted increase of \$161 million.

### TOTAL REVENUES

**2023 BUDGET PERFORMANCE:** Total 2023 revenues were \$424 million compared to a budget of \$451 million.

- Water O&M revenues were \$50 million lower than budget because of lower deliveries related to conservation efforts and use of taxes.
- Interest income was \$31 million higher than budget because of favorable market conditions.
- Capital charges were \$3 million lower than budget because the actual capital rate was less than the budgeted rate.
- BDF revenues were \$3 million lower than budget because of transmission losses and lower-than-expected transmission fees.

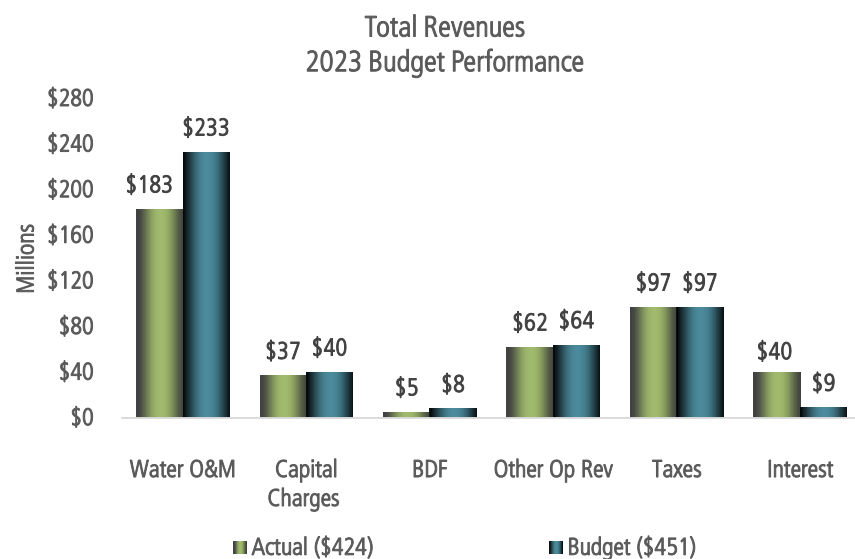
**YEAR-OVER-YEAR COMPARISON:** Total 2023 revenues were \$424 million, \$89 million more than 2022.

Operating Revenues were \$8 million higher than 2022.

- Water O&M charges were \$6 million higher because of increased costs.
- Capital charges were \$2 million higher because the capital rate was higher.
- BDF revenues were \$5 million lower because of less transmission revenues.
- Other operating revenues were \$5 million higher largely because of federal grant revenues.

Nonoperating Revenues were \$81 million higher than 2022.

- Property taxes were \$5 million higher due to increased home values.
- Interest income & other revenues were \$76 million higher because of favorable market conditions and the resulting fair value adjustments.

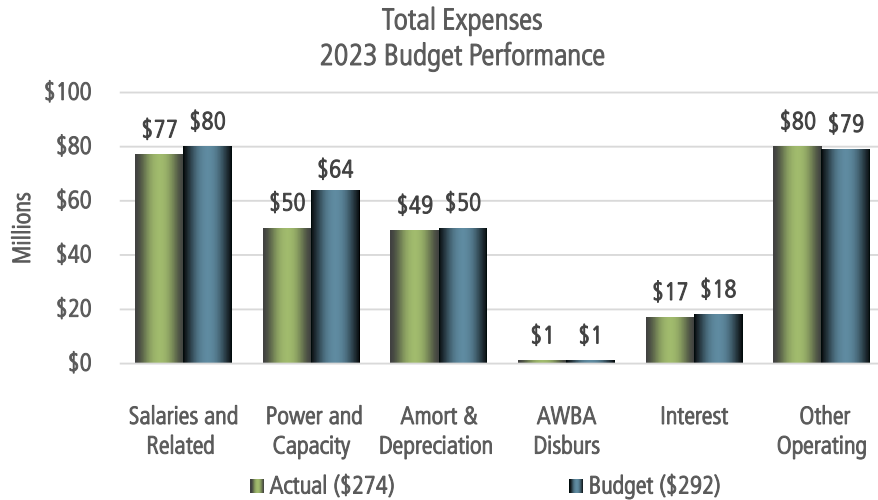


	Full Year 2023		
	2023	2022	Change
<i>(Dollars in millions)</i>			
<b>Operating Revenues</b>			
Water O&M charges	\$ 183	\$ 177	\$ 6
Water service capital charges	37	35	2
BDF revenues	5	10	(5)
Other revenues	62	57	5
	\$ 287	\$ 279	\$ 8
<b>Nonoperating Revenues</b>			
Property taxes	\$ 97	\$ 92	\$ 5
Interest income & other	40	(36)	76
	\$ 137	\$ 56	\$ 81
<b>Total Revenues</b>	\$ 424	\$ 335	\$ 89

## TOTAL EXPENSES

**2023 BUDGET PERFORMANCE:** Total 2023 expenses were \$274 million, \$17 million lower than budget.

- Energy charges were \$14 million lower than budget because of lower deliveries than planned, shaping opportunities, and favorable summer sales.
- Salaries and related expenses were \$3 million lower than budget of because more labor charged to capital projects and lower benefit costs.
- All other expense categories were at or near budget.



**YEAR-OVER-YEAR COMPARISON:** Total 2023 expenses were \$293 million, \$17 million more than 2022.

Operating expenses were \$2 million lower than 2022.

- Salaries and related expenses were \$4 million higher primarily because of salary increases and fewer vacancies in 2023 than 2022.
- Other operating expenses were \$3 million higher largely because of CAGR water expenses increased, offset by reduced payments for conservation programs.

Nonoperating expenses were \$5 million lower than 2022.

- Disbursements to the Arizona Water Banking Authority (AWBA) were \$3 million lower because AWBA did not request funds to purchase long-term storage credits.
- Interest expenses were \$2 million lower because as long-term debt is paid down, interest payments decrease.

	Full Year 2023			
<i>(Dollars in millions)</i>	2023	2022	Change	
<b>Operating Expenses</b>				
Salary and related costs	\$ 77	\$ 73	\$ 4	5.5%
Energy	50	49	1	2.0%
Amortization and depreciation	49	48	1	2.1%
Other	79	82	(3)	(3.7%)
	255	252	3	1.2%
<b>Nonoperating Expenses</b>				
AWBA Disbursements	1	4	(3)	(75.0%)
Interest Expense	18	20	(2)	(10.0%)
	19	24	(5)	(20.8%)
<b>Total Expenses</b>	\$ 274	\$ 276	\$ (2)	(0.7%)



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

*(Dollars in Millions)*

	Full Year 2023		
	Actual	Spending Authority	Variance
<b>Operating Revenues/Expenses</b>			
Revenues	\$ 286.7	\$ 344.7	\$ (58.0)
Expenses	(255.5)	(273.9)	18.4
<b>Operating Income/Loss</b>	31.2	70.8	(39.6)
<b>Non-operating Revenues/Expenses</b>			
Revenues	137.4	105.8	31.6
Expenses	(18.6)	(18.6)	-
<b>Non-operating Income/(Loss)</b>	118.8	87.2	31.6
<b>Change in Net Position</b>	\$ 150.0	\$ 158.0	\$ (8.0)
 <b>Variance Analysis:</b>			
General Fund	\$ 110.1	\$ 113.4	\$ (3.3)
CAGR D	37.2	43.4	(6.2)
Other	2.7	1.2	1.5
	\$ 150.0	\$ 158.0	\$ (8.0)

# General Fund

(Dollars in Millions)

	Full Year 2023		
	Actual	Spending Authority	Variance
Water Deliveries (000 AF)	774	1,095	(321)
Revenues	\$ 375.2	\$ 404.8	\$ (29.6)
Expenses	(265.1)	(291.4)	26.3
Change in Net Position	<b>\$ 110.1</b>	<b>\$ 113.4</b>	<b>\$ (3.3)</b>
<b>Variance Analysis:</b>			
Water O&M Charges	\$ 194.4	\$ 248.7	\$ (54.3)
Capital Charges	38.5	41.0	(2.5)
Basin Development Fund Revenues	5.0	8.1	(3.1)
Property Taxes	97.3	97.2	0.1
Interest and Other Income	40.0	9.8	30.2
Energy	(50.1)	(64.4)	14.3
Amortization/Depreciation	(48.6)	(50.1)	1.5
Disbursements to AWBA	(0.5)	(0.5)	-
Interest expense and other	(17.5)	(17.5)	-
Other	(148.4)	(158.9)	10.5
	<b>\$ 110.1</b>	<b>\$ 113.4</b>	<b>\$ (3.3)</b>

# Central Arizona Groundwater Replenishment District (CAGR) Account

(Dollars in Millions)

	Full Year 2023		Variance
	Actual	Spending Authority	
Revenues	\$ 62.1	\$ 62.6	\$ (0.5)
Expenses	(24.9)	(19.2)	(5.7)
Change in Net Position	<u>\$ 37.2</u>	<u>\$ 43.4</u>	<u>\$ (6.2)</u>

## Variance Analysis:

Revenue-Rates	26.1	28.9	(2.8)
Revenue-Fees	16.6	21.4	(4.8)
Revenue-Dues	11.2	11.5	(0.3)
Miscellaneous Revenue	3.5	-	3.5
Interest Income	4.7	0.8	3.9
Expense -Water For Recharge	(20.9)	(14.8)	(6.1)
Expense - All Other	(4.0)	(4.4)	0.4
	<u>\$ 37.2</u>	<u>\$ 43.4</u>	<u>\$ (6.2)</u>



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

(Dollars in Thousands)

	Full Year 2023				
	2022 Actual	Total Spending Authority		Variance	
		Actual	Actual	Authority	(\$)
<b>Operating Revenues</b>					
Water O&M charges	\$ 176,772	\$ 182,891	\$ 233,483	\$ (50,592)	(21.7%)
Water service capital charges	34,542	37,535	39,734	(2,199)	(5.5%)
Basin Development Fund Revenues	9,581	5,039	8,130	(3,091)	(38.0%)
Other revenues	57,750	61,269	63,363	(2,094)	(3.3%)
<b>Total Operating Revenues</b>	<b>\$ 278,645</b>	<b>\$ 286,734</b>	<b>\$ 344,710</b>	<b>\$ (57,976)</b>	<b>(16.8%)</b>
<b>Operating Expenses</b>					
Salaries and related costs	\$ (72,653)	\$ (76,898)	\$ (80,302)	\$ 3,404	4.2%
Energy	(48,915)	(50,082)	(64,410)	14,328	22.2%
Transmission	(21,674)	(14,938)	(15,580)	642	4.1%
Amortization	(23,001)	(21,782)	(21,783)	1	0.0%
Depreciation	(25,442)	(26,918)	(28,361)	1,443	5.1%
Other Operating Costs:				-	
Outside services	(46,084)	(42,969)	(49,782)	6,813	13.7%
Materials and supplies	(9,715)	(10,501)	(9,019)	(1,482)	(16.4%)
Water for underground storage	(3,082)	(8,353)	1,804	(10,157)	(563.0%)
Overhead	5,126	5,669	3,767	1,902	50.5%
Other expenses	(7,196)	(8,681)	(10,257)	1,576	15.4%
Subtotal other costs	(60,951)	(64,835)	(63,487)	(1,348)	(2.1%)
<b>Total Operating Expenses</b>	<b>(252,636)</b>	<b>(255,453)</b>	<b>(273,923)</b>	<b>18,470</b>	<b>6.7%</b>
<b>Operating Income/(Loss)</b>	<b>\$ 26,009</b>	<b>\$ 31,281</b>	<b>\$ 70,787</b>	<b>\$ (39,506)</b>	<b>(55.8%)</b>
<b>Non-operating Revenues/(Expenses)</b>					
Property taxes	\$ 92,406	\$ 97,291	\$ 97,194	\$ 97	0.1%
Interest income and other	(35,514)	40,092	8,603	31,489	366.0%
Disbursements to AWBA	(4,485)	(541)	(545)	4	0.7%
Interest expense and other	(19,712)	(18,083)	(18,128)	45	0.2%
<b>Total Non-operating Revenues/(Expenses)</b>	<b>32,695</b>	<b>118,759</b>	<b>87,124</b>	<b>31,635</b>	<b>36.3%</b>
Change in Net Position	58,704	150,040	157,911	(7,871)	(5.0%)
Net position at beginning of period	1,031,074	1,089,778	1,138,764	(48,986)	(4.3%)
Cumulative-effect of change in accounting principles	0	-	-	-	
Net position at beginning of period -restated	1,031,074	1,089,778	1,138,764	(48,986)	(4.3%)
Net position at end of period	<b>\$ 1,089,778</b>	<b>\$ 1,239,818</b>	<b>\$ 1,296,675</b>	<b>\$ (56,857)</b>	<b>(4.4%)</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	\$ 182,891	\$ (11,528)	\$ 194,419	\$ -	\$ -	\$ -
Water service capital charges	37,535	(928)	38,463	-	-	-
Basin Development Fund Revenues	5,039	-	5,039	-	-	-
Other revenues	61,269	(13,210)	5,026	-	57,484	11,969
<b>Total Operating Revenues</b>	<b>\$ 286,734</b>	<b>\$ (25,666)</b>	<b>\$ 242,947</b>	<b>\$ -</b>	<b>\$ 57,484</b>	<b>\$ 11,969</b>
<b>Operating Expenses</b>						
Salaries and related costs	\$ (76,898)	\$ -	\$ (75,567)	\$ -	\$ (1,331)	\$ -
Energy	(50,082)	-	(50,082)	-	-	-
Transmission	(14,938)	-	(14,938)	-	-	-
Amortization	(21,782)	-	(21,782)	-	-	-
Depreciation	(26,918)	-	(26,857)	-	(61)	-
Other operating costs:						
Outside services	(42,969)	1,170	(43,523)	-	(377)	(239)
Materials and supplies	(10,501)	-	(10,501)	-	-	-
Water for recharge	(8,353)	12,527	-	-	(20,880)	-
Overhead	5,669	-	7,112	-	(1,443)	-
Other expenses	(8,681)	11,969	(10,965)	-	(171)	(9,514)
Subtotal other costs	(64,835)	25,666	(57,877)	-	(22,871)	(9,753)
<b>Total Operating Expenses</b>	<b>(255,453)</b>	<b>25,666</b>	<b>(247,103)</b>	<b>-</b>	<b>(24,263)</b>	<b>(9,753)</b>
<b>Operating Income/(Loss)</b>	<b>\$ 31,281</b>	<b>\$ -</b>	<b>\$ (4,156)</b>	<b>\$ -</b>	<b>\$ 33,221</b>	<b>\$ 2,216</b>
<b>Non-operating Revenues/(Expenses)</b>						
Property taxes	\$ 97,291	\$ -	\$ 97,291	\$ -	\$ -	\$ -
Interest income and other	40,092	-	34,953	431	4,706	2
Disbursements to AWBA	(541)	-	(541)	-	-	-
Interest expense and other	(18,083)	-	(17,479)	-	(604)	-
<b>Total Non-operating Revenues/(Expenses)</b>	<b>118,759</b>	<b>-</b>	<b>114,224</b>	<b>431</b>	<b>4,102</b>	<b>2</b>
Change in Net Position	150,040	-	110,068	431	37,323	2,218
Net position at beginning of period	1,089,777	(2,350)	778,441	8,592	293,954	11,140
Cumulative-effect of change in accounting principles	-	-	-	-	-	-
Net position at beginning of period-restated	1,089,777	(2,350)	778,441	8,592	293,954	11,140
<b>Net position at end of period</b>	<b>\$ 1,239,817</b>	<b>\$ (2,350)</b>	<b>\$ 888,509</b>	<b>\$ 9,023</b>	<b>\$ 331,277</b>	<b>\$ 13,358</b>





