

Table of Contents

	<u>Page</u>
Financial Overview	
Discussion of Financial Activities, Conditions and Projections	3
Statement of Revenues, Expenses and Change in Net Position	6
Combined Financial Statements	
Statement of Revenues, Expenses and Change in Net Position	11
Statement of Net Position	14
Spending Authority	18
Annual Repayment Obligation	19
Staffing – Average Full Time Equivalent (FTE)	20
Individual Funds	
General Fund	
Overview of Financial Activities and Projections	21
General Fund Cash and Investments	25
Statement of Revenues, Expenses and Change in Net Position	26
Water Volumes, Water Revenues and Capital Charges	28
Pumping Costs	32
Underground Storage Operations and Maintenance	34
OM&R Reconciliation	36
Extraordinary Maintenance and Operating Projects	37
Central Arizona Groundwater Replenishment District (CAGR) Account	
Overview of Financial Activities and Projections	39
Statement of Revenues, Expenses and Change in Net Position	41
Replenishment Obligation Year and Corresponding Purchased Water	42
Reserve Balances by Rate Component and AMA	43
Enrollment and Activation Summary	46
Other Funds	
Captive Insurance Fund: Statement of Revenues, Expenses and Change in Net Position	49
Supplemental Water Account: Statement of Revenues, Expenses and Change in Net Position	51
Capital Expenditures	
Overview of Capital Expenditures	53
Capital Expenditures Variance Summary	55
Capital Expenditures Variance Detail	56
Total Project Detail	59



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 2021 financial and budget performance through the first quarter and provides a projection for the full year. More detailed explanations are covered on the following pages.

Highlights

TOTAL REVENUES: As shown on the graphs to the right, revenues through the first quarter were below budget. Water Operations & Maintenance (O&M) charges, capital charges, and interest income and other revenue were lower than budget. Power and other Basin Development Fund (BDF) revenues and Central Arizona Groundwater Replenishment District (CAGR) revenues exceeded budget.

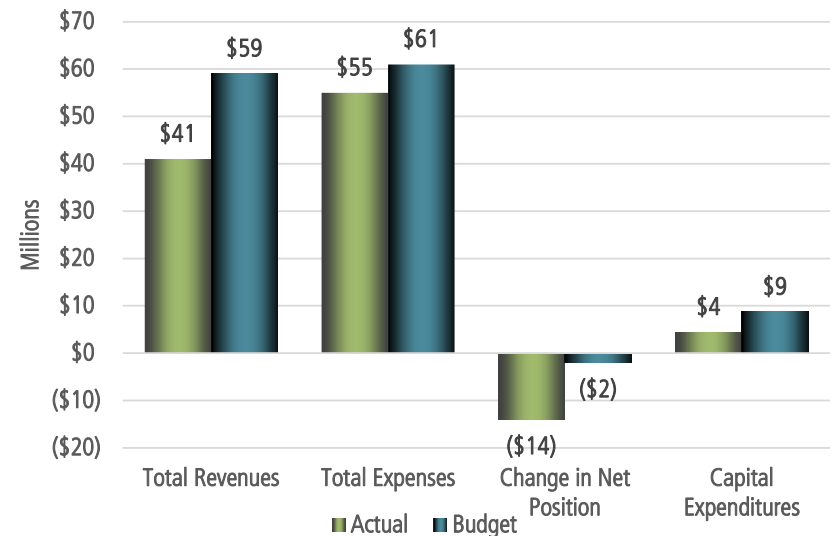
Full year revenues for 2021 are projected to be \$1 million higher than budget. Water O&M charges are expected to be \$11 million lower than budget primarily due to lower reconciled delivery rates. Capital charges are forecast to be \$18 million higher than budget due to back capital charges from the Non-Indian Ag reallocation. CAGR revenue is projected to be \$7 million lower than budget due to lower 2020 replenishment obligation, lower rates and revenues from fees. Captive revenue is expected to be \$1 million higher due to an higher number of covered individuals for medical insurance. Power and BDF revenues and property taxes are expected to be on budget.

TOTAL EXPENSES: Expenses through the first quarter were below budget, but are projected to be over budget for the full year. Full year projections for pumping energy, salaries, depreciation, CAGR water obligation, outside services, material and supplies, and other expenses are all expected to be below budget, slightly offset by higher other non-operating expense due to a write-down on the NIA reallocation asset and additional AWBA disbursements.

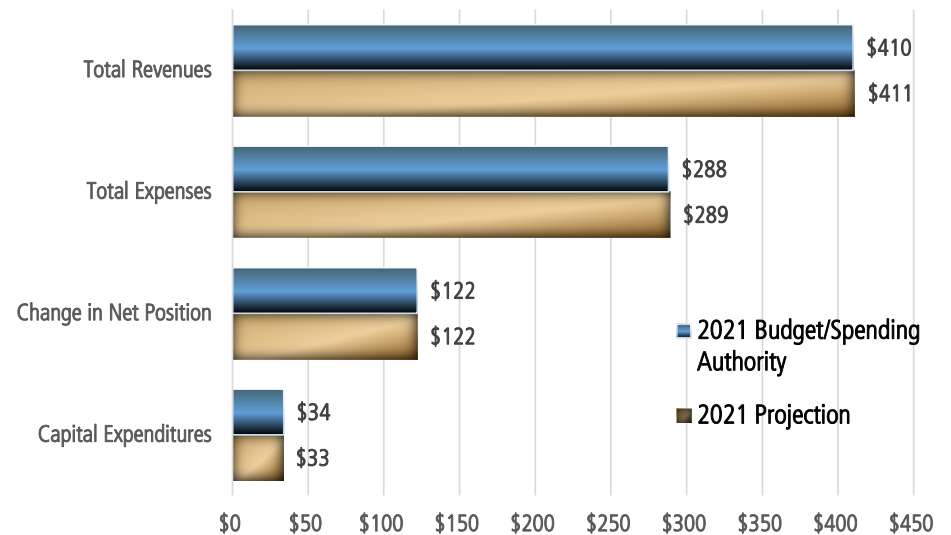
See Total Revenues and Total Expenses sections on pages 6-7 for further explanation.

CAPITAL EXPENDITURES: The Project Steering Committee (PSC) oversees the capital budget. Expenditures for capital projects through the 1st quarter are \$5 million under budget and are projected to be \$1 million below budget for the full year. This is mainly due to construction delays related to the COVID-19 pandemic. Capital expenditures are further detailed in the Capital Expenditures section starting on page 53. The PSC is currently reviewing the capital projects for the year for evaluating on-going impacts of the pandemic and potential mitigating opportunities.

1st Quarter 2021 YTD - Budget vs Actual



Full Year 2021 - Spending Authority vs Projection



Statements of Net Position

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets and deferred outflows are projected to increase by \$61 million at the end of 2021, as compared to the 2020 year-end balances.

CURRENT ASSETS: The largest component of the District's current assets is water inventory which represents long term storage credits (LTSCs). Water inventory will increase by \$14 million in 2021 primarily due to the CAGR purchase of LTSCs.

Cash and cash equivalents are projected to decrease by \$22 million. Funds held by the federal government which represents accounts receivable for the Basin Development Fund will decrease by \$8 million primarily due to final reconciliation of the NGS closure which occurred in 2020. Other assets are expected to increase by \$122 million due to increases in receivables resulting from the 5 year payment terms of the NIA reallocation.

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 (CAP) system and collect revenues from operations, for which the District has incurred a repayment obligation to the United States. Amortization of the PSR is currently approximately \$23 million per year. For 2021, the net PSR will decrease from \$1.04 billion to \$1.02 billion. Net capital operating assets grow as a result of ongoing capital projects and they are expected to increase by \$28 million.

Investments and restricted assets are expected to decrease by \$7 million due to delays in capital expenditures and shifting funds from short term to longer term.

Through the 2007 Arizona Water Settlements Act (AWSA), the District acquired 96,297 acre-feet of non-Indian agricultural water rights, valued at \$89 million. These agricultural water rights will decrease in 2021 when they are assigned to the respective entities by the Department of Water Resources (DWR). The NIA priority water rights must be reallocated by 2030.

DEFERRED OUTFLOWS OF RESOURCES: Includes pension & Other Post-Employment Benefits (OPEB) valuation and upfront payments.

<i>(Dollars in millions)</i>	2021	2020	Change	
Current Assets				
Cash and cash equivalents	\$ 96	\$ 118	\$ (22)	(18.6%)
Funds held by federal gov't	8	16	(8)	(50.0%)
Water inventory	230	216	14	6.5%
Other current assets	179	57	122	214.0%
	<u>513</u>	<u>407</u>	<u>106</u>	<u>26.0%</u>
Noncurrent Assets				
Investments and restricted assets	509	516	(7)	(1.4%)
Agricultural water rights	46	89	(43)	(48.3%)
Capital assets - operating, net	332	304	28	9.2%
Capital assets - PSR, net	1,020	1,043	(23)	(2.2%)
Other assets	2	2	-	0.0%
	<u>1,909</u>	<u>1,954</u>	<u>(45)</u>	<u>(2.3%)</u>
Deferred Outflows of Resources				
Pension & OPEB valuation and Upfront Payments	18	18	-	0.0%
	<u>18</u>	<u>18</u>	<u>-</u>	<u>0.0%</u>
Total Assets & Deferred Outflows	\$ 2,440	\$ 2,379	\$ 61	2.6%

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

CURRENT LIABILITIES: Current liabilities include payables, accrued interest and current principal obligations. Overall, current liabilities are projected to decrease in 2021 by \$18 million mainly due to decreases in accounts payable and other accrued expenses of \$15 million and decreases in the current portion of asset retirement obligations of \$11 million offset by increases in other liabilities of \$7 million and increases in deferred revenues of \$1 million.

NONCURRENT LIABILITIES: The four largest components of the District's noncurrent liabilities are the federal repayment obligation, contract revenue bonds, the Ag Water Right debt, and the asset retirement obligation for the decommissioning of Navajo Generating Station. The federal repayment obligation will decrease by \$40 million as a result of the annual payment made in January. Contract revenue bonds will decrease by \$6 million as debt service payments are made. The Ag Water Right debt repayment will begin in 2026. The asset retirement obligation decreases as payments are made for the NGS decommissioning expenses and will decrease by \$1 million. Other liabilities will decrease by \$1 million due to estimated lower pension liability.

DEFERRED INFLOW: Deferred inflows include customer deposits and upfront payments, deferred inflow OPEB and pension valuation. Deferred inflows of resources are expected to increase by \$5 million in 2021 due to additional customer advance Fixed OM&R payments related to the Drought Contingency Plan (DCP).

NET POSITION: Net Position, the difference between assets and deferred outflows, liabilities and deferred inflows is expected to increase 13.6%, or \$121 million, from 2020 ending balance.

<i>(Dollars in millions)</i>	2021	2020	Change	
Current Liabilities	\$ 142	\$ 160	(18)	(11.3%)
Noncurrent Liabilities				
Repayment obligation, net	\$ 938	\$ 978	\$ (40)	(4.1%)
Contract revenue bonds	51	57	(6)	(10.5%)
Ag water right debt	89	89	-	0.0%
Asset retirement obligation	35	36	(1)	(2.8%)
Other	106	106	-	0.0%
Noncurrent Liabilities	1,219	1,266	(47)	(3.7%)
Total Liabilities	\$ 1,361	\$ 1,426	\$ (65)	(4.6%)
Deferred Inflows of Resources				
Customer Deposits and Upfront Payments	57	52	5	9.6%
Deferred Inflow OPEB	3	3	-	
Pension valuation	8	8	-	0.0%
Total Deferred Inflows of Resources	\$ 68	\$ 63	\$ 5	7.9%
Net Position				
Investments in Capital Assets	\$ 331	\$ 273	58	21.2%
Restricted, net	78	75	3	4.0%
Unrestricted, net	602	542	60	11.1%
Net Position	\$ 1,011	\$ 890	121	13.6%
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ 2,440	\$ 2,379	61	2.6%

Statements of Revenues, Expenses & Changes in Net Position

Net position decreased by \$14 million compared to a budgeted decrease of \$3 through Q1 and is projected to increase by \$122 million for the year. The factors influencing the full-year net position changes are discussed in the sections that follow.

TOTAL REVENUES

1ST QUARTER 2021 BUDGET PERFORMANCE: Revenues were \$41 million compared to a budget of \$59 million. The negative variance of \$18 million was the result of the following key factors:

- Water O&M revenues were \$8 million lower due to lower federal deliveries;
- Capital charge revenues were \$1 million lower due to a lower rate than contemplated in the budget;
- Power and Basin Development Fund (BDF) revenues were on budget;
- Other operating revenue was \$3 million higher than budget due higher CAGR revenues; and
- Interest was \$12 million lower than budget due to fair value adjustments on investments.