# Statement of Net Position

(Dollars in Thousands)

	2022	As of 12/31/2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 19,992	\$ 15,576
Cash Equivalents	148,578	219,966
Total cash and cash equivalents	168,570	235,542
Receivables		
Due from water customers	75	15,436
Due from property taxes, less allowance for doubtful accounts	44,619	47,216
Other Receivables	28,071	21,678
Water inventory	228,199	241,367
Funds held by federal government	9,081	5,227
Other assets	4,354	3,653
<b>Total Current Assets</b>	<b>482,969</b>	<b>570,119</b>
<b>Non-current Assets</b>		
Investments	501,222	490,843
Restricted assets	111,083	122,026
Agriculture water rights	47,692	47,663
Capital assets, less accumulated depreciation	331,241	345,885
Permanent service right, less accumulated amortization	996,834	975,053
Other assets	9,897	5,869
<b>Total Non-current Assets</b>	<b>1,997,969</b>	<b>1,987,339</b>
<b>Total Assets</b>	<b>\$ 2,480,938</b>	<b>\$ 2,557,458</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension & OPEB Valuation and Upfront Payments	\$ 14,092	\$ 10,363
<b>Total Deferred Outflows of Resources</b>	<b>14,092</b>	<b>10,363</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,495,030</b>	<b>\$ 2,567,821</b>

# Statement of Net Position

(Dollars in Thousands)

	2022	As of 12/31/2023
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 65,078	\$ 56,290
Accrued payroll, payroll taxes and other accrued expenses	9,445	11,078
Water operations, capital charges, and unearned revenue	37,362	44,075
Asset retirement obligation due within one year	4,886	2,559
Current liabilities payable from restricted assets, advances to federal government, and other Non-current assets:		
Accrued interest payable	18,716	17,293
Repayment obligation, due within one year	40,456	40,456
Contract revenue bonds, due within one year	5,540	5,725
<b>Total Current Liabilities</b>	<b>181,483</b>	<b>177,476</b>
<b>Non-current Liabilities:</b>		
Repayment obligation, due after one year	897,080	856,623
Contract revenue bonds, due after one year, net	45,323	39,036
Non-Indian agricultural 9(d) debt	88,719	88,689
Asset retirement obligation due after one year	30,448	21,235
Other non-current liabilities	91,975	84,776
<b>Subtotal Non-current Liabilities</b>	<b>1,153,545</b>	<b>1,090,359</b>
<b>Total Liabilities</b>	<b>1,335,028</b>	<b>1,267,835</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Customer Deposits	55,213	44,011
Deferred Inflow OPEB	12,621	11,991
Pension Valuation	2,391	4,167
<b>Total Deferred Inflows of Resources</b>	<b>70,225</b>	<b>60,169</b>
<b>NET POSITION</b>		
Net investment in capital assets	339,677	379,096
Restricted	92,367	104,734
Unrestricted	657,733	755,987
<b>Total Net Position</b>	<b>1,089,777</b>	<b>1,239,817</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 2,495,030</b>	<b>\$ 2,567,821</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	\$ 235,542	\$ -	\$ 169,444	\$ -	\$ 51,865	\$ 14,233
Receivables	84,330	(7,173)	76,867	-	14,636	-
Water inventory	241,367	-	23,173	-	218,194	-
Funds held by / advanced to federal government	5,227	-	5,227	-	-	-
Other assets	3,653	(1,647)	3,662	-	1,623	15
<b>Total Current Assets</b>	<b>570,119</b>	<b>(8,820)</b>	<b>278,373</b>	<b>-</b>	<b>286,318</b>	<b>14,248</b>
<b>Non-current Assets</b>						
Investments and restricted assets	612,869	(2,350)	547,252	9,023	56,694	2,250
Agriculture water rights	47,663	-	47,663	-	-	-
Capital assets, less accumulated depreciation	345,885	-	320,490	-	25,395	-
Permanent service right, less accumulated amortization	975,053	-	975,053	-	-	-
Other assets, less accumulated amortization	5,869	(7,329)	13,198	-	-	-
Bond issuance costs, net of accumulated amortization	-	-	-	-	-	-
<b>Total Non-current Assets</b>	<b>1,987,339</b>	<b>(9,679)</b>	<b>1,903,656</b>	<b>9,023</b>	<b>82,089</b>	<b>2,250</b>
<b>Total Assets</b>	<b>2,557,458</b>	<b>(18,499)</b>	<b>2,182,029</b>	<b>9,023</b>	<b>368,407</b>	<b>16,498</b>
<b>Deferred Outflows of Resources</b>						
	10,363	-	10,363	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,567,821</b>	<b>(18,499)</b>	<b>2,192,392</b>	<b>9,023</b>	<b>368,407</b>	<b>16,498</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	\$ 67,368	\$ (7,398)	\$ 51,001	\$ -	\$ 20,625	\$ 3,140
Water operations, capital charges, and unearned revenue	44,075	-	44,075	-	-	-
Asset retirement obligation due within one year	2,559	-	2,559	-	-	-
Other current liabilities	63,474	(1,422)	59,595	-	5,301	-
<b>Total Current Liabilities</b>	<b>177,476</b>	<b>(8,820)</b>	<b>157,230</b>	<b>-</b>	<b>25,926</b>	<b>3,140</b>
<b>Noncurrent Liabilities</b>						
Asset retirement obligation due after one year	21,235	-	21,235	-	-	-
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	88,689	-	88,689	-	-	-
Other non-current liabilities	84,776	(7,329)	84,776	-	7,329	-
<b>Total Noncurrent Liabilities</b>	<b>1,090,359</b>	<b>(7,329)</b>	<b>1,086,484</b>	<b>-</b>	<b>11,204</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,267,835</b>	<b>(16,149)</b>	<b>1,243,714</b>	<b>-</b>	<b>37,130</b>	<b>3,140</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Customer Deposits and Upfront Payments	44,011	-	44,011	-	-	-
Deferred Inflow OPEB	11,991	-	11,991	-	-	-
Pension Valuation	4,167	-	4,167	-	-	-
<b>Total Deferred inflows of Resources</b>	<b>60,169</b>	<b>-</b>	<b>60,169</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>						
Net Investment in capital assets	379,096	-	361,361	-	17,735	-
Restricted	104,734	-	58,928	9,023	34,533	2,250
Unrestricted	755,987	(2,350)	468,220	-	279,009	11,108
<b>Total Net Position</b>	<b>1,239,817</b>	<b>(2,350)</b>	<b>888,509</b>	<b>9,023</b>	<b>331,277</b>	<b>13,358</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 2,567,821</b>	<b>(18,499)</b>	<b>2,192,392</b>	<b>9,023</b>	<b>368,407</b>	<b>16,498</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 (no additional spending authority)	\$ 193,378	\$ 3,776	\$ 11,746	\$ 41,943
<b>Final Spending Authority</b>	<b>\$ 193,378</b>	<b>\$ 3,776</b>	<b>\$ 11,746</b>	<b>\$ 41,943</b>
<b>Actual operating expenses</b>	<b>\$ 182,083</b>	<b>\$ 3,383</b>	<b>\$ 9,753</b>	<b>\$ 41,709</b>
<b>Variance (\$) Fav/(Unfav)</b>	<b>\$ 11,295</b>	<b>\$ 393</b>	<b>\$ 1,993</b>	<b>\$ 234</b>
Variance (%)	5.8%	10.4%	17.0%	0.6%

### 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
		Actual	Budget		
<b>Sources of Funds</b>					
Net line rental revenue	2,711	2,925	2,200	725	A
Hoover 4.5 mil surcharge	2,924	2,587	3,200	(613)	B
Parker-Davis	2,712	2,721	2,900	(179)	
Net CAP transmission revenues including line losses	(75)	(4,332)	(1,000)	(3,332)	C
Land-related revenues:					
Land use (net)	654	1,195	830	365	D
Land sales (net)	-	-	-	-	
Interest on deposits	155	131	300	(169)	E
<b>Total Credits Toward Repayment</b>	<b>\$ 9,081</b>	<b>\$ 5,227</b>	<b>\$ 8,430</b>	<b>\$ (3,203)</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>\$ (51,586)</b>	<b>\$ (48,383)</b>	<b>\$ (3,203)</b>	
<b>CAP NGS Energy &amp; Navajo Transmission Reconciliation</b>	<b>\$ 654</b>	<b>\$ (57)</b>	<b>\$ -</b>	<b>\$ (57)</b>	
<b>Net Funds Due to/from Federal Government</b>	<b>\$ (48,410)</b>	<b>\$ (51,644)</b>	<b>\$ (48,383)</b>	<b>\$ (3,261)</b>	

**Notes:**

- A Line rental revenue substantially higher than budgeted amount
- 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 Land use/rental revenue much higher than budget
- E Interest under budget due to lower than expected revenues

# Staffing - Average Full Time Equivalent (FTE)

	2023			Variance	
	2022	Actual	Budget	FTEs	% (*)
<b>Management Council</b>	12.0	11.0	12.0	1.0	8.3%
<b>AGM - Finance &amp; Admin Group</b>					
<b>Finance &amp; Administration</b>					
Finance & Accounting	20.1	20.7	21.0	0.3	1.4%
Supply Chain & Facilities	26.9	27.0	27.0	-	0.0%
Total Finance and Administration	47.0	47.7	48.0	0.3	
<b>Technology &amp; Governance</b>					
Analytics	7.3	8.5	4.0	(4.5)	(112.5%)
Information Technology	27.1	27.4	36.0	8.6	23.9%
Enterprise Security	10.8	11.2	9.0	(2.2)	(24.4%)
Total Technology & Governance	45.2	47.1	49.0	1.9	3.9%
<b>Employee Services</b>					
Cent Learning & Development	5.5	5.0	6.0	1.0	16.7%
Environment, Health & Safety	10.4	9.7	11.0	1.3	11.8%
Human Resources	7.2	7.3	7.5	0.2	2.7%
Total Employee Services	23.1	22.0	24.5	2.5	10.2%
<b>AGM - Water Policy Group</b>					
<b>Water Policy</b>					
CAGR	9.2	9.1	9.0	(0.1)	(1.1%)
Water Policy	7.8	8.8	8.0	(0.8)	(10.0%)
Total Water Policy	17.0	17.9	17.0	(0.9)	(5.3%)
<b>General Counsel</b>	5.0	5.0	5.0	-	0.0%
<b>Public Affairs</b>	16.3	16.4	17.0	0.6	3.5%
<b>AGM - Ops &amp; Engineering Group</b>					
<b>Centralized Maint &amp; Reliability</b>					
Centralized Maintenance	68.1	66.9	72.0	5.1	7.1%
Maintenance Control	36.6	38.9	42.0	3.1	7.4%
Total Centralized Maint & Reliability	104.7	105.8	114.0	8.2	7.2%
<b>Field Maintenance</b>					
Operational Technology	35.2	36.7	38.0	1.3	3.4%
South Area Maintenance	42.6	43.0	46.0	3.0	6.5%
West Area Maintenance	44.9	45.8	45.0	(0.8)	(1.8%)
Total Field Maintenance	122.7	125.5	129.0	3.5	2.7%
<b>Operations and Engineering</b>					
Engineering	61.3	62.2	63.0	0.8	1.3%
Power Program Admin	2.1	2.1	2.0	(0.1)	(5.0%)
Water Operations	23.3	23.2	24.0	0.8	3.3%
Total Operations and Engineering	86.7	87.5	89.0	1.5	1.7%
<b>Vacancy/Salary Savings Equivalent</b>	-	-	(15.0)	(15.0)	100.0%
<b>Total FTE</b>	<b>479.7</b>	<b>485.9</b>	<b>489.5</b>	<b>3.6</b>	<b>0.7%</b>

# General Fund

In 2023, General Fund net position increased of \$110.1 million compared to a budgeted net position increase of \$113.4 million. Revenues were \$29.6 million lower than budget; expenses were \$26.3 million below budget.

The discussion on pages 22-23 summarizes the General Fund’s 2023 budget performance and 2023 vs. 2022.

## GENERAL FUND 2023 Budget Performance

<i>(Dollars in thousands)</i>	Actuals	Budget	Change	
Revenues	\$ 375,191	\$ 404,836	\$ (29,645)	7.3%
Expenses	(265,123)	(291,392)	26,269	9.0%
Change in Net Position	\$ 110,068	\$ 113,444	\$ (3,376)	
Beginning Net Position	778,441	830,672	(52,231)	
Ending Net Position	\$ 888,509	\$ 944,116	\$ (55,607)	

## GENERAL FUND 2023 vs. 2022

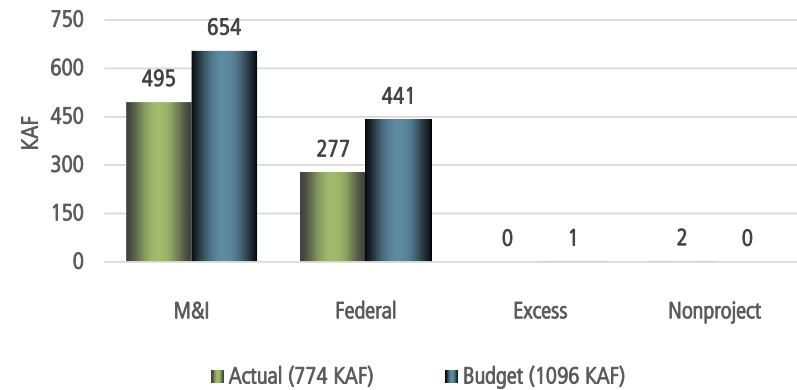
<i>(Dollars in thousands)</i>	2023	2022	Change	
Revenues	\$ 375,191	\$ 294,409	\$ 80,782	27.4%
Expenses	(265,123)	(272,904)	7,781	2.9%
Change in Net Position	\$ 110,068	\$ 21,505	\$ 88,563	
Beginning Net Position	778,441	756,936	21,505	
Ending Net Position	\$ 888,509	\$ 778,441	\$ 110,068	

# Water Deliveries

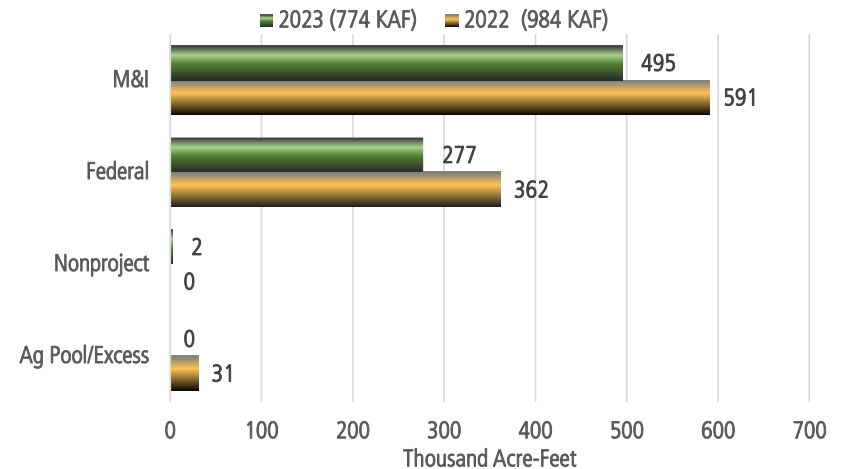
Total 2023 water deliveries were 774 KAF, 322 lower than budget, because of limited supply and conservation programs.

Total 2023 deliveries were 210 KAF lower than total 2022 deliveries. M&I deliveries were 96 KAF lower 2022; federal deliveries were 85 KAF lower than 2022. Total 2023 deliveries included 2 KAF of nonproject water deliveries.

Water Deliveries 2023



Water Deliveries - 2023 vs. 2022





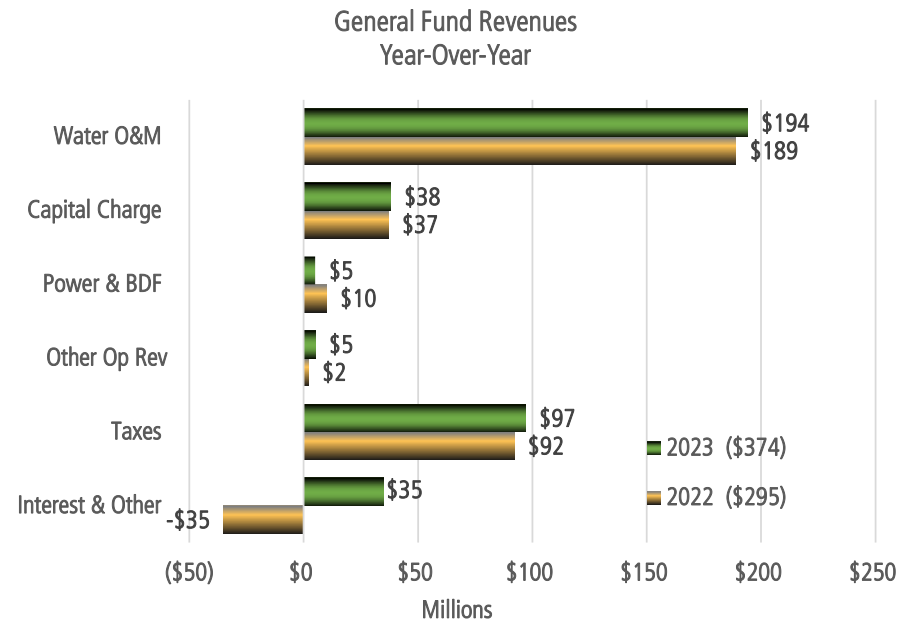
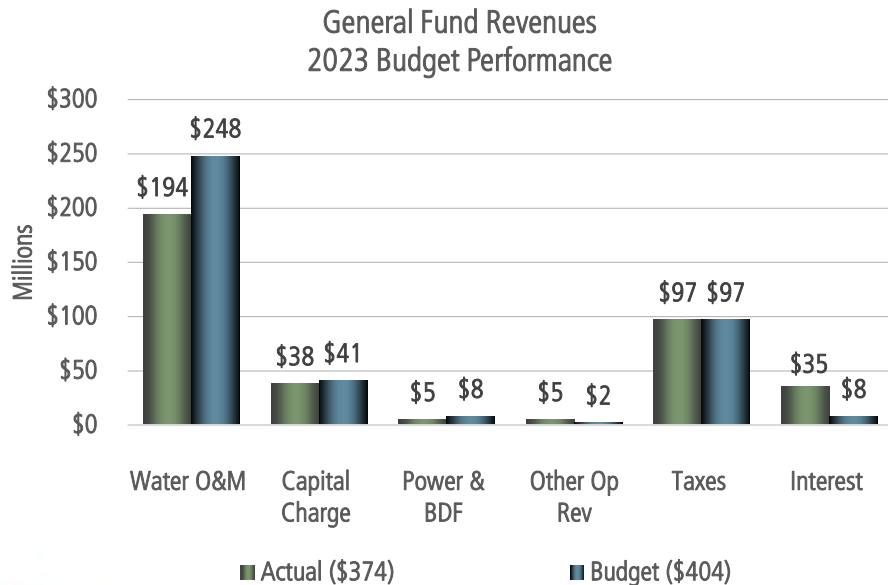
# General Fund Revenues

**2023 BUDGET PERFORMANCE:** General Fund revenues were \$374 million, \$30 million lower than budget.

- Water O&M revenues were lower \$54 million lower than budget because of lower deliveries related to conservation efforts and taxes applied to the delivery rate.
- Interest income was \$27 million higher than budget because of 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.
- Basin Development Fund revenues were \$3 million lower than budget because of transmission losses and lower-than-expected transmission fees.
- Other operating revenue was \$3 million higher than budget because of federal grant reimbursement.

**YEAR-OVER-YEAR COMPARISON:** 2023 General Fund revenues were \$274 million, \$79 million more than 2022.

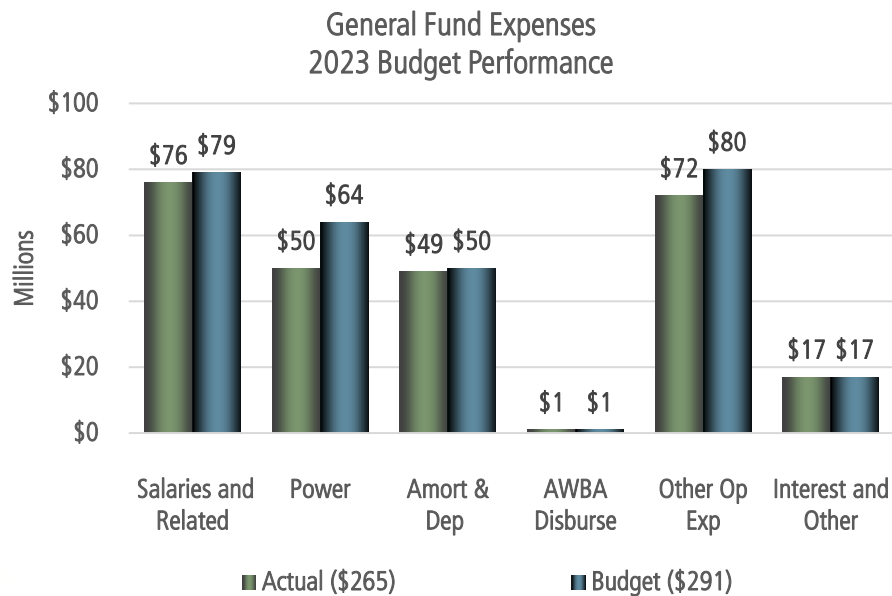
- Interest income was \$70 million higher because of favorable market conditions and the resulting fair value adjustment.
- Water O&M revenues were \$5 million higher because of increasing water delivery costs.
- Basin Development Fund revenues were \$5 million lower because of transmission losses and lower-than-expected transmission fees.
- Other operating revenues were \$3 million higher because of the federal grant reimbursement.



## General Fund Expenses

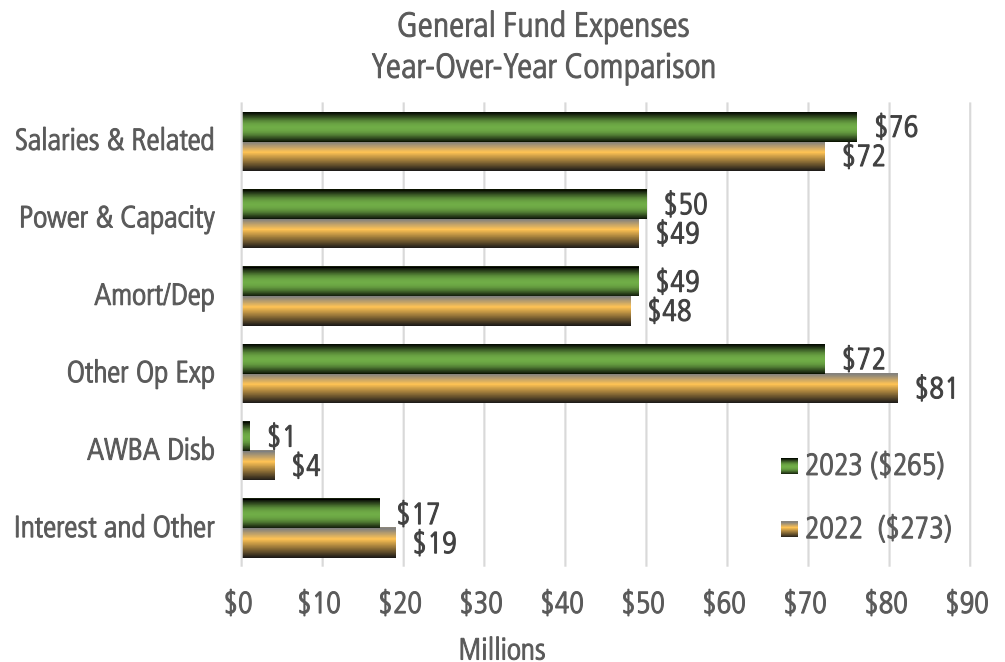
**2023 BUDGET PERFORMANCE:** General Fund expenses were \$265 million, \$26 million lower than budget.

- Energy expenses were \$14 million lower than budget because of lower deliveries than planned and shaping opportunities.
- Other operating expenses were \$8 million higher than budget, primarily because some system conservation efforts that CAP expected to pay were federally funded.
- Salaries and related costs were \$3 million lower than budget because of higher labor to capital projects and lower benefits .
- All other General Fund expenses were at or near budget.