FULL YEAR 2021 BUDGET PERFORMANCE:

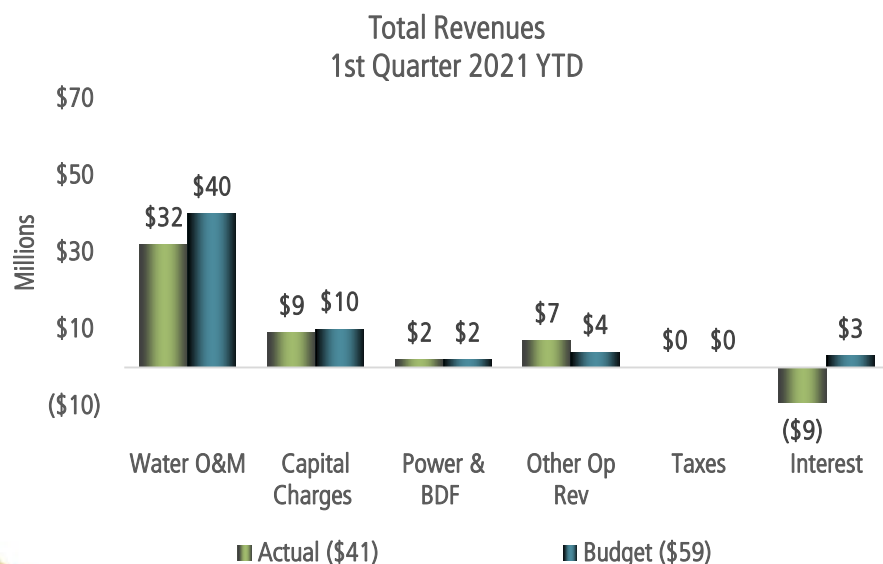
By year-end, total revenues are anticipated to be \$2 million below budget.

Operating Revenues are forecast to be \$4 million higher than budget.

- Water O&M charges will be \$11 million lower due to lower reconciled water delivery rates and 53 thousand acre-feet of DCP water (decreases revenue earned);
- Capital charges will be \$18 million over budget due to the back capital charges from the expected NIA reallocation;
- Power and other BDF revenues are expected to be on budget;
- Other revenues are expected to be \$3 million lower as CAGR obligated acre feet will be lower.

Non-Operating Revenues are expected to be \$2 million lower than budget.

- Property taxes are forecast to be \$1 million higher than budget;
- Interest income & other revenues will be \$3 million lower than budget due to unfavorable fair value adjustments.

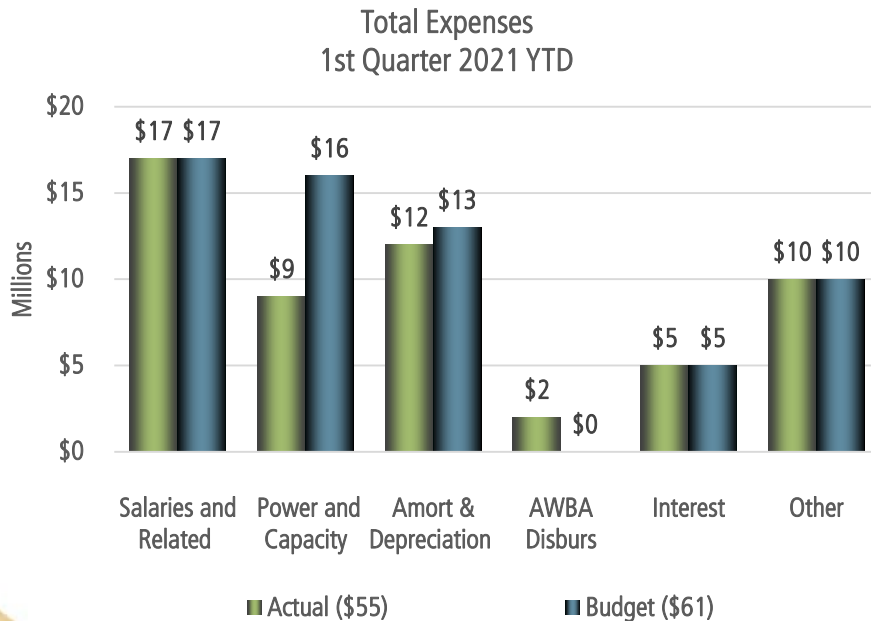


	Full Year 2021		Spending	
	Projected	Authority	Change	
<i>(Dollars in millions)</i>				
Operating Revenues				
Water O&M charges	\$ 190	\$ 201	\$ (11)	(5.5%)
Water service capital charges	60	42	18	42.9%
Power & other BDF revenues	8	8	-	0.0%
Other revenues	57	60	(3)	(5.0%)
	\$ 315	\$ 311	\$ 4	1.3%
Non-operating Revenues				
Property taxes	\$ 87	\$ 86	\$ 1	1.2%
Interest income & other	9	12	(3)	(25.0%)
	\$ 96	\$ 98	\$ (2)	(2.0%)
Total Revenues	\$ 411	\$ 409	\$ 2	0.5%

TOTAL EXPENSES

1ST QUARTER 2021 BUDGET PERFORMANCE: Through March 2021 total expenses were \$6 million below budget. The key variances were:

- \$7 million lower energy and capacity costs attributable to lower per unit energy rates year-to-date and shifting pumping to allow sales of power during peak times;
- \$1 million lower amortization and depreciation due to delays in capital expenditures; and
- \$2 million higher AWBA disbursements resulting from higher requests for long term storage credit purchases. The Board determines the amounts to transfer based on AWBA requests annually.



FULL YEAR 2021 BUDGET PERFORMANCE: Total expenses are anticipated to be \$289 million which is \$2 million below budget. The key factors include:

Operating Expenses are projected to be \$15 million below budget.

- \$1 million lower salaries and related costs due to vacancy savings and decreased vacation and sick liability;
- \$12 million lower energy and capacity costs as a result of lower energy purchases (see page 32-33 for energy detail);
- \$3 million higher transmission cost associated with losses previously included in energy costs, but moved to transmission in 2020;
- \$2 million lower amortization and depreciation due to COVID-19 as contractual suspensions were enacted on projects primarily in the construction phase and therefore will not be placed into service and incur depreciation this year; and
- \$3 million lower other expenses due to decreased CAGR replenishment obligation and lower outside services.

Non-Operating Expenses are expected to be \$17 higher than budget.

- \$10 million higher AWBA disbursements for long term storage credits
- \$7 million write-down on NIA reallocation.

<i>(Dollars in millions)</i>	Full Year 202		
	Projected	Spending Authority	Change
Operating Expenses			
Salaries & related costs	\$ 70	\$ 71	(1) (1.4%)
Power and capacity	70	82	(12) (14.6%)
Transmission	16	13	3 23.1%
Amortization & depreciation	49	51	(2) (3.9%)
Other	46	49	(3) (6.1%)
	<u>\$ 251</u>	<u>\$ 266</u>	<u>\$(15) (5.6%)</u>
Non-operating Expenses	38	21	17 81.0%
Total Expenses	<u>\$ 289</u>	<u>\$ 287</u>	<u>\$ 2 0.7%</u>

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

(Dollars in Millions)

	1st Quarter 2021			Full Year 2021		
	Actual	Budget	Variance	Projection	Spending Authority	Variance
Operating Revenues/Expenses						
Revenues	\$ 50.2	\$ 55.8	\$ (5.6)	\$ 315.0	\$ 311.2	\$ 3.8
Expenses	(47.3)	(55.4)	8.1	(251.2)	(266.3)	15.1
Operating Income/Loss	\$ 2.9	\$ 0.4	\$ 2.5	\$ 63.8	\$ 44.9	\$ 18.9
Non-operating Revenues/Expenses						
Revenues	(9.5)	2.5	(12.0)	95.9	98.9	(3.0)
Expenses	(7.0)	(5.2)	(1.8)	(38.2)	(21.1)	(17.1)
Non-operating Income/(Loss)	\$ (16.5)	\$ (2.7)	\$ (13.8)	\$ 57.7	\$ 77.8	(20.1)
Change in Net Position	\$ (13.6)	\$ (2.3)	\$ (11.3)	\$ 121.5	\$ 122.7	\$ (1.2)
Variance Analysis:						
General Fund	(19.4)	(5.8)	(13.6)	104.8	82.5	22.3
CAGR D	5.7	3.0	2.7	14.8	38.5	(23.7)
Other	0.1	0.5	(0.4)	1.9	1.7	0.2
	\$ (13.6)	\$ (2.3)	\$ (11.3)	\$ 121.5	\$ 122.7	\$ (1.2)

General Fund

(Dollars in Millions)

	1st Quarter 2021			Full Year 2021		
	Actual	Budget	Variance	Projection	Spending Authority	Variance
Water Deliveries (000 AF)	228	280	(52)	1,393	1,474	(81)
Revenues	\$ 35.8	\$ 55.2	\$ (19.4)	\$ 383.8	\$ 357.2	\$ 26.6
Expenses	(55.2)	(61.0)	5.8	(279.0)	(274.7)	(4.3)
Change in Net Position	\$ (19.4)	\$ (5.8)	\$ (13.6)	\$ 104.8	\$ 82.5	\$ 22.3
Variance Analysis:						
Water O&M Charges	\$ 33.7	\$ 40.3	\$ (6.6)	\$ 194.6	\$ 207.2	\$ (12.6)
Capital Charges	9.1	10.5	(1.4)	77.2	42.2	35.0
Power & BDF Revenues	1.7	1.6	0.1	7.8	7.8	-
Property Taxes	-	-	-	86.9	86.5	0.4
Interest and Other Income	(8.6)	2.7	(11.3)	17.2	13.7	3.5
Pumping Power	(8.8)	(15.9)	7.1	(70.1)	(82.0)	11.9
Amortization/Depreciation	(12.1)	(12.8)	0.7	(49.4)	(51.0)	1.6
Disbursements to AWBA	(1.8)	(0.1)	(1.7)	(10.3)	(0.5)	(9.8)
Interest expense and other	(5.1)	(5.1)	-	(27.5)	(20.2)	(7.3)
Other	(27.5)	(27.0)	(0.5)	(121.6)	(121.2)	(0.4)
Total	\$ (19.4)	\$ (5.8)	\$ (13.6)	\$ 104.8	\$ 82.5	\$ 22.3

Central Arizona Groundwater Replenishment District (CAGR) Account

(Dollars in Millions)

	1st Quarter 2021			Full Year 2021		
	Actual	Budget	Variance	Projection	Spending Authority	Variance
Revenues	\$ 6.4	\$ 3.9	\$ 2.5	\$ 53.4	\$ 59.3	\$ (5.9)
Expenses	(0.7)	(0.9)	0.2	(38.6)	(20.8)	(17.8)
Change in Net Position	\$ 5.7	\$ 3.0	\$ 2.7	\$ 14.8	\$ 38.5	\$ (23.7)

Variance Analysis:

Revenue-Rates	-	-	-	26.1	29.8	(3.7)
Revenue-Fees	6.7	3.7	3.0	16.5	15.5	1.0
Revenue-Dues	-	-	-	9.1	13.4	(4.3)
Interest Income	(0.2)	0.2	(0.4)	1.6	0.6	1.0
Water For Recharge	-	-	-	(27.6)	(17.3)	(10.3)
Operating Expense	(0.8)	(0.9)	0.1	(10.9)	(3.5)	(7.4)
	\$ 5.7	\$ 3.0	\$ 2.7	\$ 14.8	\$ 38.5	\$ (23.7)

Statement of Revenues, Expenses and Change in Net Position

All Funds/Accounts

(Dollars in Thousands)