**YEAR-OVER-YEAR COMPARISON:** 2023 General Fund expenses were \$265 million, \$8 million less than 2022.

- Salaries and related expenses were \$4 million higher because of salary increases.
- Other operating expenses were \$9 million lower, primarily because of a decrease in the transmission rate and a revised transmission system calculation.
- Disbursements to the Arizona Water Banking Authority (AWBA) were \$3 million lower because AWBA did not request funds to purchase long-term storage credits.
- Interest expenses were \$2 million lower because as long-term debt is paid down, interest payments decrease.
- 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 at target at year-end. The Extraordinary Cost Reserve is \$273 million through, of which \$30 million is allocated from taxes to be applied to rates, and \$52 million is committed to projects and programs, leaving an unallocated amount of \$191 million.

### Board Established Targets

*(Dollars in Millions)*

#### Strategic Reserves

Capital Reserve	<b>\$73</b>
Operating Reserve	<b>\$80</b>
Contingency Reserve	<b>\$8</b>
<b>Total Strategic Reserves Target</b>	<b>\$161</b>
<b>Total Extraordinary Cost Reserves Target</b>	<b>\$281</b>
<b>Total Working Capital Target</b>	<b>\$89</b>

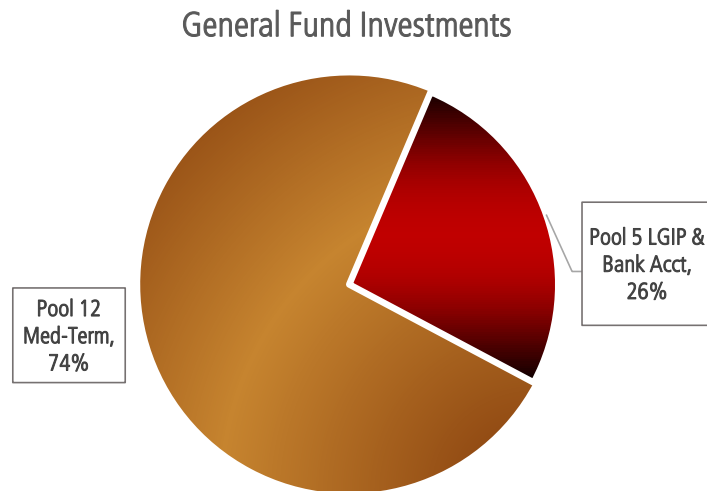
## General Fund Cash and Investments

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 December 2023 was 3.60% for pool 12 and 5.40% 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:

<i>(Dollars in millions)</i>	Market Value as of	
	12/31/23	12/31/22
<b>Strategic Reserves</b>		
<b>Restricted Reserves</b>		
Major Repair & Replacement Reserve	-	2
<b>Assigned Reserves</b>		
Capital Reserve	73	72
Operating Reserve	80	80
Contingency Reserve	8	7
<b>Total Strategic Reserves</b>	<b>161</b>	<b>161</b>
<b>Working Capital</b>	<b>\$ 89</b>	<b>\$ 89</b>
<b>Extraordinary Cost Reserves</b>	<b>\$ 273</b>	<b>\$ 216</b>
<b>Other Reserves</b>		
Navajo Decommissioning	\$ 18	\$ 28
Repayment Reserve	38	37
Emergency OM&R Reserve	7	6
System Use Reserve	4	4
Tribal ICS Reserve	34	33
Rate Stabilization	-	17
Voluntary Rate Stabilization	7	7
Bond Reserve	7	6
9(d) Debt Reserve	22	18
Recovery Reserve	7	6
Recharge O & M	8	8
Water Storage Tax for AWBA	37	30
<b>Total Other Reserves</b>	<b>189</b>	<b>200</b>
<b>Total Reserves</b>	<b>\$ 712</b>	<b>\$ 666</b>

# Statement of Revenues, Expenses and Change in Net Position

## General Fund

(Dollars in Thousands)

	2022 Actual	Full Year 2023			Notes	
		Actual	Budget	Variance (\$)		(%)
<b>Water Deliveries (acre-feet in thousands)</b>	984	774	1,095	(321)	(29.3%)	A
<b>Operating Revenues</b>						
Water O&M charges	\$ 189,038	\$ 194,419	\$ 248,741	\$ (54,322)	(21.8%)	A
Water service capital charges	36,509	38,463	40,984	(2,521)	(6.2%)	B
Basin Development Fund Revenues	9,581	5,039	8,130	(3,091)	(38.0%)	C
Other revenues	1,677	5,026	2,144	2,882	134.4%	D
<b>Total Operating Revenues</b>	<b>\$ 236,805</b>	<b>\$ 242,947</b>	<b>\$ 299,999</b>	<b>\$ (57,052)</b>	<b>(19.0%)</b>	
<b>Operating Expenses</b>						
Salaries and related costs	\$ (71,359)	\$ (75,567)	\$ (78,912)	\$ 3,345	4.2%	E
Energy	(48,915)	(50,082)	(64,410)	14,328	22.2%	F
Transmission	(21,674)	(14,938)	(15,580)	642	4.1%	G
Amortization of Permanent Service Right	(23,001)	(21,782)	(21,782)	-	0.0%	
Depreciation and Amortization	(25,381)	(26,857)	(28,300)	1,443	5.1%	H
Other operating costs:						
Outside services	(45,495)	(43,523)	(48,751)	5,228	10.7%	I
Materials and supplies	(9,715)	(10,501)	(9,019)	(1,482)	(16.4%)	
Overhead	6,551	7,112	5,274	1,838	34.9%	
Other expenses	(10,588)	(10,965)	(11,888)	923	7.8%	J
Total other operating expenses	(59,247)	(57,877)	(64,384)	6,507	10.1%	
<b>Total Operating Expenses</b>	<b>(249,577)</b>	<b>(247,103)</b>	<b>(273,368)</b>	<b>26,265</b>	<b>9.6%</b>	
<b>Operating Income/(Loss)</b>	<b>\$ (12,772)</b>	<b>\$ (4,156)</b>	<b>\$ 26,631</b>	<b>\$ (30,787)</b>	<b>(115.6%)</b>	
<b>Non-Operating Revenues/(Expenses)</b>						
Property taxes	\$ 92,406	\$ 97,291	\$ 97,194	97	0.1%	
Interest income and other	(34,802)	34,953	7,643	27,310	357.3%	K
Disbursements to AWBA	(4,485)	(541)	(545)	4	0.7%	
Interest expense and other	(18,842)	(17,479)	(17,479)	-	0.0%	
<b>Net Non-operating Income/(Loss)</b>	<b>34,277</b>	<b>114,224</b>	<b>86,813</b>	<b>27,411</b>	<b>31.6%</b>	
<b>Change in Net Position</b>	<b>21,505</b>	<b>110,068</b>	<b>113,444</b>	<b>(3,376)</b>	<b>(3.0%)</b>	
Net Position at beginning of period	756,936	778,441	830,672	(52,231)	(6.3%)	
Net Position at end of period	\$ 778,441	\$ 888,509	\$ 944,116	\$ (55,607)	(5.9%)	



# Statement of Revenues, Expenses and Change in Net Position

## General Fund

### *Notes*

- A **Water O&M Charges:** 2023 water deliveries were 321 KAF less than budget because of limited water availability and conservation efforts. Water O&M revenues for 2023 were \$54 million less than budget, because of lower-than-expected deliveries and tax revenues applied to some water delivery costs.
- B **Water Service Capital Charges:** 2023 capital charges were \$2.3 million lower than budget because the actual capital charge was \$3/acre-foot lower than the budgeted rate.
- C **Basin Development Fund Revenues:** 2023 revenues were less than budget, primarily because of higher-than-projected transmission losses and lower-than-expected transmission fees.
- D **Other Revenues:** 2023 revenues were \$2.9 million higher than budget, primarily because of the federal grant that reimbursed payments to Ndrp.
- E **Salaries and Related Costs:** Salaries and related were 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 were lower diversions and lower water deliveries than planned, which created the opportunity for greater shaping.
- 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 were \$1.1 million over budget 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:** Full-year expenses were \$5.2 million lower than budget, primarily because of system conservation agreements that were federally funded.
- J **Other Expenses:** Full-year expenses were \$900 thousand less than budget because of lower-than-expected (1) employee travel, (2) property and casualty insurance costs, and (3) license renewal fees. These were offset by higher-than-expected Multi-Species Conservation Program fees because of program-specific inflation factors.
- K **Interest Income and Other:** Full year variances are due to favorable economic environment.

# Water Volumes

(in Acre-Feet)

	2022 Actual	Full Year 2023			
		Actual	Budget	Variance	
				(A/F)	(%)
<b>PROJECT WATER DELIVERIES</b>				-	
Municipal & Industrial Water Subcontract	590,923	494,844	654,341	(159,497)	(24.4%)
Federal Contract	362,346	277,478	440,459	(162,981)	(37.0%)
<b>Subtotal Project Water Deliveries</b>	<b>953,269</b>	<b>772,322</b>	<b>1,094,800</b>	<b>(322,478)</b>	<b>(29.5%)</b>
<b>Excess</b>					
Ag Settlement Pool (includes Ag Forbearance)	30,825	-	-	-	-
CAGR D Obligation	-	-	-	-	-
CAGR D Obligation @ Scottsdale IWDS	-	-	-	-	-
AWBA	-	-	-	-	-
AWBA Interstate Banking Water	-	-	-	-	-
USBR Firming	-	-	-	-	-
CAGR D Replenishment Reserve	-	-	-	-	-
Temporary water use permits	-	-	625	(625)	(100.0%)
Full Cost Excess (Unscheduled overruns)	-	-	-	-	-
<b>Subtotal Excess</b>	<b>30,825</b>	<b>-</b>	<b>625</b>	<b>(625)</b>	<b>(100.0%)</b>
<b>NONPROJECT WATER DELIVERIES</b>					
Firming - Federal	-	1,040	-	1,040	-
Firming - CAWCD	-	-	-	-	-
Other Wheeled Water-Federal	-	943	-	943	-
Other Wheeled Water - CAWCD	-	-	-	-	-
<b>Subtotal Nonproject Water</b>	<b>-</b>	<b>1,983</b>	<b>-</b>	<b>1,983</b>	<b>-</b>
<b>Total Water Deliveries</b>	<b>984,094</b>	<b>774,305</b>	<b>1,095,425</b>	<b>(321,120)</b>	<b>(29.3%)</b>
Transfer of credits to CAGR D	14,733	11,084	16,289	(5,205)	(32.0%)
Take or Pay/Adjustment	15,035	20,203	6,000	14,203	236.7%
<b>Billed Fixed OM&amp;R Water Volumes</b>	<b>1,013,862</b>	<b>805,592</b>	<b>1,117,714</b>	<b>(312,122)</b>	<b>(27.9%)</b>

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 were 159K acre-feet less than planned because of conservation
- B **Federal Contract:** 2023 deliveries were 163K acre-feet less than planned because of conservation
- C **Excess:** There were no excess water deliveries in 2023.
- D **Capital and Facility Use Charges (M&I Subcontractors):** Full-year revenue was \$2.3M less than budget because the final published rate is \$3/acre-foot less than the budgeted rate.
- E **Capital and Facility Use Charges (M&I Nonsubcontractors):** Full-year revenue is \$325K less than budget because transfers of LTSC to CAGR were lower than budgeted and the the final published rate is \$3 per acre-foot less than the budgeted rate.



# Water Revenues and Capital Charges

(Dollars in Thousands)

	2022 Actual	Full Year 2023				Notes
		Actual	Budget	Variance		
				(\$)	(%)	
<b>PROJECT WATER REVENUES</b>						
Municipal & Industrial Water Subcontract	\$ 113,457	\$ 120,138	\$ 145,997	\$ (25,859)	(17.7%)	A
Federal Contract		67,366	98,275	(30,909)	(31.5%)	B
<b>Subtotal Project Water Deliveries</b>	113,457	187,504	244,272	(56,768)	(23.2%)	
<b>Excess</b>						
Ag Settlement Pool (includes Ag Forbearance)	1,726	-	-	-	-	C
CAGR D Obligation		-	-	-	-	
CAGR D Obligation @ Scottsdale IWDS		-	-	-	-	
AWBA		-	-	-	-	
AWBA Interstate Banking Water		-	-	-	-	
USBR Firming		-	-	-	-	
CAGR D Replenishment Reserve		-	-	-	-	
Water Revenues Contra WSTA		-	416	(416)	(100.0%)	
Temporary water use permits	(190)	-	-	-	-	
Full Cost Excess (Unscheduled overruns)		-	-	-	-	
<b>Subtotal Excess</b>	1,536	-	416	(416)	(100.0%)	
<b>NONPROJECT WATER REVENUES</b>						
Firming - Federal		252	-	252	-	
Firming - CAWCD		-	-	-	-	
Other Wheeled Water-Federal		229	-	229	-	
Other Wheeled Water - CAWCD		-	-	-	-	
<b>Subtotal Nonproject Water Revenues</b>	-	481	-	481	-	
<b>Water O&amp;M Charges before adjustments</b>	228,450	187,985	244,688	(56,703)	(23.2%)	
Misc. Adjustments			-	-	-	
Transfer of credits to CAGR D	2,828	2,691	3,453	(762)	(22.1%)	
Take/Pay Adj.	1,647	3,743	600	3,143	523.8%	
<b>Total Water O&amp;M Charges</b>	\$ 232,925	\$ 194,419	\$ 248,741	\$ (54,322)	(21.8%)	
<b>CAPITAL &amp; FACILITY USE CHARGES</b>						
M&I subcontractors	\$ 35,626	37,763	40,019	(2,256)	(5.6%)	D
M&I nonsubcontract	(713)	587	912	(325)	(35.6%)	E
Facility Use Charges - Pima & Maricopa (interstate)	26	-	-	-	-	
Facility Use Charges - Nonproject Water		50	-	50	-	
Underground storage facilities	120	63	53	10	18.9%	
<b>Total Capital &amp; Facility Use Charges</b>	\$ 35,059	\$ 38,463	40,984	(2,521)	(6.2%)	

See page 29 for notes explaining variances.