	1st Quarter 2021				Full Year 2021						
	Actual	Budget	Variance		Projection	Budget	Budget	Total	Variance		
			(\$)	(%)			Adjustments	Spending Authority			
			(\$)	(%)				(\$)	(%)		
Operating Revenues											
Water O&M charges	\$ 32,392	\$ 39,551	\$ (7,159)	(18.1%)	\$ 189,683	\$ 201,015	\$ -	\$ 201,015	\$ (11,332)	(5.6%)	
Water service capital charges	8,953	10,411	(1,458)	(14.0%)	60,042	41,645	-	41,645	18,397	44.2%	
Power and other Basin Fund revenues	1,724	1,625	99	6.1%	7,798	7,798	-	7,798	-	0.0%	
Other revenues	7,093	4,219	2,874	68.1%	57,440	60,717	-	60,717	(3,277)	(5.4%)	
Total Operating Revenues	\$ 50,162	\$ 55,806	\$ (5,644)	(10.1%)	\$ 314,963	\$ 311,175	\$ -	\$ 311,175	\$ 3,788	1.2%	
Operating Expenses											
Salaries and related costs	\$ (17,227)	\$ (17,137)	\$ (90)	(0.5%)	\$ (70,010)	\$ (70,951)	\$ -	\$ (70,951)	\$ 941	1.3%	
Pumping power & capacity charges	(8,839)	(15,862)	7,023	44.3%	(70,143)	(81,989)	-	(81,989)	11,846	14.4%	
Transmission	(3,692)	(3,334)	(358)	(10.7%)	(15,780)	(13,366)	-	(13,366)	(2,414)	(18.1%)	
Amortization	(5,750)	(5,750)	0	0.0%	(23,001)	(23,001)	-	(23,001)	-	0.0%	
Depreciation	(6,380)	(7,019)	639	9.1%	(26,493)	(28,077)	-	(28,077)	1,584	5.6%	
Other Operating Costs:											
Outside services	(4,782)	(4,500)	(282)	(6.3%)	(25,139)	(25,681)	-	(25,681)	542	2.1%	
Materials and supplies	(1,440)	(1,675)	235	14.0%	(8,400)	(8,361)	-	(8,361)	(39)	(0.5%)	
Water for underground storage	1,424	835	589	70.5%	(5,502)	(10,611)	-	(10,611)	5,109	48.1%	
Overhead	881	1,122	(241)	(21.5%)	3,850	3,943	-	3,943	(93)	(2.4%)	
Other expenses	(1,517)	(2,116)	599	28.3%	(10,542)	(8,182)	-	(8,182)	(2,360)	(28.8%)	
Subtotal other costs	(5,434)	(6,334)	900	14.2%	(45,733)	(48,892)	-	(48,892)	3,159	6.5%	
Total Operating Expenses	(47,322)	(55,436)	8,114	14.6%	(251,160)	(266,276)	-	(266,276)	15,116	5.7%	
Operating Income/(Loss)	\$ 2,840	\$ 370	\$ 2,470	667.6%	\$ 63,803	\$ 44,899	\$ -	\$ 44,899	\$ 18,904	42.1%	
Non-operating Revenues/(Expenses)											
Property taxes	\$ 1	\$ -	\$ 1		\$ 86,916	\$ 86,483	\$ -	\$ 86,483	\$ 433	0.5%	
Interest income and other	(9,473)	2,519	(11,992)	(476.1%)	9,006	12,445	-	12,445	(3,439)	(27.6%)	
Disbursements to AWBA	(1,802)	(135)	(1,667)	(1,234.8%)	(10,313)	(540)	-	(540)	(9,773)	(1,809.8%)	
Interest expense and other	(5,151)	(5,147)	(4)	(0.1%)	(27,859)	(20,586)	-	(20,586)	(7,273)	(35.3%)	
Total Non-operating Revenues/(Expenses)	(16,425)	(2,763)	(13,662)	(494.5%)	57,750	77,802	-	77,802	(20,052)	(25.8%)	
Change in Net Position	(13,585)	(2,393)	(11,192)	(467.7%)	121,553	122,701	-	122,701	(1,148)	(0.9%)	
Net position at beginning of period	890,386	897,793	(7,407)	(0.8%)	890,386	897,793	-	897,793	(7,407)	(0.8%)	
Net position at end of period	\$ 876,801	\$ 895,400	\$ (18,599)	(2.1%)	\$ 1,011,939	\$ 1,020,494	\$ -	\$ 1,020,494	\$ (8,555)	(0.8%)	

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

(Dollars in Thousands)

	1st Quarter 2021	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance Fund
Operating Revenues						
Water O&M charges	\$ 32,392	\$ (1,270)	\$ 33,662	\$ -	\$ -	\$ -
Water service capital charges	8,953	(110)	9,063	-	-	-
Power and Basin Development Fund revenues	1,724	-	1,724	-	-	-
Other revenues	7,093	(2,768)	470	-	6,667	2,724
Total Operating Revenues	\$ 50,162	\$ (4,148)	\$ 44,919	\$ -	\$ 6,667	\$ 2,724
Operating Expenses						
Salaries and related costs	\$ (17,227)	\$ -	\$ (16,945)	\$ -	\$ (282)	\$ -
Pumping power & capacity charges	(8,839)	-	(8,839)	-	-	-
Transmission	(3,692)	-	(3,692)	-	-	-
Amortization	(5,750)	-	(5,750)	-	-	-
Depreciation	(6,380)	-	(6,365)	-	(15)	-
Other operating costs:						
Outside services	(4,782)	-	(4,682)	-	(33)	(67)
Materials and supplies	(1,440)	-	(1,440)	-	-	-
Water for recharge	1,424	1,424	-	-	-	-
Overhead	881	-	1,189	-	(308)	-
Other expenses	(1,517)	2,724	(1,819)	-	(2)	(2,420)
Subtotal other costs	(5,434)	4,148	(6,752)	-	(343)	(2,487)
Total Operating Expenses	(47,322)	4,148	(48,343)	-	(640)	(2,487)
Operating Income/(Loss)	\$ 2,840	\$ -	\$ (3,424)	\$ -	\$ 6,027	\$ 237
Non-operating Revenues/(Expenses)						
Property taxes	\$ 1	\$ -	\$ 1	\$ -	\$ -	\$ -
Interest income and other	(9,473)	-	(9,089)	(177)	(228)	21
Disbursements to AWBA	(1,802)	-	(1,802)	-	-	-
Interest expense and other	(5,151)	-	(5,059)	-	(92)	-
Total Non-operating Revenues/(Expenses)	(16,425)	-	(15,949)	(177)	(320)	21
Change in Net Position	(13,585)	-	(19,373)	(177)	5,707	258
Net position at beginning of period	890,386	(2,350)	639,437	9,112	238,928	5,259
Net position at end of period	\$ 876,801	\$ (2,350)	\$ 620,064	\$ 8,935	\$ 244,635	\$ 5,517

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

(Dollars in Thousands)

	Full Year 2021	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance Fund
Operating Revenues						
Water O&M charges	\$ 189,683	\$ (4,934)	\$ 194,617	\$ -	\$ -	\$ -
Water service capital charges	60,042	(17,137)	77,179	-	-	-
Power and Basin Development Fund revenues	7,798	-	7,798	-	-	-
Other revenues	57,440	(7,895)	2,048	-	51,811	11,476
Total Operating Revenues	\$ 314,963	\$ (29,966)	\$ 281,642	\$ -	\$ 51,811	\$ 11,476
Operating Expenses						
Salaries and related costs	\$ (70,010)	\$ -	\$ (68,899)	\$ -	\$ (1,111)	\$ -
Pumping power & capacity charges	(70,143)	-	(70,143)	-	-	-
Transmission	(15,780)	-	(15,780)	-	-	-
Amortization	(23,001)	-	(23,001)	-	-	-
Depreciation	(26,493)	-	(26,432)	-	(61)	-
Other operating costs:						
Outside services	(25,139)	-	(24,467)	-	(450)	(222)
Materials and supplies	(8,400)	-	(8,399)	-	(1)	-
Water for recharge	(5,502)	22,140	-	-	(27,642)	-
Overhead	3,850	-	5,022	-	(1,172)	-
Other expenses	(10,542)	7,826	(9,085)	-	(35)	(9,248)
Subtotal other costs	(45,733)	29,966	(36,929)	-	(29,300)	(9,470)
Total Operating Expenses	(251,160)	29,966	(241,184)	-	(30,472)	(9,470)
Operating Income/(Loss)	\$ 63,803	\$ -	\$ 40,458	\$ -	\$ 21,339	\$ 2,006
Non-operating Revenues/(Expenses)						
Property taxes	\$ 86,916	\$ -	\$ 86,916	\$ -	\$ -	\$ -
Interest income and other	9,006	(7,747)	15,235	(84)	1,573	29
Disbursements to AWBA	(10,313)	-	(10,313)	-	-	-
Interest expense and other	(27,859)	7,747	(27,492)	-	(8,114)	-
Total Non-operating Revenues/(Expenses)	57,750	-	64,346	(84)	(6,541)	29
Change in Net Position	121,553	-	104,804	(84)	14,798	2,035
Net position at beginning of period	890,386	(2,350)	639,437	9,112	238,928	5,259
Net position at end of period	\$ 1,011,939	\$ (2,350)	\$ 744,241	\$ 9,028	\$ 253,726	\$ 7,294

Statement of Net Position

(Dollars in Thousands)

	2020	As of 03/31/2021	As of 12/31/2021
ASSETS			
Current Assets			
Cash	\$ 19,605	\$ 16,189	\$ 14,628
Cash Equivalents	98,019	86,465	80,962
Total cash and cash equivalents	117,624	102,654	95,590
Receivables			
Due from water customers	2,720	17,387	46,707
Due from property taxes, less allowance for doubtful accounts	40,184	31,409	42,803
Other Receivables	11,521	9,927	86,794
Water inventory	215,715	229,340	229,717
Funds held by federal government	16,428	1,730	8,053
Other assets	2,707	6,536	3,147
Total Current Assets	406,899	398,983	512,811
Non-current Assets			
Investments	419,981	393,439	410,828
Restricted assets	96,823	93,483	98,551
Agriculture water rights	88,719	88,719	45,759
Capital assets, less accumulated depreciation	303,858	302,147	331,715
Permanent service right, less accumulated amortization	1,042,835	1,037,085	1,019,835
Other assets	2,000	2,000	2,000
Total Non-current Assets	1,954,216	1,916,873	1,908,688
Total Assets	\$ 2,361,115	\$ 2,315,856	\$ 2,421,499
DEFERRED OUTFLOWS OF RESOURCES			
Pension & OPEB Valuation and Upfront Payments	\$ 18,166	\$ 18,166	\$ 18,166
Total Deferred Outflows of Resources	18,166	18,166	18,166
Total Assets and Deferred Outflows of Resources	\$ 2,379,281	\$ 2,334,022	\$ 2,439,665

Statement of Net Position

(Dollars in Thousands)

	2020	As of 03/31/2021	As of 12/31/2021
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 40,408	\$ 39,782	\$ 26,691
Accrued payroll, payroll taxes and other accrued expenses	9,745	10,099	8,781
Water operations, capital charges, and unearned revenue	33,980	61,643	35,330
Asset retirement obligation due within one year	15,972	15,972	4,984
Current liabilities payable from restricted assets, advances to federal government, and other Non-current assets:			
Accrued interest payable	21,269	5,313	20,136
Repayment obligation, due within one year	32,929	40,456	40,456
Contract revenue bonds, due within one year	5,245	5,365	5,365
Total Current Liabilities	159,548	178,630	141,743
Non-current Liabilities:			
Repayment obligation, due after one year	977,992	937,536	937,536
Contract revenue bonds, due after one year, net	57,532	51,996	51,484
Non-Indian agricultural 9(d) debt	88,719	88,719	88,719
Asset retirement obligation due after one year	36,545	31,655	34,811
Other non-current liabilities	106,073	106,073	106,073
Subtotal Non-current Liabilities	1,266,861	1,215,979	1,218,623
Total Liabilities	1,426,409	1,394,609	1,360,366
DEFERRED INFLOWS OF RESOURCES			
Customer Deposits	52,079	52,206	56,953
Deferred Inflow OPEB	2,694	2,694	2,694
Pension Valuation	7,713	7,713	7,713
Total Deferred Inflows of Resources	62,486	62,613	67,360
NET POSITION			
Net investment in capital assets	272,995	303,880	331,486
Restricted	75,554	88,170	78,415
Unrestricted	541,837	484,750	602,038
Total Net Position	890,386	876,800	1,011,939
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,379,281	\$ 2,334,022	\$ 2,439,665

Statement of Net Position by Fund

(Dollars in Thousands)

	As of 03/31/2021	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 102,654	\$ -	\$ 74,396	\$ -	\$ 20,532	\$ 7,726
Receivables	58,723	-	49,961	-	8,762	-
Water inventory	229,340	-	32,862	-	196,478	-
Funds held by / advanced to federal government	1,730	-	1,730	-	-	-
Other	6,536	(5,359)	7,585	-	4,300	10
Total Current Assets	398,983	(5,359)	166,534	-	230,072	7,736
Non-current Assets						
Investments and restricted assets	486,922	(2,350)	446,546	8,935	31,541	2,250
Agriculture water rights	88,719	-	88,719	-	-	-
Capital assets, less accumulated depreciation	302,147	-	292,378	-	9,769	-
Permanent service right, less accumulated amortization	1,037,085	-	1,037,085	-	-	-
Other assets, less accumulated amortization	2,000	-	2,000	-	-	-
Bond issuance costs, net of accumulated amortization	-	-	-	-	-	-
Total Non-current Assets	1,916,873	(2,350)	1,866,728	8,935	41,310	2,250
Total Assets	2,315,856	(7,709)	2,033,262	8,935	271,382	9,986
Deferred Outflows of Resources						
	18,166	-	18,166	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 2,334,022	(7,709)	2,051,428	8,935	271,382	9,986
LIABILITIES						
Current Liabilities						
Accounts payable / accrued payroll	\$ 49,881	\$ -	\$ 39,075	\$ -	\$ 6,337	\$ 4,469
Water operations and capital charges deferred revenue	61,643	-	61,643	-	-	-
Accrued Decommissioning - Current	15,972	-	15,972	-	-	-
Other current liabilities	51,134	(5,359)	47,437	-	9,056	-
Total Current Liabilities	178,630	(5,359)	164,127	-	15,393	4,469
Non-current Liabilities						
A Asset retirement obligation due after one year	31,655	-	31,655	-	-	-
Repayment obligation, due after one year	937,536	-	937,536	-	-	-
Contract revenue bonds, due after one year, net	51,996	-	40,641	-	11,355	-
Non-Indian agricultural 9(d) debt	88,719	-	88,719	-	-	-
Other non-current liabilities	106,073	-	106,073	-	-	-
Total Non-current Liabilities	1,215,979	-	1,204,624	-	11,355	-
Total Liabilities	1,394,609	(5,359)	1,368,751	-	26,748	4,469
DEFERRED INFLOWS OF RESOURCES						
Customer Deposits and Upfront Payments	52,206	-	52,206	-	-	-
Deferred Inflow OPEB	2,694	-	2,694	-	-	-
Pension Valuation	7,713	-	7,713	-	-	-
Total Deferred inflows of Resources	62,613	-	62,613	-	-	-
NET POSITION						
Net Investment in capital assets	303,880	-	309,070	-	(5,190)	-
Restricted	88,170	-	57,532	8,935	19,453	2,250
Unrestricted	484,750	(2,350)	253,462	-	230,371	3,267
Total Net Position	876,800	(2,350)	620,064	8,935	244,634	5,517
Total Liabilities, Deferred Inflow and Net Position	\$ 2,334,022	(7,709)	2,051,428	8,935	271,382	9,986

Statement of Net Position by Fund

(Dollars in Thousands)

	Actual as of 12/31/2021	Elimination	General Fund	Supplemental Water	CAGR D Account	Captive Insurance
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 95,590	\$ -	\$ 58,303	\$ -	\$ 28,703	\$ 8,584
Receivables	176,304	(28,536)	192,161	-	12,679	-
Water inventory	229,717	-	29,753	-	199,964	-
Funds held by / advanced to federal government	8,053	-	8,053	-	-	-
Other assets	3,147	(4,805)	7,311	-	631	10
Total Current Assets	512,811	(33,341)	295,581	-	241,977	8,594
Non-current Assets						
Investments and restricted assets	509,379	(2,350)	461,057	9,028	39,394	2,250
Agriculture water rights	45,759	-	45,759	-	-	-
Capital assets, less accumulated depreciation	331,715	-	305,215	-	26,500	-
Permanent service right, less accumulated amortization	1,019,835	-	1,019,835	-	-	-
Other assets, less accumulated amortization	2,000	-	2,000	-	-	-
Bond issuance costs, net of accumulated amortization	-	-	-	-	-	-
Total Non-current Assets	1,908,688	(2,350)	1,833,866	9,028	65,894	2,250
Total Assets	2,421,499	(35,691)	2,129,447	9,028	307,871	10,844
Deferred Outflows of Resources	18,166	-	18,166	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 2,439,665	(35,691)	2,147,613	9,028	307,871	10,844
LIABILITIES						
Current Liabilities						
Accounts payable / accrued payroll	\$ 35,472	\$ -	\$ 26,261	\$ -	\$ 5,661	\$ 3,550
Water operations, capital charges, and unearned revenue	35,330	-	35,330	-	-	-
Asset retirement obligation due within one year	4,984	-	4,984	-	-	-
Other current liabilities	65,957	(4,805)	62,169	-	8,593	-
Total Current Liabilities	141,743	(4,805)	128,744	-	14,254	3,550
Non-current Liabilities						
Asset retirement obligation due after one year	34,811	-	34,811	-	-	-
Repayment obligation, due after one year	937,536	-	937,536	-	-	-
Contract revenue bonds, due after one year, net	51,484	-	40,129	-	11,355	-
Non-Indian agricultural 9(d) debt	88,719	-	88,719	-	-	-
Other non-current liabilities	106,073	(28,536)	106,073	-	28,536	-
Total Non-current Liabilities	1,218,623	(28,536)	1,207,268	-	39,891	-
Total Liabilities	1,360,366	(33,341)	1,336,012	-	54,145	3,550
DEFERRED INFLOWS OF RESOURCES						
Customer Deposits and Upfront Payments	56,953	-	56,953	-	-	-
Deferred Inflow OPEB	2,694	-	2,694	-	-	-
Pension Valuation	7,713	-	7,713	-	-	-
Total Deferred inflows of Resources	67,360	-	67,360	-	-	-
NET POSITION						
Net Investment in capital assets	331,486	-	305,169	-	26,317	-
Restricted	78,415	-	40,248	9,028	26,889	2,250
Unrestricted	602,038	(2,350)	398,824	-	200,520	5,044
Total Net Position	1,011,939	(2,350)	744,241	9,028	253,726	7,294
Total Liabilities, Deferred Inflows and Net Position	\$ 2,439,665	(35,691)	2,147,613	9,028	307,871	10,844

Spending Authority Full Year 2021

	General Fund Operating*	General Fund Non Operating	Supplemental Water	CAGR Account**	Captive Insurance Fund	Capital Budget
Board Approved Budget	158,561	20,759	-	3,097	9,385	33,813
<u>Additional Board Authorized Spending</u>						
AWBA long term storage credit purchases		9,773				
<u>Accounting Changes & Adjustments</u>						
NIA Reallocation write-down		7,273				
Adjusted Budget/Spending Authority	158,561	37,805	-	3,097	9,385	33,813
Actual Expenses	155,261	37,805	-	2,830	9,470	33,286
Variance (\$) Fav/(Unfav)	3,300	-	-	267	(85)	527
Variance (%)	2.1%	0.0%		8.6%	(0.9%)	1.6%

BUDGETARY CONTROLS

Provided that total expenses within each fund do not exceed budget (including adjustments) by greater than \$250,000 or 2% of the annual budget, expense is considered to be within spending authority.

NOTES:

*Power and transmission are excluded because of market volatility and are administered by an Energy Risk Oversight Committee.

** CAGR water for recharge to meet obligations is excluded.

Annual Repayment Obligation

Master Repayment Contract (Accrual Basis)

(Dollars in Thousands)

	2020	2021		Variance	Notes
	Actual	Actual	Budget	(\$)	
Sources of Funds					
Navajo-related revenues					
SRP premium	\$ -	\$ -	\$ -	\$ -	
Other NGS net revenues	6,437	-	-	-	
Shaping & Displacement	-	-	-	-	
Net revenues - NGS	6,437	-	-	-	
Net Navajo misc. revenues	2,433	1,827	510	1,317	A
Hoover 4.5 mil surcharge	3,015	3,142	3,000	142	
Parker-Davis	2,895	2,839	2,700	139	
Net CAP transmission revenues including line losses	(1,112)	(838)	788	(1,626)	B
Land-related revenues:					
Land use (net)	2,411	828	800	28	
Land sales (net)	-	-	-	-	
Interest on deposits	349	171	320	(149)	
Total Credits Toward Repayment	\$ 16,428	\$ 7,969	\$ 8,118	\$ (149)	
Uses of Funds					
Principal	\$ 32,929	\$ 40,456	\$ 40,456	\$ -	
Interest	20,101	19,021	19,021	-	
Gross Payment <i>(Due Jan. 20th following year-end)</i>	\$ 53,030	\$ 59,477	\$ 59,477	\$ -	
(Net Due) / Excess Funds for Repayment	\$ (36,602)	\$ (51,508)	\$ (51,359)	\$ (149)	
CAP NGS Energy & Navajo Transmission Reconciliation	\$ -	\$ -	\$ -	\$ -	
Net funds (due to)/from Federal Government	\$ (36,602)	\$ (51,508)	\$ (51,359)	\$ (149)	

Notes:

- A Net Navajo miscellaneous revenues budget understated power sale transfers from WAPA.
- B Represents 2020 actual net line loss revenues that were delayed to 2021 and estimated net line loss revenues for 2021. LADWP losses are new and were not included in the budget.

Staffing - Average Full Time Equivalent (FTE)

	1st Quarter	2021		Variance	
	2021	Forecast	Budget	FTEs	% (*)
Management Council	12.0	11.8	13.0	1.2	8.8%
AGM - Finance & Admin Group					
Finance and Administration					
Finance & Accounting	19.0	19.0	19.0	-	0.0%
Information Technology	31.3	33.3	34.0	0.7	2.0%
Risk Management	5.2	6.3	8.0	1.7	21.4%
Supply Chain & Facilities	26.8	27.0	28.0	1.0	3.7%
Total Finance and Administration	82.3	85.6	89.0	3.4	3.8%
Employee Services					
Cent Learning & Development	6.0	5.8	6.0	0.2	(5.9)
Environment, Health & Safety	9.0	10.1	11.0	0.9	(10.1)
Human Resources	6.0	6.0	7.5	1.5	(6.0)
Protective Services	9.0	9.0	9.0	0.0	-
Total Employee Services	30.0	30.9	33.5	2.6	(21.9)
AGM - Water Policy Group					
Water Policy					
CAGR D	9.0	9.0	9.0	-	0.0%
Water Policy	8.0	8.0	8.0	-	0.0%
Total Water Policy	17.0	17.0	17.0	-	0.0%
General Counsel	5.0	5.0	5.0	-	0.0%
Public Affairs	17.0	16.8	16.0	(0.8)	(5.2%)
AGM - Ops & Engineering Group					
Centralized Maint & Reliability					
Centralized Maintenance	61.4	62.9	64.0	1.1	1.7%
Maintenance Control	37.1	40.0	39.0	(1.0)	(2.6%)
Total Centralized Maint & Reliability	98.5	103.0	103.0	0.0	0.0%
Field Maintenance					
Operational Technology	42.0	44.0	46.0	2.0	4.4%
South Area Maintenance	44.5	45.5	46.0	0.5	1.2%
West Area Maintenance	44.8	44.8	45.0	0.2	0.5%
Total Field Maintenance	131.3	134.3	137.0	2.7	1.9%
Operations and Engineering					
Engineering	61.4	62.5	64.0	1.5	2.3%
Power Program Admin	3.0	3.0	3.0	-	0.0%
Water Operations	22.5	23.5	22.0	(1.5)	(6.6%)
Total Operations and Engineering	86.9	89.0	89.0	0.0	0.0%
Vacancy/Salary Savings Equivalent	-	(7.5)	(15.0)	(7.5)	50.1%
Total FTE	480.0	485.9	487.5	1.6	0.3%

General Fund

The General Fund ended the first quarter of 2021 with a net loss (or decrease in net position) of \$19 million compared to a budgeted net loss of \$6 million. It is anticipated that the General Fund will end the year with a net gain of \$83 million.

The following discussion summarizes the General Fund's 2021 budget performance through the first quarter and for the full year projection.

GENERAL FUND Budget Performance - 1st Quarter 2021 YTD

<i>(Dollars in thousands)</i>	Actuals	Budget	Change	
Revenues	\$ 35,831	\$ 55,202	\$ (19,371)	(35.1%)
Expenses	(55,204)	(61,022)	5,818	9.5%
Change in Net Position	\$ (19,373)	\$ (5,820)	\$ (13,553)	
Beginning Net Position	639,437	645,322	(5,885)	
Ending Net Position	\$ 620,064	\$ 639,502	\$ (19,438)	

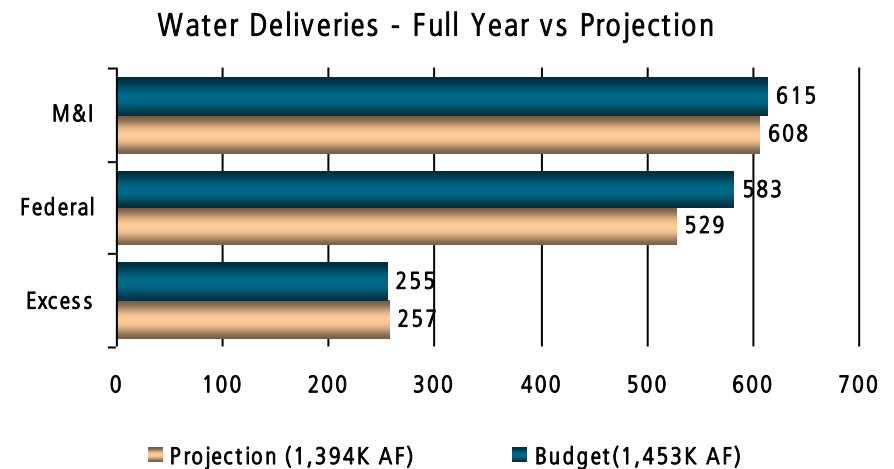
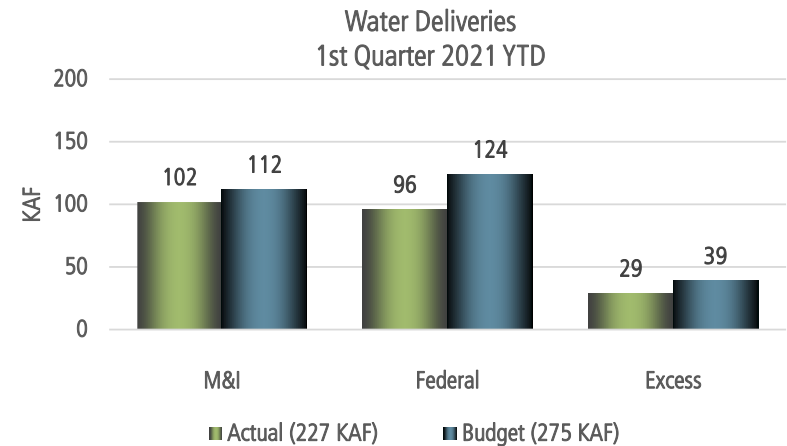
GENERAL FUND Budget Performance - Full Year 2021

<i>(Dollars in thousands)</i>	Projected	Spending Authority	Change	
Revenues	\$ 383,793	\$ 357,228	\$ 26,565	7.4%
Expenses	(278,989)	(274,675)	(4,314)	(1.6%)
Change in Net Position	\$ 104,804	\$ 82,553	\$ 22,251	
Beginning Net Position	639,437	645,322	(5,885)	
Ending Net Position	\$ 744,241	\$ 727,875	\$ 16,366	

Water Deliveries

Through March 2021, water deliveries were 48 KAF lower than budget due to lower federal, M&I, and Ag Settlement Pool deliveries.