# Energy & Transmission Adjustment

	2022 Actuals	Full Year 2023				Notes
		Actual	Budget	Variance		
				(Amount)	(%)	
<b>ENERGY (MWH)</b>						
Waddell	32,382	29,671	29,452	(219)	(0.7%)	
Hoover	121,467	107,136	128,019	20,883	16.3%	
Long-term contracts	310,377	341,012	474,768	133,756	28.2%	
Market Purchases	1,253,075	1,012,578	1,455,849	443,271	30.4%	
<b>Total MWH</b>	<b>1,717,301</b>	<b>1,490,397</b>	<b>2,088,088</b>	<b>597,691</b>	<b>28.6%</b>	
<b>ENERGY RATE (\$/MWH)</b>						
Waddell	\$ -	\$ -	\$ -	\$ -	n/a	
Hoover	42.92	46.97	48.18	1.21	2.5%	
Long-term contracts	68.40	44.53	37.07	(7.46)	(20.1%)	A
Market Purchases	13.20	31.11	27.87	(3.24)	(11.6%)	B
<b>Weighted Average (\$/MWH)</b>	<b>\$ 25.51</b>	<b>\$ 35.41</b>	<b>\$ 31.26</b>	<b>\$ (4.15)</b>	<b>(13.3%)</b>	
<b>ENERGY COSTS (\$000)</b>						
Waddell	\$ -	\$ -	\$ -	\$ -	n/a	
Hoover	5,213	5,032	6,168	1,136	18.4%	E
Long-term contracts	21,229	15,186	17,600	2,414	13.7%	A
Market Purchases	16,542	31,505	40,576	9,071	22.4%	B
<b>Gross Energy Costs (\$000)</b>	<b>\$ 42,984</b>	<b>\$ 51,723</b>	<b>\$ 64,344</b>	<b>\$ 12,621</b>	<b>19.6%</b>	
Energy Scheduling Services	\$ 1,161	\$ 850	\$ 1,161	\$ 312	26.9%	
MWD Agreement Expense	73	39	80	41	51.3%	
Lake Pleasant Adjustment	4,003	(2,845)	(1,767)	1,078	(61.0%)	C
Lake Roosevelt Adjustment	693	315	591	276	46.7%	C
<b>Total Energy (\$000)</b>	<b>\$ 48,914</b>	<b>\$ 50,082</b>	<b>\$ 64,409</b>	<b>\$ 14,328</b>	<b>22.2%</b>	
<b>TRANSMISSION ADJUSTMENT</b>						
Elec Trans-Losses	\$ 5,508	\$ 3,613	\$ 2,511	\$ (1,102)	(43.9%)	D
Elec Trans-SRP SALT GILA	285	120	378	258	68.3%	D
Elec Trans-Brady/Pichacho/RR	485	343	350	7	2.0%	D
Elec Trans-WECC Trans	201	171	233	62	26.6%	D
<b>Total Transmission Adjustment (\$000)</b>	<b>\$ 6,479</b>	<b>\$ 4,247</b>	<b>\$ 3,472</b>	<b>\$ (775)</b>	<b>(22.3%)</b>	
<b>OTHER ADJUSTMENT</b>						
Other Income	\$ -	(514)	-	514	0.0%	E
<b>Total Energy, Transmission &amp; Other Adjustments (\$000)</b>	<b>\$ 55,393</b>	<b>\$ 53,814</b>	<b>\$ 67,881</b>	<b>\$ 14,067</b>	<b>20.7%</b>	

Notes explaining the variances are shown on page 33.

# Energy & Transmission Adjustment

## *Notes*

### 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 were lower diversions and lower water deliveries than planned, which created 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 three days. More diversions occurred in June to take advantage of market pricing, shifting the planned diversions out of Q4. Two different summer monsoon storms knocked down power poles, impacting 6 pumping plants, but a coordinated effort with WAPA and AEPSCO restored power quickly with minimal interruption to water deliveries. 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, water was stored in Lake Pleasant, increasing inventory. Additionally, Lake Roosevelt (SRP/CAP exchange agreement) contributed approximately 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 actual amount increased over planned amounts due to higher rates.
  
- E Sale of 2021 - 2023 year-to-date renewable energy certificates (REC) as a result of the Salome AZ Solar 1 project, which passed all registration requirements and began collecting RECs in October of 2020. Additionally, the Arizona Power Authority began selling RECs generated by Hoover. Total REC transactions for 2023 were \$614K.

# Underground Storage Operations and Maintenance

(Dollars in Thousands)

	2022 Actual	Full Year 2023				Notes
		Actual	Budget	Variance (\$)	(%)	
Water Deliveries (000 acre-feet)	73	70	117	(47)	(40.2%)	
<b>Revenues</b>						
Other revenues	\$ 1,030	\$ 969	\$ 1,630	\$ (661)	(40.6%)	
<b>Total Revenues</b>	<b>1,030</b>	<b>969</b>	<b>1,630</b>	<b>(661)</b>	<b>(40.6%)</b>	
<b>Expenses</b>						
Salaries and related costs	(120)	(99)	(267)	168	62.9%	
Other operating costs:						
Outside services	(109)	(103)	(300)	197	65.7%	
Materials and supplies	(60)	(51)	(101)	50	49.5%	
Other expenses	(497)	(374)	(875)	501	57.3%	
Total other operating costs	(666)	(528)	(1,276)	748	58.6%	
<b>Total Expenses</b>	<b>(786)</b>	<b>(627)</b>	<b>(1,543)</b>	<b>916</b>	<b>59.4%</b>	
Change in Net Position	244	342	87	255	293.1%	
Net position at beginning of period	7,777	8,021	4,485	3,536	78.8%	
Net position at end of period	\$ 8,021	\$ 8,363	\$ 4,572	\$ 3,791	82.9%	
<b>Expense Summary</b>						
Aqua Fria	\$ (40)	\$ (44)	\$ (109)	\$ 65	59.6%	A
Hieroglyphic Mountains	(225)	(137)	(235)	98	41.7%	B
Lower Santa Cruz	(224)	(99)	(510)	411	80.6%	C
Pima Mine Road	(72)	(140)	(215)	75	34.9%	D
Superstition Mountain	(129)	(200)	(340)	140	41.2%	E
Tonopah Desert	(96)	(7)	(134)	127	94.8%	F
<b>Total</b>	<b>\$ (786)</b>	<b>\$ (627)</b>	<b>\$ (1,543)</b>	<b>\$ 916</b>	<b>59.4%</b>	

Notes explaining the variances are shown on the next page.

# Underground Storage Operations and Maintenance

## *Notes*

- A **Agua Fria:** 2023 deliveries were 3 KAF less than budget, resulting in \$41 thousand less in revenues than budgeted. Total costs were \$65 thousand less than budget, largely due to lower costs associated with lower deliveries.
- B **Hieroglyphic Mountains:** 2023 deliveries were 5 KAF less than budget, resulting in \$62 thousand less revenues than budget. Total costs were \$98 thousand less than budget, largely due to lower costs associated with lower deliveries.
- C **Lower Santa Cruz:** 2023 deliveries were 20 KAF less than budget, resulting in \$307 thousand less revenues than budget. Total costs were \$411 thousand less than budget, largely due to lower costs associated with lower deliveries and a decrease in wheeling fees resulting from the decrease in deliveries.
- D **Pima Mine Rd:** 2023 deliveries were 8 KAF less than budget, resulting in \$117 thousand less revenues than budget. Total costs were \$75 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:** 2023 deliveries were 10 KAF lower than budget, resulting in \$134 thousand less revenues than budget. Total costs were \$140 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; however, some regularly planned maintenance was completed. Total costs were \$127 thousand less than budget due mostly to a decrease in materials and supplies for reduced maintenance.

# 2023 Rate Reconciliation

(Dollars in Thousands)

	Actual	Published	Budget
<b>General Fund Operating Expenses</b>	\$ 247,103	\$ 280,422	\$ 273,368
<b>Adjustments for O&amp;M Expenses</b>			
Depreciation & Amortization	(48,639)	(49,951)	(50,081)
Energy	(50,082)	(72,098)	(64,410)
Transmission & Other Adjustments	(3,733)	(4,178)	(3,472)
Underground storage site O&M	(627)	(1,518)	(1,545)
Extraordinary Maintenance (when part of "Big R")	(1,927)	(2,572)	(2,572)
Other income	(697)	(514)	(556)
Conservation Initiative - PVID Following (Funded by Extraordinary Cost Reserve)	(1,205)	(2,100)	-
Irrigation Conserv Prgms, including Ndrp (Funded by Extraordinary Cost Reserve)	(1,056)	(700)	(8,276)
Compensated Mitigation (Funded by 'Big R')	(3,535)	-	(3,493)
Regional Recycled with MWD - (Funded by Water Storage Reserve)	(1,390)	(1,000)	(1,000)
Wheeling Costs - (Funded by System Use Reserve)	(40)	(20)	(20)
Recovery activities (Funded by Recovery Reserve)	(402)	(3,750)	(3,750)
500+ Plan/ICS Preservation - (Funded by Extraordinary Cost Reserve)	(4,598)	(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 Following with Bard - (Funded by Extraordinary Cost Reserve)	-	(216)	-
Water Education Center Design - (Funded by Extraordinary Cost Reserve)	-	(260)	-
<b>Total Adjustments</b>	<b>(117,999)</b>	<b>(153,377)</b>	<b>(139,175)</b>
<b>Fixed O&amp;M Expenses</b>	<b>\$ 129,104</b>	<b>\$ 127,045</b>	<b>\$ 134,193</b>
<b>Energy, Transmission &amp; Other Adjustments</b>			
Energy	\$ 50,082	\$ 72,098	\$ 64,410
Transmission & Other Adjustments	3,733	4,178	3,472
<b>Total Energy, Transmission &amp; Other Adjustments</b>	<b>\$ 53,815</b>	<b>\$ 76,276</b>	<b>\$ 67,882</b>



# 2023 Rate Reconciliation

(Dollars in Thousands)

## Subcontract / Federal Rates

	Actual	Tier 1 Published	Tier 2a Budget	Variance Publ vs Proj	Variance Bdgt vs Proj
<b>Water Delivery Costs (Thousands)</b>					
Fixed O&M Expenses	\$ 129,104	\$ 127,045	\$ 134,193	\$ (2,059)	\$ 5,089
Total Energy & Transmission Adjustment Expenses	53,815	76,276	67,882	22,461	14,067
<b>Water Delivery (Acre-Feet)</b>					
Total water deliveries with credits	785,389	1,003,703	1,111,714	218,314	326,325
Take or Pay adjustment	20,203	-	6,000	(20,203)	(14,203)
Billed Fixed OM&R Water Volume	805,592	1,003,703	1,117,714	198,111	312,122
Pumping Energy Rate 1 Water Volume	785,389	1,003,703	1,111,714	218,314	326,325
<b>Water Delivery Rate (\$/AF)</b>					
Calculated Fixed O&M Rate	\$ 160.26	\$ 127.00	\$ 120.06	\$ (33.26)	\$ (40.20)
Apply 2.5 cents of 2022/23 Property taxes	(12.00)	(12.00)	-	-	-
Adjusted Fixed OM Rate	<b>148.26</b>	<b>115.00</b>	<b>120.06</b>	<b>(33.26)</b>	<b>(28.20)</b>
Capital Replacement Component ("Big R")	37.00	37.00	42.00	-	5.00
<b>Total Fixed OM&amp;R</b>	<b>185.26</b>	<b>152.00</b>	<b>162.06</b>	<b>(33.26)</b>	<b>(23.20)</b>
Calculated Pumping Energy Rate	68.52	76.00	61.06	7.48	(7.46)
Apply 2 cents of 2022/23 Property taxes	(11.00)	(11.00)	-	-	11.00
<b>Total Pumping Energy Rate 1</b>	<b>57.52</b>	<b>65.00</b>	<b>61.06</b>	<b>7.48</b>	<b>3.54</b>
				-	-
<b>Total Delivery Rate</b>	<b>\$ 242.78</b>	<b>\$ 217.00</b>	<b>\$ 223.12</b>	<b>\$ (25.78)</b>	<b>\$ (19.66)</b>
<b>Full Rate Stabilization</b>	<b>\$ (14.85)</b>	<b>\$ (12.00)</b>	<b>\$ (12.00)</b>	<b>\$ 2.85</b>	<b>\$ -</b>
<b>Net Delivery Rate</b>	<b>\$ 227.93</b>	<b>\$ 205.00</b>	<b>\$ 211.12</b>	<b>\$ (22.93)</b>	<b>\$ (19.66)</b>

Long Term Contract reconciliation-Fixed OM&R (\$000)- (refund)/bill	\$ 24,498
Long Term Contract reconciliation-Energy (\$000)- (refund)/bill	\$ (5,875)
Total Long Term Contract reconciliation (\$000)- (refund)/bill	\$ 18,623