Full year deliveries are projected to be lower than budget. M&I is expected to be lower than budget due to reduced water orders. Federal deliveries are expected to be lower due to participation in the system conservation program. Ag Settlement Pool deliveries are expected to be slightly higher. See page 28 for additional detail.



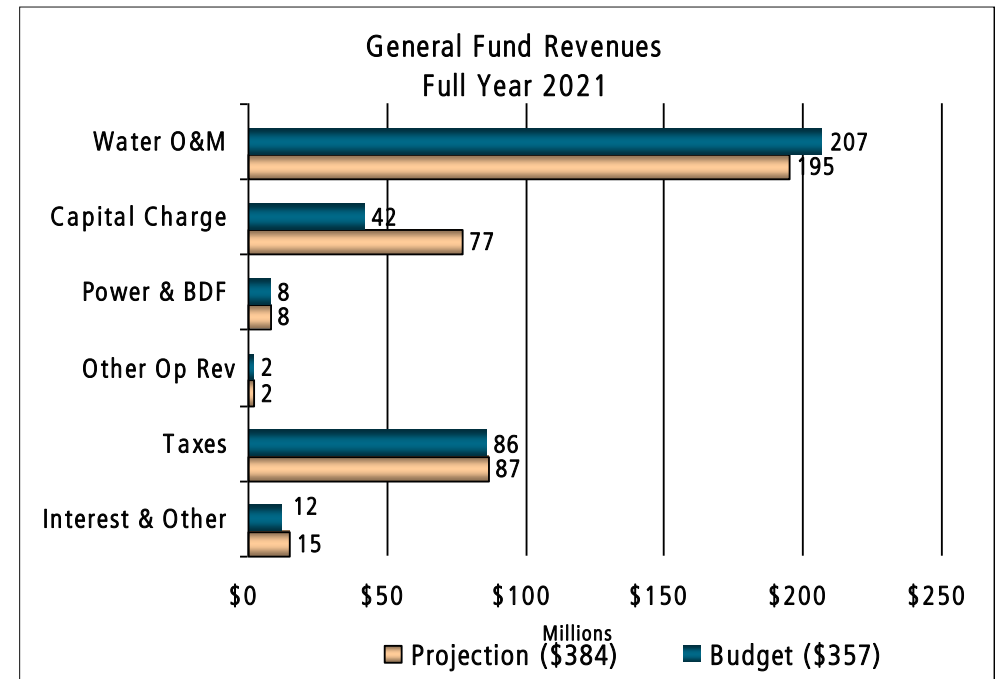
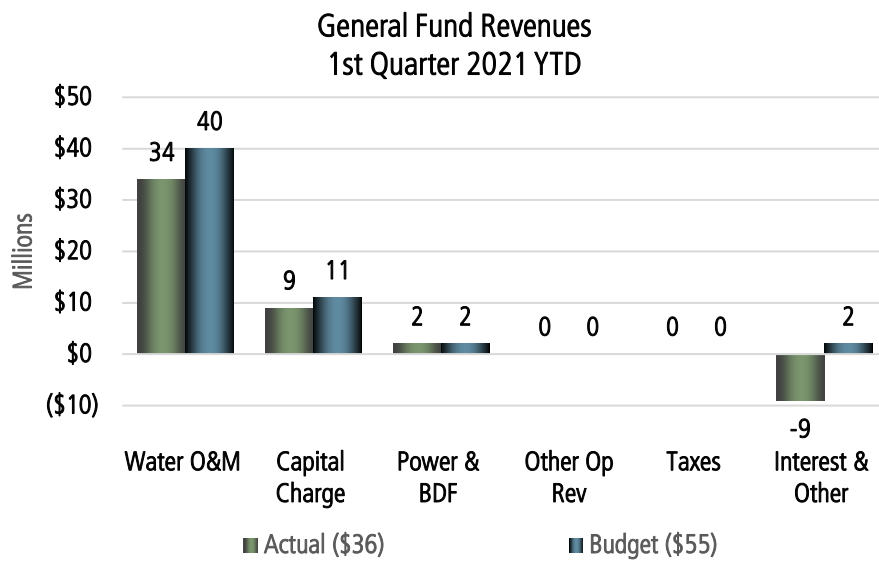
Total Revenues

FIRST QUARTER 2021 BUDGET PERFORMANCE: Through March 2021, total General Fund revenues were \$36 million compared to a budget of \$55 million. Key impacts were:

- Water O&M charges were lower than budget by \$6 million due to lower deliveries;
- Capital charges were \$2 million lower than budget due to a lower rate than planned;
- Power and BDF revenue were on budget;
- Taxes were higher by \$1 million due to higher valuations; and
- Interest and other non-operating revenue was below budget by \$11 million due to fair value decreases.

FULL YEAR 2021 BUDGET PERFORMANCE: The full year is projected to be \$384 million compared to a budget of \$357 million, which is \$27 million higher than budget. The major items influencing the variance are:

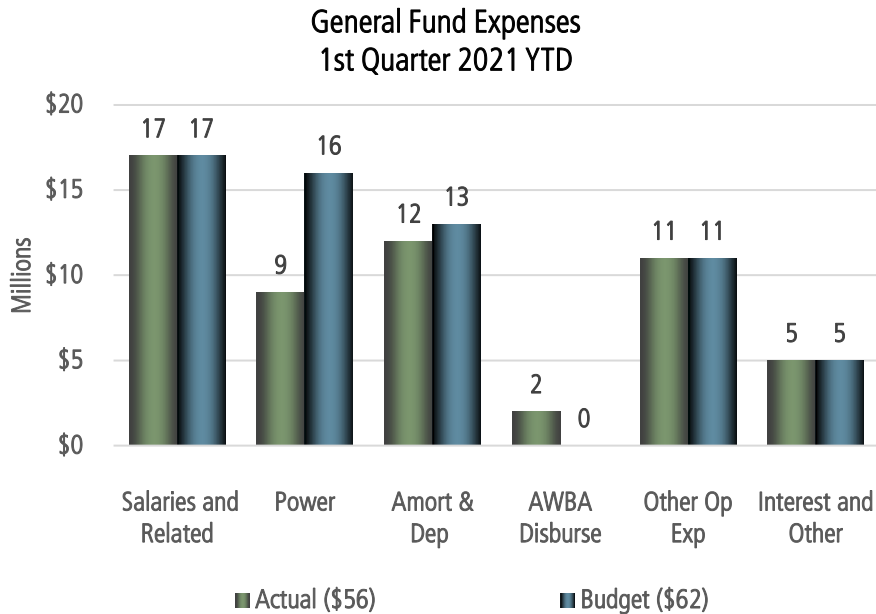
- \$12 million lower water O&M revenue due to lower reconciled delivery rates and 53 KAF of Tribal ICS that decrease revenue as their payment is for the future delivery of their ICS;
- \$35 million higher capital charge revenue due to unbudgeted acre feet of NIA reallocation back capital charges;
- \$1 million higher property tax revenue due to increased property valuation estimates; and
- \$3 million higher interest & other revenue due to interest income on the back capital charges related to the NIA reallocation.



Total Expenses

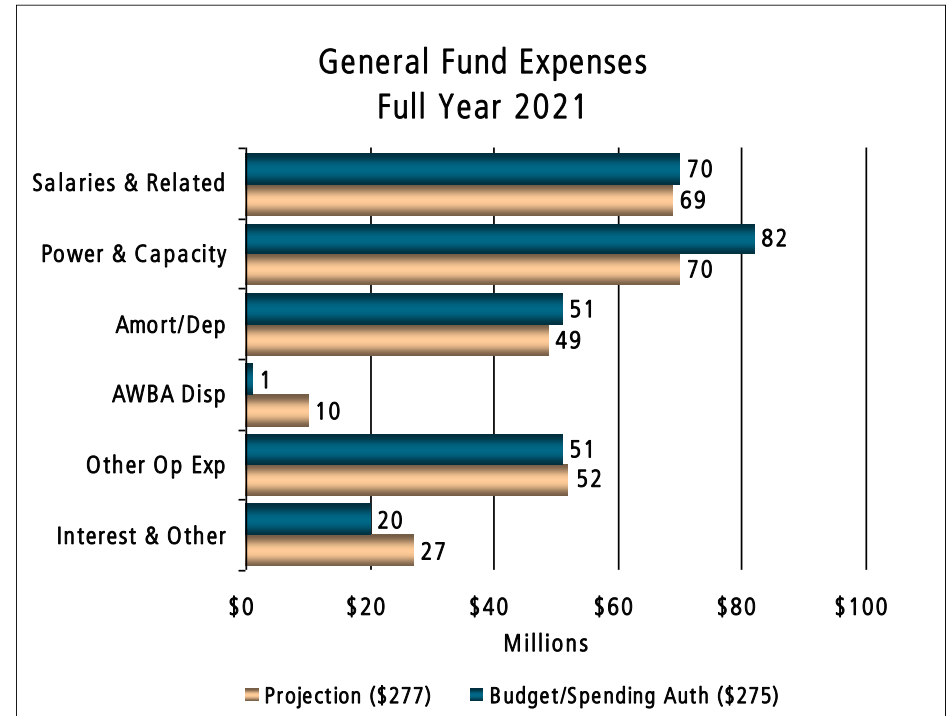
FIRST QUARTER BUDGET PERFORMANCE: Total General Fund expenses through March 2021 were \$6 million lower than budget. This variance was due to:

- \$7 million lower energy and energy-related expenses due to lower per unit energy costs than budgeted;
- \$1 million lower depreciation expense due to delay of capital projects; and
- \$2 million higher AWBA disbursements based on their requests.



FULL YEAR 2021 BUDGET PERFORMANCE: Total expenses for 2021 are anticipated to be \$277 million compared to spending authority of \$275 million.

- Salaries and related expenses are expected to be \$1 million lower due to vacancy savings and projected decreases in vested paid time off;
- Pumping energy and capacity expense is expected to be \$12 million below budget due to obtain lower than anticipated per unit energy pricing (see pages 32 and 33 for further detail);
- Amortization and depreciation expense is projected to be \$2 million below budget due to a decrease in capital spending, much of which are delays related to COVID-19;
- AWBA disbursements are expected to be \$9 million higher based on requests from AWBA for long term storage credit purchases;
- Other operating expenses are projected to be \$1 million higher due to higher transmission losses partially offset by lower outside services; and
- Interest and other non-operating expenses are expected to be \$7 million higher due to the write-down on the NIA reallocation.



Strategic Reserves and Working Capital Reserves

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.

Working Capital Reserves are self-replenishing reserves used to smooth out timing differences in revenues and spending within and across years.

The CAWCD Board reviews the strategic reserves target biennially and on April 16, 2020 approved separate revised reserve targets: strategic reserves of \$153 million and working capital reserves of \$51 million. The target was previously \$144 million for strategic reserves and \$35 million for working capital reserves.

Known planned expenditures 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 the strategic reserves. At the end of 2020, strategic reserves were \$146 million.

Strategic Reserves & Working Capital Reserves Targets

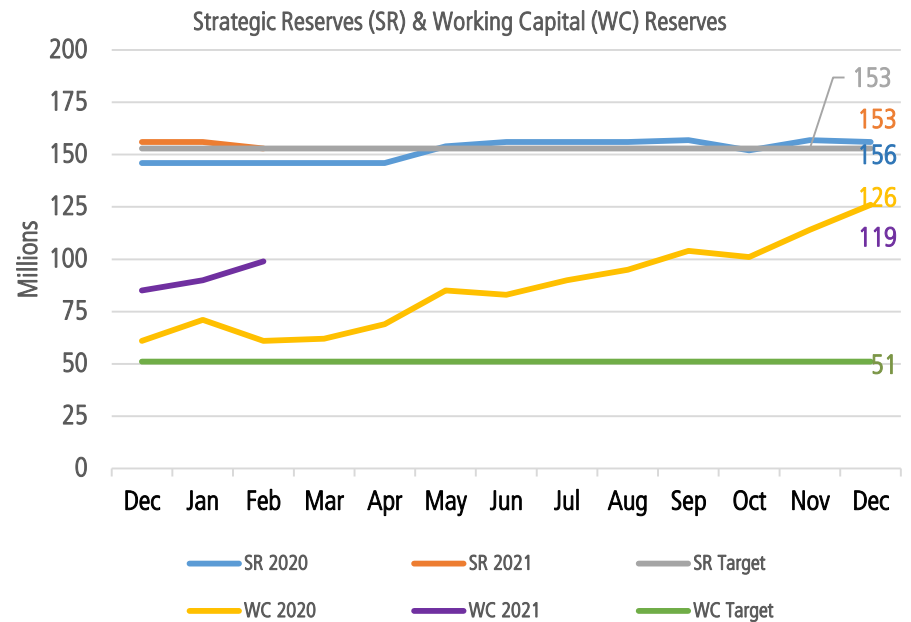
(Dollars in Millions)

Strategic Reserves/Restricted Reserves

Capital Reserve	\$70
Operating Reserve	\$75
Contingency Reserve	\$8
Total Strategic Reserves Target	\$153
<hr/>	
Total Working Capital Reserves Target	\$51

Working Capital reserves will fluctuate depending on operational needs of the District and capital spending. At the end of 2020, Working Capital reserves were \$126 million. As of March 2021, working capital reserves were \$98 million, a decrease of \$28 million mainly due to a \$37M Federal Debt payment in January, partially offset by delays in capital expenditures and lower energy costs. Reserves typically decrease during the year until property taxes are received primarily in May-June and again in November-December.

Year end 2021 Working Capital reserves are expected to be \$119 million. Inclusion of projected Federal Debt cash make-up payment due January 2022 of \$52 million and rate reconciliation payments due to customers of \$5 million in April 2022 reduces the forecast working capital reserves to \$62 million compared to the target of \$51 million.



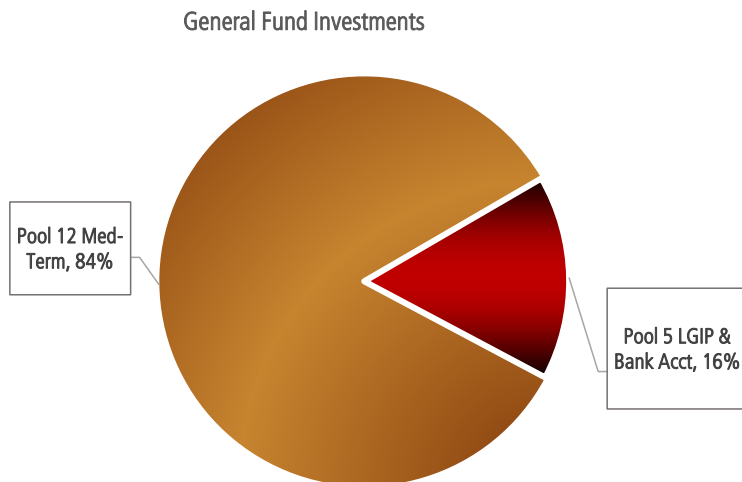
General Fund Cash and Investments

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 March 2021 was 1.39% for pool 12 and 0.09% 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	
	3/31/21	12/31/20
Strategic Reserves		
Restricted Reserves		
Major Repair & Replacement Reserve	12	12
Assigned Reserves		
Capital Reserve	58	59
Operating Reserve	75	77
Contingency Reserve	8	8
Total Strategic Reserves	153	156
Working Capital Reserves		
Unrestricted Reserves		
Cash (BoFA)	8	13
Working Capital Reserve	90	113
Total Working Capital Reserves	\$ 98	\$ 126
Other Reserves		
Navajo Decommissioning	\$ 41	\$ 47
SO2 Rate Stabilization	-	-
Repayment Reserve	40	41
Emergency OM&R Reserve	7	7
System Use Reserve	4	5
Tribal ICS Reserve	20	20
Rate Stabilization	29	30
Voluntary Rate Stabilization	7	7
Bond Reserve	4	6
Recovery Reserve	11	11
Recharge O & M	8	7
Extraordinary Cost	19	20
Water Storage Tax	77	81
Total Other Reserves	267	282
Total Reserves	\$ 518	\$ 564

Statement of Revenues, Expenses and Change in Net Position

General Fund

(Dollars in Thousands)

	1st Quarter 2021				Full Year 2021						Notes
	Actual	Budget	Variance		Projection	Budget	Budget Adjustments	Total Spending Authority	Variance		
			(\$)	(%)					(\$)	(%)	
Water Deliveries (acre-feet in thousands)	228	280	(52)	(18.7%)	1,393	1,474	-	1,474	(81)	(5.5%)	
Operating Revenues											
Water O&M charges	\$ 33,662	\$ 40,254	(6,592)	(16.4%)	\$ 194,617	\$ 207,196	\$ -	\$ 207,196	\$ (12,579)	(6.1%)	A
Water service capital charges	9,063	10,543	(1,480)	(14.0%)	77,179	42,173	-	42,173	35,006	83.0%	B
Power and Basin Development Fund revenues	1,724	1,625	99	6.1%	7,798	7,798	-	7,798	-	0.0%	C
Other revenues	470	481	(11)	(2.3%)	2,048	2,014	-	2,014	34	1.7%	D
Total Operating Revenues	\$ 44,919	\$ 52,903	\$ (7,984)	(15.1%)	\$ 281,642	\$ 259,181	\$ -	\$ 259,181	\$ 22,461	8.7%	
Operating Expenses											
Salaries and related costs	\$ (16,945)	\$ (16,824)	\$ (121)	(0.7%)	\$ (68,899)	\$ (69,700)	\$ -	\$ (69,700)	\$ 801	1.1%	E
Pumping power and capacity charges	(8,839)	(15,862)	7,023	44.3%	(70,143)	(81,989)	-	(81,989)	11,846	14.4%	F
Transmission	(3,692)	(3,334)	(358)	(10.7%)	(15,780)	(13,366)	-	(13,366)	(2,414)	(18.1%)	G
Amortization of Permanent Service Right	(5,750)	(5,750)	-	0.0%	(23,001)	(23,000)	-	(23,000)	(1)	(0.0%)	
Depreciation and Amortization	(6,365)	(7,004)	639	9.1%	(26,432)	(28,016)	-	(28,016)	1,584	5.7%	H
Other operating costs:											
Outside services	(4,682)	(4,325)	(357)	(8.3%)	(24,467)	(24,974)	-	(24,974)	507	2.0%	I
Materials and supplies	(1,440)	(1,675)	235	14.0%	(8,399)	(8,361)	-	(8,361)	(38)	(0.5%)	J
Overhead	1,189	1,448	(259)	(17.9%)	5,022	5,247	-	5,247	(225)	(4.3%)	
Other expenses	(1,819)	(2,506)	687	27.4%	(9,085)	(9,757)	-	(9,757)	672	6.9%	K
Subtotal	(6,752)	(7,058)	306	4.3%	(36,929)	(37,845)	-	(37,845)	916	2.4%	
Total Operating Expenses	(48,343)	(55,832)	7,489	13.4%	(241,184)	(253,916)	-	(253,916)	12,732	5.0%	
Operating Income/(Loss)	\$ (3,424)	\$ (2,929)	\$ (495)	(16.9%)	\$ 40,458	\$ 5,265	\$ -	\$ 5,265	\$ 35,193	668.4%	
Non-Operating Revenues/(Expenses)											
Property taxes	\$ 1	\$ -	\$ 1		\$ 86,916	\$ 86,483		86,483	433	0.5%	L
Interest income and other	(9,089)	2,299	(11,388)	(495.3%)	15,235	11,564	-	11,564	3,671	31.7%	M
Disbursements to AWBA	(1,802)	(135)	(1,667)	(1234.8%)	(10,313)	(540)	-	(540)	(9,773)	(1809.8%)	N
Interest expense and other	(5,059)	(5,055)	(4)	(0.1%)	(27,492)	(20,219)	-	(20,219)	(7,273)	(36.0%)	O
Net Non-operating Income/(Loss)	(15,949)	(2,891)	(13,058)	(451.7%)	64,346	77,288	-	77,288	(12,942)	(16.7%)	
Change in Net Position	(19,373)	(5,820)	(13,553)	(232.9%)	104,804	82,553	-	82,553	22,251	27.0%	
Net Position at beginning of period	639,437	645,322	(5,885)	(0.9%)	639,437	645,322	-	645,322	(5,885)	(0.9%)	
Net Position at end of period	\$ 620,064	\$ 639,502	\$ (19,438)	(3.0%)	\$ 744,241	\$ 727,875	\$ -	\$ 727,875	\$ 16,366	2.2%	

Statement of Revenues, Expenses and Change in Net Position

General Fund

Notes

- A **Water O&M Charges:** Water deliveries are projected to decrease by 59 thousand or 4% in 2021. Water O&M revenues are \$12.6 million or 6.1% less than budget due mainly to a reduction in the Full Year reconciled rate when compared to the published rate and a reduction in revenue-generating deliveries due to the Tribal DCP Mitigation offset program of approximately 54,000 acre-feet. □
- B **Water Service Capital Charges:** Full year capital charge for 2021 is \$35 Million more than budget. This is due in part to a \$40.6 Million back capital charge collection on NIA water expected this year reduced by a \$13 per acre feet reduction in 2021 actual Capital Charge rate when compared to the published rate. There is also a 47.3 thousand acre feet or \$2.5 Million in additional acre feet for the M&I subcontract customers related to the Hohokum CDR allocations that were not budgeted.□
- C **Power and Other Basin Fund Revenues:** Full year revenues are projected to be on budget. While net transmission revenues which include line losses are expected to be lower than budget, net miscellaneous, Hoover and Parker Davis revenues are forecast to exceed budget.
- D **Other Revenues:** 2021 Other revenues is \$34 thousand more than budget due in part to \$252 thousand more in projected recharge lease revenues due to an increase in recharge deliveries to our recharge sites.This is offset by a \$218 thousand less revenues in miscellaneous income, assets disposal and land use.
- E **Salaries and Related Costs:** Salaries and related costs are projected to be under budget due to vacancy savings and the projected decrease in vested vacation and sick leaves liability as a result of the removal of temporary exemption of maximum vacation accrual that was put in place in 2020.
- F **Pumping power and capacity charges:** Lower water delivery volume contributes to the lower overall energy costs. Additionally, favorable energy sales in the first quarter were achieved by reducing the pumping load, contributing to a significantly lower \$/MWH average.
- G **Transmission:** Losses were previously included in energy costs, but separated in 2020 and are now reflected in Transmission.
- H **Depreciation and Amortization:** Full year positive variance is due, primarily, to 2020 projects anticipated to be completed during and placed into service during the year. Capital is anticipating to close 5 projects this year that was originally delayed in 2020 due to COVID-19.Full year positive variance is due, primarily, to 2020 projects anticipated to be completed and placed into service during the year. Due to COVID-19, contractual suspensions were enacted on projects primarily in the construction phase, therefore they will not incur depreciation this year.
- I **Outside Services:** Full year positive variance of \$507 thousand is due in part to reduced expenditures related to Computer software professional /consulting services due to COVID-19 stay at home restrictions.
- J **Materials and Supplies:** Full year \$38 thousand negative variance is attributed in part to an anticipated increase in costs related to material supplies/licenses/fees and permits as we transition back to in-person working at HQ.
- K **Other Expenses:** Full year positive variance of \$672 thousand is due mostly to \$654 thousand savings in related employee in and out of state travel expenses due to COVID-19 travel restrictions.
- L **Property Taxes:** Property Tax Revenue for year 2020-21 was recorded in September 2020. The Elliott Pollack property tax forecast for Maricopa County was revised higher in 2021. Property Tax is forecasted \$433K higher for this reason.
- M **Interest Income and Other:** YTD negative variance due to lower Fair Value adjustment and lower interest income. Full year projection higher due to anticipated interest income related to NIA reallocation back capital charges by year end, partially offset by negative Fair Value adjustments and lower interest income. Lower interest rate environment is negatively affecting Fair Value on Pool 12 bond investments.
- N **Disbursements to AWBA:** \$10.3 million is the anticipated transfer to AWBA for LTSC purchases as well as for administration costs in 2021. The administration costs are budgeted but the LTSC purchases are not budgeted. Annually, the Board determines the amount to transfer based on the amount requested by AWBA.
- O **Interest Expense and Other:** Full year negative variance of \$7.3M is due to unbudgeted write-down on NIA Reallocation.