## 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 129,400 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	
CAWCD Subcontractor Conservation	2022	11 CAWCD Subcontractors, United States (BOR), Arizona Department of Water Resources (ADWR), and Southern Nevada Water Authority (SNWA)	Conserve 35,506 AF	CAWCD contribution of \$928,837, with total project cost of \$9,288,370.	35,506	A
CAWCD Subcontractor Conservation	2022	5 CAWCD Subcontractors and United States (BOR)	Conserve 52,288 AF	Utilize extraordinary cost reserves to offset 50% of Fixed OM&R rate impact. Total impact was estimated at \$8.7M.	52,288	A
Mohave Valley Irrigation and Drainage District System Conservation (MVIDD)	2023-2025	MVIDD and United States (BOR)	Conserve 12,819 - 13,441 AF	No impact	~ 13,130	
Yuma Mesa Irrigation and Drainage District System Conservation (YMIDD)	2023-2025	YMIDD and United States (BOR)	Conserve 21,795 - 23,197 AF	No impact	~ 22,496	
Mohave Valley Irrigation and Drainage District System Conservation (MVIDD)	2022	MVIDD, United States (BOR), Arizona Department of Water Resources (ADWR), the Metropolitan Water District of Southern California (MWD), and Southern Nevada Water Authority (SNWA)	Conserve 9,531 AF	CAWCD contribution of \$423,863, with total project cost of \$2,493,310.	9,531	A
Yuma Mesa Irrigation and Drainage District System Conservation	2022	YMIDD, United States (BOR), Arizona Department of Water Resources (ADWR), the Metropolitan Water District of Southern California (MWD), and Southern Nevada Water Authority (SNWA)	Conserve 8,523 AF.	CAWCD contribution of \$222,962, with total project cost of \$2,229,617.	8,523	A
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 - 61 AF each year	No impact	~ 59	
Cibola Valley Irrigation and Drainage District (CVIDD)	2023-2027	CVIDD and United States (BOR)	Conserve 1,682 - 2,328 AF each year	No impact	~ 2,005	
Hopi Tribe	2023-2028	Hope Tribe and United States (BOR)	Conserve up to 3,500 AF each year	No impact	up to 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
Fort McDowell Yavapai Nation (FMYN) System Conservation	2022	FMYN and BOR	Conserve 13,933 AF	Fixed O&M increase of \$1.20/af	13,933	A
Fort McDowell Yavapai Nation (FMYN) System Conservation	2021	FMYN and BOR	Conserve 13,933 AF	Fixed O&M increase of \$0.75/af	13,933	
Fort McDowell Yavapai Nation (FMYN) System Conservation	2020	FMYN and BOR	Conserve 10,000 AF	Fixed O&M increase of \$0.53/af	10,000	
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	
GRIC System Conservation	2022	GRIC and BOR	Conserve 58,837 AF	Fixed O&M increase of \$2.25/af	58,837	A
GRIC System Conservation	2021	GRIC and BOR	Conserve 40,000 AF	Fixed O&M increase of \$2.25/af	40,000	
San Carlos Apache Tribe (SCAT)	2023-2024	SCAT and BOR	Conserve 23,451 - 23,804 AF each year	Fixed O&M increase of \$2.02/af	~ 23,628	
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)

	2023						
	2022 Actual	Actual	Budget	Additional Spending	Total Spending Authority	Variance	
						(\$)	(%)
<b>Expenses</b>							
Salaries and related costs	\$ (596)	\$ (278)	\$ (236)	\$ -	\$ (236)	\$ (42)	(17.7%)
Other operating costs:							
Outside services	(9,405)	(1,370)	(2,040)	-	(2,040)	670	32.8%
Materials and supplies	(34)	(4)	(10)	-	(10)	6	60.0%
Other expenses/overhead	(711)	(343)	(286)	-	(286)	(57)	(20.1%)
Subtotal	(10,150)	(1,717)	(2,336)	-	(2,336)	619	26.5%
<b>Total Expenses</b>	\$ (10,746)	\$ (1,995)	\$ (2,572)	\$ -	\$ (2,572)	\$ 577	22.4%

Total Project Costs										Notes
Through 2022	2023 Actual	Balance Remaining	Actual	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)	(1,927)	0	(5,201)	(6,776)	-	(6,776)	1,575	23.2%	B
<b>Total</b>	\$ (14,379)	\$ (1,995)	\$ (0)	\$ (16,384)	\$ (6,776)	\$ (13,000)	\$ (19,776)	\$ 3,392	17.2%	

- 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 (CAGRDR)

## BUDGET PERFORMANCE - Full Year 2023

<i>(Dollars in Thousands)</i>	Actual	Spending Authority	Change	
Revenues	\$ 62,190	\$ 62,596	\$ (406)	(1%)
Expenses	(24,867)	(19,252)	(5,615)	(29%)
Change in Net Position	37,323	43,344	(6,021)	(14%)
Beginning Net Position	293,954	265,973	27,981	
Ending Net Position	\$ 331,277	\$ 309,317	\$ 21,960	

### Total Revenues

Total 2023 revenues were \$62.2 million, \$0.4 million lower than budget.

Operating revenues were \$4.3 million lower than budget. Rates revenue was \$2.8 million lower than budget because of lower obligation than expected. Fees revenue was \$4.7 million lower than budget because of lower activations and enrollments. These are partially offset by CAGRDR's participation in the ICS Preservation program, which resulted in \$3.5 million of unbudgeted revenue.

Nonoperating income was \$3.9 million higher than budget because of a favorable economic environment and the resulting fair value adjustment.

### Total Expenses

Expenses were \$24.9 million for the year, \$5.6 million higher than budget. The difference was primarily because water expenses \$6.1 million higher than budget. 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 CAWCD water delivery costs. 2023 nonoperating expenses were near budget.

## Reserves

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

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

**Infrastructure and Water Rights** – Funds in this reserve are dedicated to the development of water supplies and infrastructure necessary for CAGRDR to meet its replenishment obligations. In accordance with the current Plan of Operation and direction of the CAWCD Board of Directors, CAGRDR 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, CAGRDR 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. CAGRDR 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 CAGRDR's annual replenishment obligation on a cost-of-service basis. Water is not actually purchased until the revenues have been received by CAGRDR. This methodology ensures CAGRDR's financial health because it allows CAGRDR 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 CAGRD

(Dollars in Thousands)

	2022 Actual	Full Year 2023				Notes
		Actual	Budget	Variance (\$)	Variance (%)	
<b>Operating Revenues</b>						
Other operating revenue						
Revenue-Rates	\$ 27,050	\$ 26,076	\$ 28,915	\$ (2,839)	(9.8%)	
Revenue-Fees	17,675	16,648	21,369	(4,721)	(22.1%)	
Revenue-Dues	11,515	11,249	11,519	(270)	(2.3%)	
Miscellaneous revenue		3,511	-	3,511		
<b>Total Operating Other Revenues</b>	56,240	57,484	61,803	(4,319)	(7.0%)	A
<b>Operating Expenses</b>						
Salaries and related costs	(1,294)	(1,331)	(1,390)	59	4.2%	
Depreciation	(61)	(61)	(61)	-	0.0%	
Other operating costs:						
Outside services	(374)	(377)	(763)	386	50.6%	
Water for underground storage	(17,479)	(20,880)	(14,827)	(6,053)	(40.8%)	B
Materials and supplies	(1)	-	(1)	1	100.0%	
Overhead	(1,426)	(1,443)	(1,507)	64	4.2%	
Other expenses	(26)	(171)	(54)	(117)	(216.7%)	
Total other operating costs	(19,306)	(22,871)	(17,152)	(5,719)	(33.3%)	
<b>Total Operating Expenses</b>	(20,661)	(24,263)	(18,603)	(5,660)	(30.4%)	
<b>Net Operating Income/(loss)</b>	35,579	33,221	43,200	(9,979)	(23.1%)	
<b>Non-operating Revenues/(Expenses)</b>						
Interest income and other	(145)	4,706	793	3,913	493.4%	C
Interest expense and other	(870)	(604)	(649)	45	6.9%	
<b>Net Non-operating Income/(Loss)</b>	(1,015)	4,102	144	3,958	2748.6%	
<b>Change in Net assets</b>	\$ 34,564	\$ 37,323	\$ 43,344	\$ (6,021)	(13.9%)	

**NOTES:**

**A Other Operating Revenues:** 2023 revenue was \$4.3 million lower than budget, primarily because of lower activation fees and obligation than budgeted. These were 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 CAGRD purchases from CAP. The \$6.0 million variance . The variance is primarily because the increase in CAWCD water

**C Interest Income and Other:** 2023 revenues were higher than budget because of a favorable economic environment.

# CAGR 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)	(2,531)	(1,034)	(104)	(3,670)
Obligation Estimate for current year	38,390	300	2,958	41,648
Less CAWCD Deliveries to meet Obligation (CDAR)	(34,125)	-	(2,767)	(36,892)
Less CAWCD LTSC purchased to meet Obligation	-	(208)	-	(208)
Less I&WR LTSC purchased to meet Obligation	-	-	-	-
Outstanding Obligations at end of 2023	38,390	300	2,958	41,648

# CAGR Fund Balances

(Dollars in Thousands)

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	2023 Actual
<b>Administrative:</b>	
Beginning Fund Balance	\$ 1,883
Administrative Component Revenue	1,537
Transfer from Phoenix Infrastructure	185
<b>Total Cash Collected</b>	<b>1,722</b>
Administrative (Operating) Expenses	(2,020)
Interest Income / Expense	76
<b>Ending Fund Balance</b>	<b>\$ 1,661</b>
<b>Conservation:</b>	
Beginning Fund Balance	\$ 911
Administrative Component Revenue	53
Administrative (Operating) Expenses	(146)
Interest Income / Expense	45
<b>Ending Fund Balance</b>	<b>\$ 863</b>

# CAGR Fund Balances

(Dollars in Thousands)

	2023 Actual			
	Phoenix AMA	Pinal AMA	Tucson AMA	Total
<b>Water and Replenishment:</b>				
Beginning Fund Balance	\$ 3,947	\$ 171	\$ 584	\$ 4,702
Revenue	8,130	11	788	8,929
Rate Adjustment	334	-	36	370
Water Purchased	(7,273)	-	(567)	(7,840)
CAWCD Credits Purchased	-	(46)	-	(46)
I&WR Credits Purchased	-	-	-	-
Interest Income (Expense)	265	10	41	316
Ending Balance	\$ 5,403	\$ 146	\$ 882	\$ 6,431
<b>Replenishment Reserve:</b>				
Beginning Fund Balance	\$ 2,258	\$ 2	\$ 183	\$ 2,443
Replenishment Reserve Revenue	3,591	33	274	3,898
Water Purchased	-	-	-	-
CAP Credits	(2,463)	(14)	-	(2,477)
I&WR Credits Purchased	-	-	(236)	(236)
Interest Income / Expense	184	2	13	199
Ending Balance	\$ 3,570	\$ 23	\$ 234	\$ 3,827



# CAGR Fund Balances

*(Dollars in Thousands)*

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	2023 Actual
<b>Infrastructure and Water Rights:</b>	
Beginning Fund Balance	\$ 76,153
Revenue	38,388
Proceeds from LTSC internal transfers	92
ICS Preservation payment	3,511
Reimbursement from Obligation fund	6,186
NIA Reallocation and 9(d) Debt	(7,430)
GRIC and other Lease Considerations	(8,618)
Water Costs for LTSC	(1,178)
LTSC purchases	(12,961)
Technical Studies & Other Operating Expenses	(1,168)
Debt Service payments	(3,974)
Interest Income / Expense	3,529
<b>Ending Fund Balance</b>	<b><u>\$ 92,530</u></b>