Water Volumes

(in Acre-Feet)

	1st Quarter 2021				Full Year 2021				Notes
	Actual	Budget	Variance		Projection	Budget	Variance		
			(A/F)	(%)			(A/F)	(%)	
Municipal & Industrial Water Subcontract	102,320	111,755	(9,435)	(8.4%)	607,561	615,173	(7,612)	(1.2%)	A
Federal Contract									
On-reservation	17,477	32,891	(15,414)	(46.9%)	187,283	206,098	(18,815)	(9.1%)	B
Off-reservation	78,890	90,924	(12,034)	(13.2%)	341,790	377,019	(35,229)	(9.3%)	C
Subtotal Federal Contract	96,367	123,815	(27,448)	(22.2%)	529,073	583,117	(54,044)	(9.3%)	
Excess									
Ag Settlement Pool (includes Ag Forbearance)	28,871	39,201	(10,330)	(26.4%)	256,110	253,854	2,256	0.9%	D
CAGRD Obligation	-	-	-	-	-	-	-	-	
CAGRD Obligation @ Scottsdale IWDS	-	-	-	-	-	-	-	-	E
AWBA	-	-	-	-	-	-	-	-	F
AWBA Interstate Banking Water	-	-	-	-	-	-	-	-	
USBR Firming	-	-	-	-	-	-	-	-	G
CAGRD Replenishment Reserve	-	-	-	-	-	-	-	-	H
Temporary water use permits	162	132	30	22.7%	625	625	-	0.0%	
Full Cost Excess (Unscheduled overruns)	-	-	-	-	-	-	-	-	
Subtotal Excess	29,033	39,333	(10,300)	(26.2%)	256,735	254,479	2,256	0.9%	
Total Water Deliveries	227,720	274,903	(47,183)	(17.2%)	1,393,369	1,452,769	(59,400)	(4.1%)	
Transfer of credits to CAGRD		3,802	(3,802)	(100.0%)	15,209	15,209	-	0.0%	
Take or Pay/Adjustment		1,500	(1,500)	(100.0%)	6,000	6,000	-	0.0%	
Billed Fixed OM&R Water Volumes	227,720	280,205	(52,485)	(18.7%)	1,414,578	1,473,978	(59,400)	(4.0%)	

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:** 2021 YTD and Full year forecast deliveries are 9K and 8K acre-feet respectively less than budget due to an overall decrease in M&I water orders and daily customer needs.□
- B **Federal On Reservation:** 2021 YTD and Full year deliveries are 15K and 19K acre-feet less than budget; the full year variance is due to Lake Mead contributions of 40,000 acre-feet for GRIC DCP Mitigation Offset and 13,933 acre-feet of FMYN System Conservation. The YTD variance is due to both Lake Mead contributions and customer needs.□
- C **Federal Off Reservation:** 2021 YTD and Full year deliveries are 12K and 35K acre-feet lower than budget; the full year variance is due to Lake Mead contributions of 40,000 acre-feet for GRIC DCP Mitigation Offset and 13,933 acre-feet of FMYN System Conservation. The YTD variance is due to both Lake Mead contributions and customer needs.
- D **Ag Settlement Pool:** Q1 YTD deliveries is 10K acre-feet or 26% less than budgeted because of low demand. Full year is projected to be 2K acre-feet or 0.9% more than budget due to less participation in the Ag Forbearance 3 than forecasted.
- E **CAGR D Obligation @ Scottsdale IWDS:** There are no planned deliveries to this customer this year.
- F **AWBA:** There are no planned deliveries this year.
- G **USBR FIRMING:** There are no planned deliveries this year.
- H **CAGR D Replenishment Reserve:** There are no planned deliveries tthis year.
- I **Capital and Facility Use Charges M&I Subcontractors:** 47K acre-feet in additional M&I allocations for Hohokum CDR that was not budgeted.□
- J **Capital and Facility Use Charges M&I Non-Subcontractors:** Decrease in the capital charge rate, which lowers the CAGR D charges on the LTSC credit purchases from CAWCD.



Water Revenues and Capital Charges

(Dollars in Thousands)

	1st Quarter 2021				Full Year 2021				Notes
	Actual	Budget	Variance		Projection	Budget	Variance		
			(\$)	(%)			(\$)	(%)	
WATER REVENUES									
Municipal & Industrial Water Subcontract	\$ 16,371	\$ 17,670	(1,299)	-7%	\$ 94,603	97,265	(2,662)	-3%	A
Federal Contract									
On-reservation	\$ 2,796	\$ 5,200	(2,404)	(46.2%)	\$ 29,162	32,586	(3,424)	(10.5%)	B
Off-reservation	12,622	14,344	(1,722)	(12.0%)	53,220	59,610	(6,390)	(10.7%)	C
Subtotal Federal Contract	15,418	19,544	(4,126)	(21.1%)	82,382	92,196	(9,814)	(10.6%)	
Excess									
Ag Settlement Pool (includes Ag Forbearance)	1,617	2,234	(617)	(27.6%)	14,342	14,470	(128)	(0.9%)	D
CAGR D Obligation	-	-	-	-	-	-	-	-	
CAGR D Obligation @ Scottsdale IWDS	-	-	-	-	-	-	-	-	E
AWBA	-	-	-	-	-	-	-	-	F
AWBA Interstate Banking Water	-	-	-	-	-	-	-	-	
USBR FIRMING	-	-	-	-	-	-	-	-	G
CAGR D Replenishment Reserve	-	-	-	-	-	-	-	-	H
Water Revenues Contra WSTA	177	-	177	-	-	-	-	-	
Temporary water use permits	79	59	20	0	306	277	29	10.5%	
Full Cost Excess (Unscheduled overruns)	-	-	-	-	-	-	-	-	
Subtotal Excess	1,873	2,293	(420)	(0)	14,648	14,747	(99)	(0.7%)	
Total Water Deliveries	33,662	39,507	(5,845)	(0)	191,633	204,208	(12,575)	(6.2%)	
Misc. Adjustments	-	-	-	-	-	-	-	-	
Transfer of credits to CAGR D	-	597	(597)	(100.0%)	2,368	2,388	(20)	(0.8%)	
Take/Pay Adj.	-	150	(150)	(100.0%)	616	600	16	2.7%	
Total Water O&M Charges	\$ 33,662	\$ 40,254	\$ (6,592)	(16.4%)	\$ 194,617	207,196	\$ (12,579)	(6.1%)	
CAPITAL & FACILITY USE CHARGES									
M&I subcontractors	\$ 8,864	\$ 10,241	(1,377)	(13.4%)	\$ 76,007	40,966	\$ 35,041	85.5%	I
M&I non-subcontract	-	251	(251)	(100.0%)	806	1,004	(198)	(19.7%)	J
Capital Charges - Pima (Interstate)	-	-	-	-	-	-	-	-	
Underground storage facilities	199	51	148	290%	366	203	163	80.3%	
Total Capital & Facility Use Charges	\$ 9,063	\$ 10,543	\$ (1,480)	(14.0%)	\$ 77,179	42,173	\$ 35,006	83.0%	

Notes explaining the variances are shown on page 29.

Energy

	1st Quarter 2021					Full Year 2021				Notes
	2020 Actuals	Actual	Budget	Variance		Projection	Budget	Variance		
				(\$)	(%)			(Amount)	(%)	
ENERGY (MWH)										
Waddell	46,371	-	-	-	n.a.	41,727	37,891	(3,836)	(10.1%)	
Hoover	133,666	32,080	28,478	(3,602)	(12.6%)	135,023	135,546	523	0.4%	
Long-term contracts	304,864	45,339	106,623	61,284	57.5%	346,762	382,160	35,398	9.3%	
Market Purchases	1,975,157	586,504	604,195	17,691	2.9%	1,962,776	2,165,572	202,796	9.4%	
Total MWH	2,460,058	663,923	739,296	75,373	10.2%	2,486,288	2,721,169	234,881	8.6%	
ENERGY RATE (\$/MWH)										
Waddell		\$ -	\$ -	\$ -	n.a.	\$ -	\$ -	\$ -	n.a.	
Hoover	\$ 39.56	41.68	45.93	4.25	9.3%	42.50	39.06	(3.44)	(8.8%)	
Long-term contracts	36.38	48.10	32.75	(15.35)	(46.9%)	37.95	36.06	(1.89)	(5.2%)	A
Market Purchases	22.49	20.97	27.43	6.46	23.6%	24.40	27.42	3.02	11.0%	
Grand Weighted Average \$/MWH	\$ 25.19	\$ 23.82	\$ 28.91	\$ 5.09	17.6%	\$ 27.32	28.83	\$ 1.51	5.2%	
ENERGY COSTS (\$000)										
Waddell		\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	n.a.	
Hoover	\$ 5,288	1,337	1,308	(29)	(2.2%)	5,738	5,294	(444)	(8.4%)	
Long-term contracts	11,091	2,181	3,492	1,311	37.5%	13,160	13,781	621	4.5%	A
Market Purchases	44,418	12,297	16,572	4,275	25.8%	47,898	59,379	11,481	19.3%	B
Gross Energy Costs (\$000)	\$ 60,797	\$ 15,815	\$ 21,373	\$ 5,557	26.0%	\$ 66,796	\$ 78,454	\$ 11,658	14.9%	
Energy Scheduling Services	\$ 1,256	\$ 224	\$ 342	\$ 118	35%	\$ 1,053	\$ 1,366	\$ 313	23%	
Energy Balancing Services	-	-	-	-	0%	-	-	-	0%	
Shaping & Displacement Adjustment	-	-	-	-	0%	-	-	-	0%	
MWD Agreement Expense	58	-	18	18	100%	70	70	-	0%	
Lake Pleasant Adjustment	6,315	(7,047)	(5,870)	1,177	(20%)	2,225	2,098	(127)	(6%)	C
Lake Roosevelt Adjustment	(269)	(153)	-	153	n.a.	(1)	-	1	n.a.	C
Energy and Related Costs (\$000)	\$ 68,157	\$ 8,839	\$ 15,863	\$ 7,023	44.3%	\$ 70,143	\$ 81,988	\$ 11,845	14.4%	
POWER TRANSMISSION										
Elec Trans-Losses	3,236	\$ 725	-	\$ (725)	n.a.	\$ 3,476	\$ -	\$ (3,476)	n.a.	D
Elec Trans-SRP SALT GILA	509	60	175	115	65.7%	375	700	325	46%	D
Elec Trans-Brady/Pich/RR	366	83	125	42	33.6%	458	500	42	8%	D
Elec Trans-WECC Trans	244	32	67	35	52.2%	236	298	62	21%	D
Total Pumping Costs (\$000)	\$ 72,512	\$ 9,739	\$ 16,230	\$ 6,490	40.0%	\$ 74,688	\$ 83,486	\$ 8,798	10.5%	

Notes explaining the variances are shown on page 33.

Energy

Notes

- A As part of the CAP power portfolio, two long-term contracts were solidified at the end of 2019. A 20-year power purchase agreement for energy from a solar facility and a 5-year power purchase agreement from Salt River Project (SRP).
- B The first quarter brought favorable energy sales, by reducing the pumping load, due to a significant winter freeze that occurred in another part of the country during February 2021.
- 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 Lake are held as inventory rather than being expensed. When used, the inventory amount is added to the energy cost.
- D Transmission costs that are variable in nature are included in Pumping Energy costs.

Underground Storage Operations and Maintenance

(Dollars in Thousands)

	1st Quarter 2021				Full Year 2021				Notes
	Actual	Budget	Variance (\$)	Variance (%)	Projection	Budget	Variance (\$)	Variance (%)	
Water Deliveries (000 acre-feet)	42	21	21	100.0%	111	93	18	19.4%	
Revenues									
Other revenues	582	310	272	87.7%	1,544	1,293	251	19.4%	
Total Revenues	\$ 582	\$ 310	\$ 272	87.7%	\$ 1,544	\$ 1,293	\$ 251	19.4%	
Expenses									
Salaries and related costs	\$ (23)	\$ (57)	\$ 34	59.6%	\$ (194)	\$ (226)	\$ 31	13.9%	
Other operating costs:									
Outside services	(11)	(56)	45	80.4%	(233)	(180)	(52)	(28.6%)	
Materials and supplies	(2)	(18)	16	88.9%	(66)	(72)	7	9.0%	
Other expenses	(214)	(174)	(40)	(23.0%)	(731)	(684)	(48)	(6.9%)	
Subtotal	(227)	(248)	21	8.5%	(1,029)	(936)	(93)	(9.9%)	
Total Expenses	\$ (250)	\$ (305)	\$ 55	18.0%	\$ (1,223)	\$ (1,161)	\$ (61)	(5.3%)	
Change in Net Position	332	5	327	6540.0%	321	132	190	(144.0%)	
Net position at beginning of period	\$ 7,190	4,485	2,705	60.3%	7,190	4,485	2,705	60.3%	
Net position at end of period	\$ 7,522	\$ 4,490	\$ 3,032	67.5%	\$ 7,511	\$ 4,617	\$ 2,895	62.7%	
Expense Summary									
Aqua Fria	\$ (4)	\$ (26)	\$ 22	84.6%	\$ (83)	\$ (101)	\$ 18	17.8%	A
Hieroglyphic Mountains	(44)	(67)	23	34.3%	(299)	(218)	(81)	(37.2%)	B
Lower Santa Cruz	(109)	(104)	(5)	(4.8%)	(417)	(415)	(2)	(0.5%)	C
Pima Mine Road	(3)	(35)	32	91.4%	(117)	(142)	25	17.6%	D
Superstition Mountain	(71)	(57)	(14)	(24.6%)	(241)	(223)	(18)	(8.1%)	E
Tonopah Desert	(19)	(16)	(3)	(18.8%)	(66)	(62)	(4)	(6.5%)	F
Total	\$ (250)	\$ (305)	\$ 55	18.0%	\$ (1,223)	\$ (1,161)	\$ (62)	(5.3%)	

Notes explaining the variances are shown on the next page.