# CAGRD Enrollment and Activation Summary

## Enrollment and Activation Update 2023

Figure 1: Member Land Enrollment

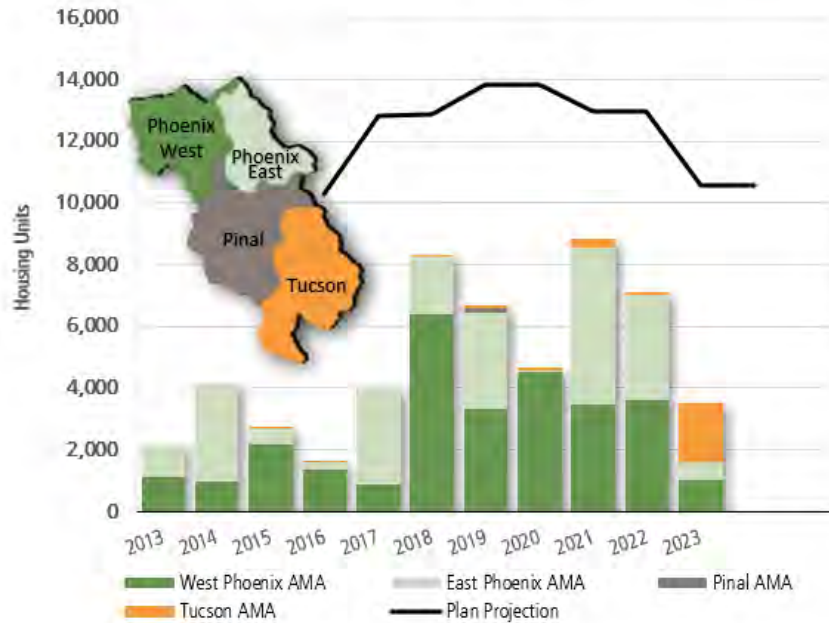


Table 1: Enrollment Units 2023

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

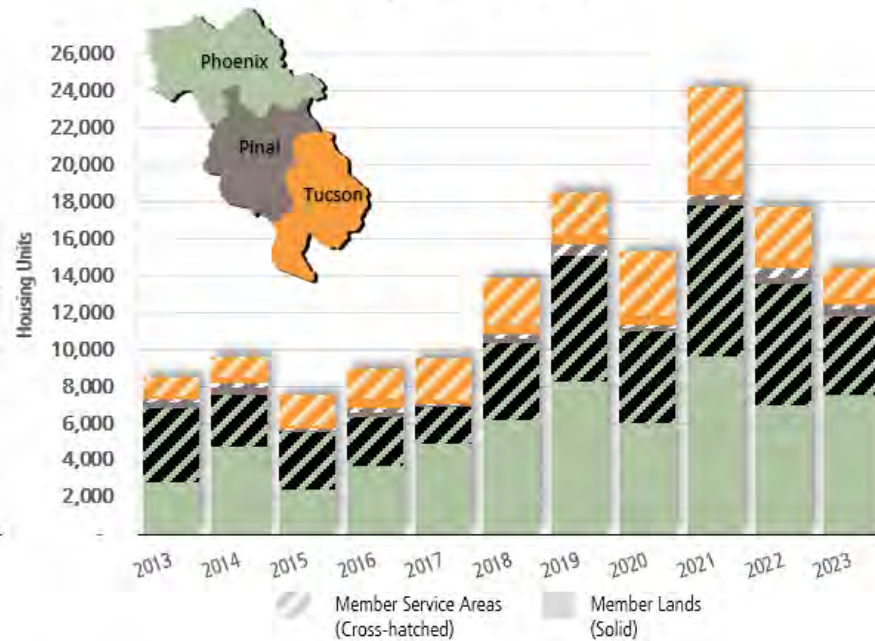


Table 2: Activation Units 2023

AMA	ML Lots	MSA Lots	Total Lots
Phoenix	7,560	4,269	<b>11,829</b>
Pinal	350	279	<b>629</b>
Tucson	404	1,535	<b>1,939</b>
<b>TOTAL</b>	<b>8,314</b>	<b>6,083</b>	<b>14,397</b>

# CAGRDR Enrollment and Activation Summary

## Enrollment in 2023

An individual subdivision enrolls as a Member Land (ML) of CAGRDR 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 CAGRDR 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 CAGRDR. Individual parcels within a CAGRDR 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 CAGRDR'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 CAGRDR member land enrollment from 2013 through 2023. **Table 1** provides a breakdown by AMA of member land enrollment activity through the end of 2023. No new subdivisions enrolled within any of the 3 AMAs in Q4 2023.

No new Member Service Areas (MSAs) enrolled through 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 CAGRDR MLs and MSAs, an Activation Fee must be paid to CAGRDR 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 2023 totaled 14,397 (Member Land lots = 8,314; Member Service Area lots = 6,083). **Table 2** provides a breakdown by AMA of previously enrolled lots that were activated through 2023. By comparison, there were 17,714 units activated in 2022.



# Statement of Revenues, Expenses and Change in Net Position Captive Insurance Fund

*(Dollars in Thousands)*

	Full Year 2023					Notes
	2022 Actual	Actual	Total Spending Authority	Variance		
				(\$)	(%)	
<b>Operating Revenues</b>						
Other revenues	\$11,500	\$11,969	\$ 12,702	\$ (733)	(5.8%)	A
<b>Total Operating Revenues</b>	\$11,500	\$11,969	\$ 12,702	\$ (733)	(5.8%)	
<b>Operating Expenses</b>						
Other Operating costs:						
Outside services	\$ (215)	\$ (239)	\$ (268)	\$ 29	10.8%	
Other expenses	(8,083)	(9,514)	(11,478)	1,964	17.1%	B
<b>Total Operating Expenses</b>	(8,298)	(9,753)	(11,746)	1,993	17.0%	
<b>Net Operating Income/(Loss)</b>	\$ 3,202	\$ 2,216	\$ 956	\$ 1,260	(132%)	
<b>Non-operating Revenues/(Expenses)</b>						
Interest income and other	\$ 5	\$ 2	\$ 34	\$ (32)	(94.1%)	
<b>Net Non-operating Income/(Loss)</b>	5	2	34	(32)	(94.1%)	
Change in Net Position	3,207	2,218	990	1,228	(124.0%)	
Net position at beginning of period	7,933	11,140	7,246	3,894	53.7%	
Net position at end of period	\$11,140	\$13,358	\$ 8,236	\$ 5,122	62.2%	

**Notes:**

- A **Reimbursements and other revenues:** 2023 were \$733 thousand lower than budget due to lower than expected enrollment in CAWCD medical program.
  
- B **Other Expenses:** 2023 underwriting expenses were \$1.9 million lower than budget because medical claims were lower than estimated.





# Statement of Revenues, Expenses and Change in Net Position Supplemental Water Account

*(Dollars in Thousands)*

	2022 Actual	Full Year 2023				Notes
		Actual	Spending Authority	Variance		
				(\$)	(%)	
<b>Operating Expenses</b>						
Outside services	\$ -	\$ -	\$ -	\$ -	N/A	
<b>Total Operating Expenses</b>	-	-	-	-	N/A	
<b>Non-operating Revenues/(Expenses)</b>						
Interest income / FV Adj	(572)	431	133	298	224.1%	A
Interest expenses and other	-	-	-	-	N/A	
<b>Total Non-operating Revenues/(Expenses)</b>	(572)	431	133	298	224.1%	
Change in Net Position	(572)	431	133	298	224.1%	
Net position at beginning of period	9,164	8,592	9,242	(650)	(7.0%)	
Net position at end of period	\$ 8,592	9,023	\$ 9,375	\$ (352)	(3.8%)	

**Notes:**

A. 2023 interest income was \$431 thousand, \$298 thousand higher than budget, because of favorable economic conditions.



# 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

(Dollars in Thousands)

	2023 Actual	2023 Total Spending Authority	Variance
<b>Capital Equipment</b>	\$ 5,080	\$ 5,073	\$ (7)
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	236	4,514	4,278
Fire Protection System Upgrade Mark Wilmer Pumping Plant	6,638	2,692	(3,946)
SCADA Replacement Control Center	1,887	4,609	2,722
Transformer McCullough	-	2,000	2,000
Electromechanical Relay Replacement Phase 2	3,525	1,588	(1,937)
Motor Exciters & Control Unit Replacements at West Plants	1,863	670	(1,193)
Elevator System Replacement (Phase 2)	3,934	2,820	(1,114)
Backup Power Systems Replacement at Checks Turnouts & Microwave Sites	1,234	2,234	1,000
All Other Capital Projects	17,265	10,890	(6,375)
Subtotal - Capital Projects	\$ 36,629	\$ 36,870	\$ 241
<b>Total CAWCD Capital Spending</b>	\$ 41,709	\$ 41,943	\$ 234

## 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.

(Dollars in Thousands)

	Projected	Budget	Variance
<b>Capital Projects - Ten Largest</b>			
Electromechanical Relay Replacement Phase 2	\$ 40,693	\$ 14,544	\$ (26,149)
SCADA Replacement Control Center	19,933	19,215	(718)
Motor Exciters & Control Unit Replacements at West Plants	15,498	14,760	(738)
Backup Power Systems Replacement at Checks Turnouts & Microwave Sites	14,268	12,286	(1,982)
Fire Protection at San Xavier, Twin Peaks, Sandario, Brawley, Tucson Field Office	13,935	11,321	(2,614)
Condition-Based Monitoring	13,161	11,312	(1,849)
Fire Protection System Upgrade Mark Wilmer Pumping Plant	12,363	7,962	(4,401)
Elevator System Replacement (Phase 2)	9,348	8,476	(872)
Sump Pump Water Level Controls at Pumping Plants	7,942	2,030	(5,912)
Transformer McCullough	7,869	9,184	1,315



# 2023 Capital Spending Variance Summary

(Dollars in Thousands)

	2022 Actual	Full Year 2023			
		Actual	Total Spending Authority	Variance (\$)	Variance (%)
<b>SUMMARY</b>					
<b>Capital &amp; Cost-Shared Spending</b>					
Salaries and related costs	\$ 4,729	\$ 5,231	\$ 3,472	\$ (1,759)	(50.7%)
Equipment and structures	22,242	29,616	32,361	2,745	8.5%
Other expenses:					
Outside services	2,527	476	2,151	1,675	77.9%
Materials and supplies & other expenses	366	717	192	(525)	(273.2%)
Overhead expenses	5,125	5,669	3,767	(1,902)	(50.5%)
Subtotal Other Expenses	8,018	6,862	6,110	(752)	(12.3%)
<b>Total Capital</b>	<b>\$ 34,989</b>	<b>\$ 41,709</b>	<b>\$ 41,943</b>	<b>\$ 234</b>	<b>0.6%</b>

# 2023 CAWCD Capital Spending Variance Detail

(Dollars in Thousands)

Projects	Full Year 2023				Notes
	Actual	Total Spending Authority	Variance (\$)	Variance (%)	
<b>CAPITAL EQUIPMENT</b>					
Land	\$ -	\$ -	\$ -	-	
Buildings & Structures	-	-	-	-	
Computer Equipment	-	752	752	100.0%	
Furniture & Office Equipment	-	-	-	-	
Vehicles	1,770	891	(879)	(98.7%)	
Field & Other Equipment	3,113	3,345	232	6.9%	
Communication Equipment	197	85	(112)	(131.8%)	
<b>Capital Equipment Total</b>	<b>\$ 5,080</b>	<b>\$ 5,073</b>	<b>\$ (7)</b>	<b>(0.1%)</b>	
<b>2022-2023 Budgeted Projects</b>					
Air Compressors BRD/PIC/RED	\$ 97	\$ 451	\$ 354	78.4%	
Backup Power Systems Replacement at Checks Turnouts & Microwave Sites	1,234	2,234	1,000	44.8%	A
Condition-Based Monitoring	898	1,021	123	12.1%	
Discharge Valves at Bouse Hills, Little Harquahala & Hassayampa Pumping Plants	1,031	824	(207)	(25.1%)	
Electromechanical Relay Replacement Phase 2	3,525	1,588	(1,937)	(122.0%)	B
Elevator System Replacement (Phase 2)	3,934	2,820	(1,114)	(39.5%)	C
Elevator System Replacement (Phase 3)	-	765	765	100.0%	D
Fire Hydrant Feeder Valves at Headquarters	1,384	1,011	(373)	(36.9%)	
Fire Protection at San Xavier, Twin Peaks, Sandario, Brawley, Tucson Field Office	236	4,514	4,278	94.8%	E
Fire Protection System Upgrade Mark Wilmer Pumping Plant	6,638	2,692	(3,946)	(146.6%)	F
HVAC Replacement Headquarters Building 2	47	4,853	4,806	99.0%	G
HVAC Replacement Mark Wilmer Pumping Plant	-	19	19	100.0%	
Isolation Valves at Black Mountain & Snyder Hill (Pilot)	2,323	1,728	(595)	(34.4%)	H
Motor Exciters & Control Unit Replacements at West Plants	1,863	670	(1,193)	(178.0%)	I
Motor Exciters at Twin Peaks, Sandario, Snyder Hill & Black Mountain	617	735	118	16.0%	
Network Refresh 2023	710	200	(510)	(255.1%)	J
Potable Water Skid Replacement	1,702	1,119	(583)	(52.1%)	K
Potable Water at Pinal Field Office	107	285	178	62.6%	
Programmable Logic Controller (PLC) Replacement Waddell	1,439	1,642	203	12.3%	
Roof Replacement BLK/SNY	68	132	64	48.2%	
SCADA Replacement Control Center	1,887	4,609	2,722	59.1%	L
Sump Pump Water Level Controls at Pumping Plants	143	140	(3)	(2.4%)	
Swchyd Scurity Hardning Delaney	495	618	123	19.9%	
Transformer McCullough	-	2,000	2,000	100.0%	M
Windows Server Refresh 2023	300	200	(100)	(50.1%)	
<b>Totals - 2022-2023 Budgeted Projects</b>	<b>\$ 30,678</b>	<b>\$ 36,870</b>	<b>\$ 6,192</b>	<b>16.8%</b>	



# 2023 CAWCD Capital Spending Variance Detail (cont.)

(Dollars in Thousands)

## Projects Without a Budget in 2023

Canal-Wide CP System Upgrade	\$	1	\$	-	\$	(1)	-
Fire Pump Replacement Waddell		119		-		(119)	-
Machine Shop Overhead Crane Improvements		227		-		(227)	-
Monitor Well Aguafría Rechrq		39		-		(39)	-
Noise Reduction Project Phase 2 MWP		978		-		(978)	-
TDRP Recovery Wells		2,985		-		(2,985)	-
Potable Water System Upgrade at Sandario Pumping Plant		76		-		(76)	-
Transmission Line APS		(685)		-		685	-
Water Education Center		233		-		(233)	-
West Entrance Gate HDQ		1,949		-		(1,949)	-
Windows Server Refresh 2022		29		-		(29)	-
<b>Totals - Projects Without a Budget in 2023</b>	<b>\$</b>	<b>5,951</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>(5,951)</b>	<b>\$ -</b>
<b>NET CAPITAL</b>	<b>\$</b>	<b>41,709</b>	<b>\$</b>	<b>41,943</b>	<b>\$</b>	<b>234</b>	<b>0.6%</b>

- 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
- D **Elevator System Replacement (Phase 3):** Project on hold and will restart in future budget cycle (2026/2027).
- 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
- G **HVAC Replacement Headquarters Building 2:** Construction and design paused while internal resources are realigned. Current forecast reflects
- 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
- J **Network Refresh 2023:** Budgeted capital 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 Committee.
- K **Potable Water Skid Replacement:** Longer than anticipated equipment procurement of potable water skids has caused project delays and increased
- L **SCADA Replacement Control Center:** Internal Labor was over estimated for 2022 and the SCADA Standards Contract has become more complex
- 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 Actual	Remaining Balance	Total Projected	Total Spending Authority	Variance (\$)	(%)	Notes
<b>2022 - 2023 Budgeted Projects</b>								
Air Compressors BRD/PIC/RED	\$ -	\$ 97	\$ 1,590	\$ 1,687	\$ 1,177	\$ (510)	(43.3%)	
Backup Power Systems Replacement at Checks Turnouts & Microwave Sites	9,480	1,234	3,554	14,268	12,286	(1,982)	(16.1%)	A
Condition-Based Monitoring	8,761	898	3,502	13,161	11,312	(1,849)	(16.3%)	
Discharge Valves at Bouse Hills, Little Harquahala & Hassayampa Pumping Plants	1,151	1,031	663	2,845	2,718	(127)	(4.7%)	
Electromechanical Relay Replacement Phase 2	5,872	3,525	31,296	40,693	14,544	(26,149)	(179.8%)	B
Elevator System Replacement (Phase 2)	4,862	3,934	552	9,348	8,476	(872)	(10.3%)	
Elevator System Replacement (Phase 3)	-	-	-	-	4,000	4,000	100.0%	C
Fire Hydrant Feeder Valves at Headquarters	263	1,384	36	1,683	1,272	(411)	(32.3%)	
Fire Protection at San Xavier, Twin Peaks, Sandario, Brawley, Tucson Field Office	457	236	13,242	13,935	11,321	(2,614)	(23.1%)	D
Fire Protection System Upgrade Mark Wilmer Pumping Plant	4,716	6,638	1,009	12,363	7,962	(4,401)	(55.3%)	E
HVAC Replacement Headquarters Building 2	397	47	319	763	6,530	5,767	88.3%	F
HVAC Replacement Mark Wilmer Pumping Plant	5,882	-	-	5,882	5,117	(765)	(15.0%)	
Isolation Valves at Black Mountain & Snyder Hill (Pilot)	290	2,323	1,579	4,192	2,066	(2,126)	(102.9%)	G
Motor Exciters & Control Unit Replacements at West Plants	13,635	1,863	0	15,498	14,760	(738)	(5.0%)	
Motor Exciters at Twin Peaks, Sandario, Snyder Hill & Black Mountain	210	617	685	1,512	1,421	(91)	(6.4%)	
Network Refresh 2023	-	710	(0)	710	200	(510)	(255.0%)	
Potable Water Skid Replacement	1,262	1,702	35	2,999	1,956	(1,043)	(53.3%)	H
Potable Water at Pinal Field Office	219	107	575	901	461	(440)	(95.4%)	
Programmable Logic Controller (PLC) Replacement Waddell	3,142	1,439	1,389	5,970	5,403	(567)	(10.5%)	
Roof Replacement BLK/SNY	19	68	1,468	1,555	1,034	(521)	(50.4%)	
SCADA Replacement Control Center	1,882	1,887	16,164	19,933	19,215	(718)	(3.7%)	
Sump Pump Water Level Controls at Pumping Plants	1,036	143	6,763	7,942	2,030	(5,912)	(291.2%)	I
Swchyd Scurity Hardning Delaney	110	495	20	625	618	(7)	(1.1%)	
Transformer McCullough	7,839	-	30	7,869	9,184	1,315	14.3%	J
Windows Server Refresh 2023	-	300	(0)	300	200	(100)	(50.0%)	
<b>Totals - 2022-2023 Budgeted Projects</b>	<b>\$ 71,485</b>	<b>\$ 30,678</b>	<b>\$ 84,472</b>	<b>\$ 186,634</b>	<b>\$ 145,263</b>	<b>\$ (41,371)</b>	<b>(28.5%)</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	-	119	753	872	-	(872)	-
Machine Shop Overhead Crane Improvements	188	227	(1)	414	294	(120)	(40.8%)
Monitor Well Aguafria Rechrq	53	39	307	399	-	(399)	-
Noise Reduction Project Phase 2 MWP	6	978	498	1,482	-	(1,482)	-
Potable Water System Upgrade at Sandario Pumping Plant	963	76	(0)	1,039	775	(264)	(34.0%)
TDRP Recovery Wells	-	2,985	10,800	13,785	-	(13,785)	-
Transmission Line APS	29,227	(685)	-	28,542	-	(28,542)	-
Water Education Center	-	233	32,973	33,206	-	(33,206)	-
West Entrance Gate HDQ	178	1,949	344	2,471	-	(2,471)	-
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>\$ 5,951</b>	<b>\$ 45,713</b>	<b>\$ 82,941</b>	<b>\$ 1,219</b>	<b>\$ (81,722)</b>	<b>(6703.4%)</b>
<b>Totals - Budgeted &amp; Unbudgeted</b>	<b>\$ 102,762</b>	<b>\$ 36,629</b>	<b>\$ 130,185</b>	<b>\$ 269,575</b>	<b>\$ 146,482</b>	<b>\$ (123,093)</b>	<b>(84.0%)</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 **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.
- C **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)
- D **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 future budget cycle.
- E **Fire Protection System Upgrade Mark Wilmer Pumping Plant:** Board approved increased spending due to added cost for inflation within the project budget.
- F **HVAC Replacement Headquarters Building 2:** The project was postponed, and will be reevaluated in future years.
- G **Isolation Valves at Black Mountain & Snyder Hill (Pilot):** Material costs have increased significantly from original project plans.
- H **Potable Water Skid Replacement:** Longer than anticipated equipment procurement of potable water skids has caused project delays and increased cost estimate.
- I **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.
- J **Transformer McCullough:** Project estimates were revised, making the 2023 advanced payment (\$2M) unnecessary. Project lead agency will solidify projected costs when procurement process begins.

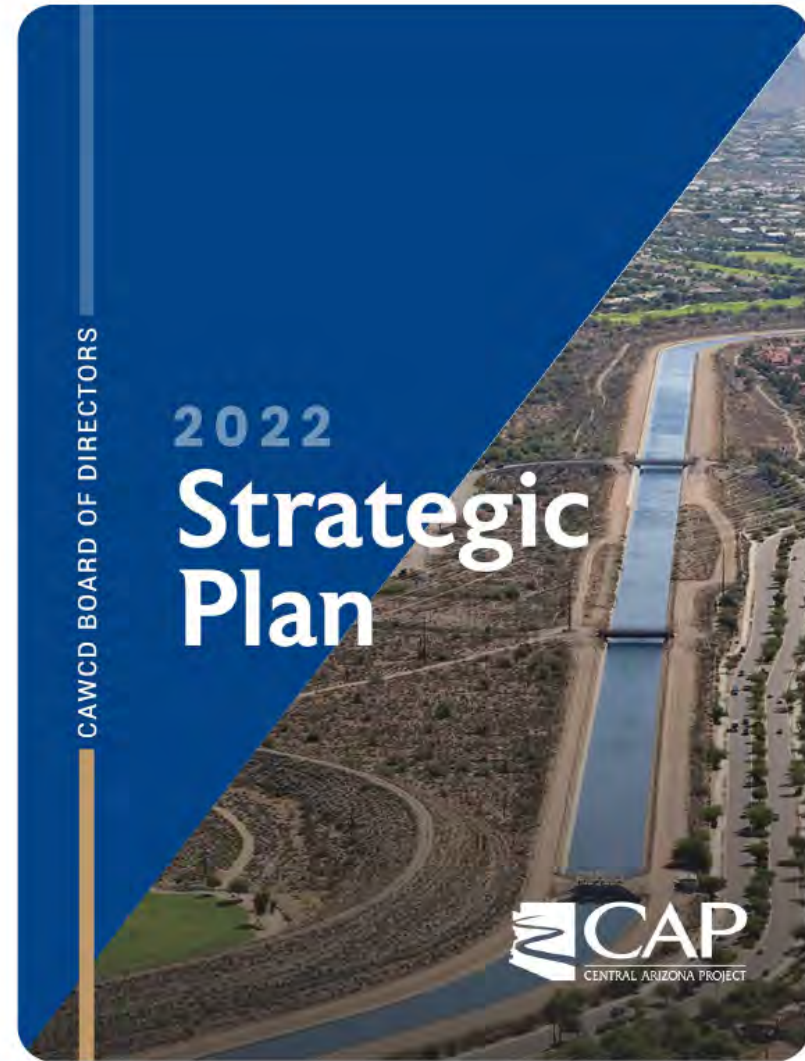


# Strategic Plan Update

Q4 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.

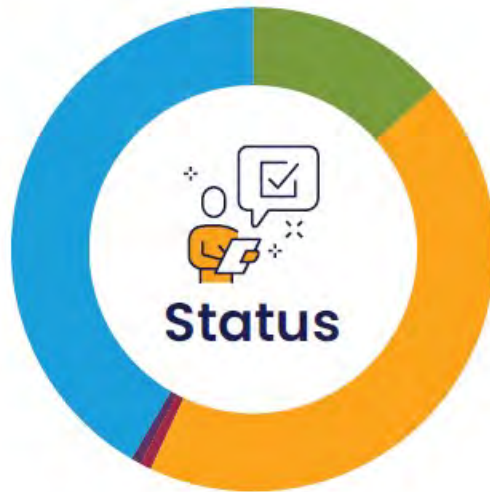






## Q4 2023 PROGRESS UPDATE

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



- 13.70% ● In Progress
- 43.15% ● Ongoing - Work is continuous
- 0.68% ● Not Yet Started
- 0.68% ● Discontinued
- 41.78% ● Completed

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



### DEPARTMENT HIGHLIGHT: WATER POLICY

Mission: The Water Policy Group is responsible for working closely with the General Manager, the Board of Directors, employees and stakeholders for long-range planning, policy analysis and development and program implementation for the CAP Service Area, the Colorado River, and the CAGR.





## ACTION PLAN:

Prepare and mitigate for shortage impacts to CAGR D.

CAGR D staff continued its ongoing efforts to evaluate and ultimately acquire higher priority/ drought-resistance water supplies (such as tribal supplies and imported groundwater) as shortage conditions deepen in the near term. CAGR D contributed 10,639 acre feet of NIA water to the ICS Preservation Program.

*(Groundwater Replenishment: Responsibly meeting CAP's statutory replenishment obligation^)*

## ACTION PLAN:

Begin to develop the 2025 Plan of Operation.

CAGR D staff developed a process and timeline for successful implementation of the 2025 Plan of Operation. Presented to the CAGR D and Underground Storage Committee and the full Board on the tools and methodology to be used to develop reasonable estimates of future CAGR D replenishment obligation, planned and potentially available water supplies, and potential impacts of proposed rule-making and legislation that could impact the Assured Water Supply program and CAGR D's replenishment obligation. Development of the Plan of Operation is on schedule for completion.

*(Groundwater Replenishment: Ensure continued effective management, reasonable pricing, and financial viability of CAGR D^)*



## ACTION PLAN:

Analyze a range of impacts of drought and overallocation to the CAP water supply and water users.

Provided shortage analysis for the Board and internal deliberations. Provided analysis of the impact of drought to reservoirs. Supported the Arizona Reconsultation Committee meetings with technical analysis. Provided analysis of proposed plans as part of the reconsultation process. Evaluated potential operating rules on CAP water supply and water users that could be recommended for Post-2026 operations.

*(Water Supply: Address impacts from Colorado River drought and overallocation^)*





## ACTION PLAN:

Co-lead Arizona Reconsultation Committee process and participate in the Reconsultation of the 2007 Guidelines for the Colorado River.

CAWCD, as co-chair of the Arizona Reconsultation Committee, has collaborated with ADWR to keep the strategy team abreast of the events in the Colorado River basin including any updates on the reconsultation process and conducted ARC and MAWG (Modeling and Analysis Work Group) meetings.

*(Water Supply: Address impacts from Colorado River drought and overallocation<sup>^</sup>)*

## ACTION PLAN:

Support implementation of the Drought Contingency Plan (DCP) including management of CAWCD mitigation resources.

Staff from Water Policy, Operations and Finance met regularly to discuss shortage issues. Held two Annual Water Users meetings to discuss shortage impacts. Submitted the intentionally created surplus (ICS) plan to Reclamation. Reviewed and implemented shortage impacts on CAP priority pools and resulting mitigation. Finalized the 2024 Annual Operating Plan based on the 2024 water orders, including mitigation, as part of DCP and firming requirements.

*(Water Supply: Address impacts from Colorado River drought and overallocation<sup>^</sup>)*



## ACTION PLAN:

Continue coordination with AWBA and ADWR and stakeholders on recovery planning and infrastructure.

Coordinated extensively with AWBA and ADWR on recovery planning and implementation. Participated in the Recovery Planning Advisory Group (RPAG). Developed the Standard Form Firming Agreement. Worked on interstate recovery agreements.

*(Water Supply: Work collaboratively in the recovery of water stored by the Arizona Water Banking Authority<sup>^</sup>)*

*<sup>^</sup>Strategic Plan Key Result Area*