Underground Storage Operations and Maintenance

Notes

- A **Agua Fria:** 2021 deliveries are projected to be 7 thousand acre feet higher than budget, resulting in additional revenue of \$98 thousand. Total project costs are projected to be \$18 thousand less than budget due mainly to reduced regular annual maintenance costs, resulting in lower salaries/wages and overhead.□
- B **Hieroglyphic Mountains:** 2021 deliveries are projected to be 3 thousand acre feet higher than budget, resulting in additional revenue of \$39 thousand. Total project costs are projected to be \$81 thousand higher than budget due mainly to a shift of annual maintenance costs from other recharge sites and an increase in energy costs.□
- C **Lower Santa Cruz:** Lower Santa Cruz: YTD deliveries are 5 thousand higher than YTD budget, full year is forecasted to be 4 thousand acre feet higher than budget. This resulted in \$64 thousand more revenue in 2021 when compared to budget . Total costs are projected to be \$2 thousand higher than budget due mostly to an increase in wheeling fees resulting from an increase in deliveries. □
- D **Pima Mine Rd:** 2021 deliveries are projected to increase by 3 thousand acre feet, resulting in additional \$46 thousand revenue. Total expenses are projected to be \$25 thousand less than budget, due mainly to a reduction in overhead and salaries/wages.□
- E **Superstition Mountain:** YTD deliveries are 10 thousand acre feet higher than YTD budget resulting in additional \$4 thousand in revenues, full year deliveries are projected to be within budgetary limits. Total expenses are \$18 thousand higher than budget due mainly to an increase in consulting services and energy related cost.□
- F **Tonopah Desert:** There were no planned deliveries to Tonopah this year but regularly planned maintenance will still be done. Total cost is projected to be \$3 thousand higher than budget due mainly to an increase in material supplies for regular planned maintenance.□

2021 Rate Reconciliation

(Dollars in Thousands)

	Projection	Published	Budget
General Fund Operating Expenses	\$ 241,184	\$ 257,284	\$ 253,917
Adjustments for O&M Expenses			
Depreciation & Amortization	(49,433)	(51,017)	(51,017)
Pumping energy and capacity charges	(70,143)	(80,597)	(81,989)
Transmission Adjustment	(4,545)	(1,498)	(1,504)
Underground storage site O&M	(1,223)	(1,161)	(1,161)
Extraordinary Maintenance (when part of "Big R")	-	(3,870)	-
Other income	(504)	(722)	(511)
Fixed O&M payment on tribal ICS	(3,120)	-	-
Wheeling Capacity Improvement Study	(368)	(500)	(500)
DCP Mitigation Cost Adjustment	(361)	(406)	(406)
Recovery Expenses	(3,000)	(3,000)	(3,000)
Total Adjustments	(132,697)	(142,771)	(140,088)
Fixed O&M Expenses	\$ 108,487	\$ 114,513	\$ 113,829
Pumping Energy & Hoover capacity charges			
Pumping energy and capacity charges	\$ 70,143	\$ 80,597	\$ 81,989
Transmission Adjustment	4,545	1,498	1,504
Total Pumping Energy & Hoover capacity charges	\$ 74,688	\$ 82,095	\$ 83,493

Calculation of Reconciled Water Rates

Subcontract / Federal Rates				Variance	Variance
	Projection	Published	Budget	Published vs Proj	Bdgt vs Proj
Water Delivery Costs (Thousands)					
Fixed O&M Expenses	\$ 108,487	\$ 114,513	\$ 113,829	\$ 6,026	\$ 5,342
Total Pumping Energy Expenses	\$ 74,688	\$ 82,095	\$ 83,493	\$ 7,407	\$ 8,805
Water Delivery (Acre-Feet)					
Total water deliveries with credits	1,408,578	1,474,000	1,467,978	65,422	59,400
Take or Pay adjustment	6,000	6,000	6,000	-	-
Billed Fixed OM&R Water Volume	1,414,578	1,480,000	1,473,978	65,422	59,400
Pumping Energy Rate 1 Water Volume	1,408,578	1,474,000	1,467,978	65,422	59,400
Water Delivery Rate (\$/AF)					
Calculated Fixed O&M Rate	\$ 76.69	\$ 78.00	\$ 77.23	\$ 1.31	\$ 0.54
Capital Replacement Component ("Big R")	26.00	26.00	24.00	-	(2.00)
Total Fixed OM&R	102.69	104.00	101.23	1.31	(1.46)
Calculated Pumping Energy Rate	53.02	56.00	56.88	2.98	3.86
Total Pumping Energy Rate 1	53.02	56.00	56.88	2.98	3.86
Total Delivery Rate	\$ 155.71	\$ 160.00	\$ 158.11	\$ 4.29	\$ 2.40

Long Term Contract reconciliation-Fixed OM&R (\$000)- (refund)/bill	\$ (1,489)
Long Term Contract reconciliation-Energy (\$000)- (refund)/bill	\$ (3,387)
Total Long Term Contract reconciliation (\$000)- (refund)/bill	\$ (4,876)

Extraordinary Maintenance & Operating Projects

(Dollars in Thousands)

	1st Quarter 2021				Full Year 2021				Notes
	Actual	Budget	Variance		Projection	Budget	Variance		
			(\$)	(%)			(\$)	(%)	
Expenses									
Salaries and related costs	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-	
Other operating costs:									
Outside services	-	-	-	-	-	\$ -	-	-	
Materials and supplies	-	-	-	-	-	\$ -	-	-	
Other expenses/overhead	-	-	-	-	-	-	-	-	
Subtotal	-	-	-	-	-	-	-	-	
Total Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-	
EM-Manifold Relining at LHQ/HSY					-	-	-	-	
EM-Siphon Repairs at Salt River					-	-	-	-	A
Total					\$ -	\$ -	\$ -	-	



Central Arizona Groundwater Replenishment District (CAGRDR) Account

BUDGET PERFORMANCE - Full Year 2021

<i>(Dollars in Thousands)</i>	Projected	Spending Authority	Change	
Revenues	\$ 53,384	\$ 59,344	\$ (5,960)	(10%)
Expenses	(38,586)	(20,793)	(17,793)	(86%)
Change in Net Position	14,798	38,551	(23,753)	(62%)
Beginning Net Position	238,928	242,810	(3,882)	
Ending Net Position	\$ 253,726	\$ 281,361	\$ (27,635)	

Total Revenues

Total revenues are projected to be \$53 million in 2021, which is \$5.9 million lower than budget. Revenues from rates are projected to be under budget by \$3.7 million due to lower 2020 replenishment obligation acre-feet. Membership dues are expected to be lower than budget by \$4.2 million due to lower rates. Revenue from fees will exceed budget by \$1.0 million due to higher projected volumes for 2021 activations. Interest income/fair value adjustment is projected to be \$0.3 million lower than budget. Other non-operating income is projected to be \$1.2 million higher due to the Peoria M&I reallocation.

Total Expenses

Expenses are projected to be \$17.8 million higher than total spending authority. The expense for water represents an estimate of 2021 pumping and any 2021 long term storage credit purchases from CAP. In the 2021 budget, acre feet for 2021 pumping was estimated at 37,937 acre feet. The full year forecast has lowered this estimate to 33,086 a difference of \$4.7 million in water expense. The 2021 budget planned to purchase 16,423 long term storage credits, but the full year forecast has been lowered to 15,482 credits for a cost of \$3.3 million which is a reduction of \$829 thousand from the budget. In addition, \$15,830 of water expense will be incurred due to the NIA reallocation purchase.

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 also has secured a State recommendation for an entitlement to NIA-priority CAP water, 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 a replenishment reserve as required by state law.



Statement of Revenues, Expenses and Change in Net Position

CAGR

(Dollars in Thousands)

	1st Quarter 2021				Full Year 2021						Notes
	Actual	Budget	Variance (\$)	Variance (%)	Projection	Budget	Budget Adjustments	Total Spending Authority	Variance (\$)	Variance (%)	
Operating Revenues											
Other revenues	\$ 6,667	\$ 3,737	\$ 2,930	78.4%	\$ 51,811	58,712		\$ 58,712	\$ (6,901)	(11.8%)	A
Total Operating Revenues	\$ 6,667	\$ 3,737	2,930	78.4%	\$ 51,811	58,712		58,712	(6,901)	(11.8%)	
Operating Expenses											
Salaries and related costs	\$ (282)	\$ (313)	\$ 31	9.9%	\$ (1,111)	(1,251)		\$ (1,251)	\$ 140	11.2%	
Depreciation	(15)	(15)	-	0.0%	(61)	(61)		(61)	-	0.0%	
Other operating costs:											
Outside services	(33)	(111)	78	70.3%	(450)	(450)	-	(450)	-	0.0%	B
Water for underground storage	-	-	-		(27,642)	(17,329)		(17,329)	(10,313)	(59.5%)	C
Materials and supplies	-	-	-		(1)	(1)		(1)	-	0.0%	
Overhead	(308)	(326)	18	5.5%	(1,172)	(1,304)		(1,304)	132	10.1%	
Other expenses	(2)	(10)	8	80.0%	(35)	(30)		(30)	(5)	(16.7%)	
Subtotal	(343)	(447)	104	23.3%	(29,300)	(19,114)	-	(19,114)	(10,186)	(53.3%)	
Total Operating Expenses	(640)	(775)	135	17.4%	(30,472)	(20,426)	-	(20,426)	(10,046)	(49.2%)	
Net Operating Income/(loss)	\$ 6,027	\$ 2,962	\$ 3,065	103.5%	\$ 21,339	38,286	\$ -	\$ 38,286	\$ (16,947)	(44.3%)	
Non-operating Revenues/(Expenses)											
Interest income and other	\$ (228)	\$ 158	\$ (386)	(244.3%)	\$ 1,573	632		\$ 632	\$ 941	148.9%	D
Interest expense and other	(92)	(92)	-	0.0%	(8,114)	(367)		(367)	\$ (7,747)	(2110.9%)	E
Net Non-operating Income/(Loss)	\$ (320)	\$ 66	(386)	(584.8%)	\$ (6,541)	265	-	265	(6,806)	(2568.3%)	
Change in Net assets	\$ 5,707	\$ 3,028	\$ 2,679	88.5%	\$ 14,798	38,551	\$ -	\$ 38,551	\$ (23,753)	(61.6%)	
Cumulative-effect of Change in Accounting Principles	-	-	-		-	-		-	-		
Change in net position after cumulative-effect	\$ 5,707	\$ 3,028	2,679	88.5%	\$ 14,798	38,551	-	38,551	(23,753)	(61.6%)	
Net position at beginning of period	238,928	242,810	(3,882)	(1.6%)	238,928	242,810		242,810	(3,882)	(1.6%)	
Net position at end of period	\$ 244,635	\$ 245,838	\$ (1,203)	(0.5%)	\$ 253,726	281,361	\$ -	\$ 281,361	\$ (27,635)	(9.8%)	

NOTES:

- A Other Revenues:** YTD revenue exceeded budget by \$2.9 million due to higher activation, enrollment, and upfront fees. Full year revenue for 2021 is projected to be lower than budget by \$6.9 million. Revenues from rates are expected to be \$3.7 million lower than budget due to lower obligation acre feet. Revenues from dues are projected to be \$4.2 million under budget due to lower rates and revenues from fees are projected to be \$1.0 million higher than budget due to higher projected volumes of activations.
- B Outside Services:** YTD is lower than budget due to lower than expected costs for conservation, A1 services, and the Westwater contract. Full year is expected to be on budget due to potential conservation and A1 services.
- C Water for Underground Storage:** The expense for water represents an estimate of 2021 pumping and any 2021 long term storage credit purchases from CAP. In the 2021 budget, acre feet for 2021 pumping was estimated at 37,937 acre feet. The full year forecast has lowered this estimate to 33,086 a difference of \$4.7 million in water expense. The 2021 budget planned to purchase 16,423 long term storage credits, but the full year forecast has been lowered to 15,482 credits for a cost of \$3.3 million which is a reduction of \$829 thousand from the budget. In addition, \$15,830 of water expense will be incurred due to the NIA reallocation purchase.
- D Interest Income and Other:** YTD interest income is below budget due to unfavorable fair values. Full year other income is expected to exceed budget due to the Peiora M&I reallocation of \$1.2 million partially offset by lower interest income due to unfavorable fair values.
- E Interest Expense:** Full year interest expense is expected to exceed budget due to the interest on the back capital charges from the NIA reallocation purchase.

CAGR Replenishment Obligation Year and Corresponding Purchased Water

(in Acre-Feet)

REPLENISHMENT OBLIGATIONS

(Acre-Feet by AMA)

	Phoenix AMA	Pinal AMA	Tucson AMA	Total AMA's
2021				
Outstanding Obligation-Year Ending	26,378	899	2,476	29,753
Prior year obligations adjustment (prev est less CDAR)	4,240	(285)	385	4,340
Obligation Estimate for current year	29,437	972	2,677	33,086
Less CAWCD Deliveries to meet Obligation (CDA)	(30,618)	-	(2,000)	(32,618)
less CAWCD LTSC purchased to meet Obligation	-	(614)	-	(614)
less I&WR LTSC purchased to meet Obligation	-	-	(861)	(861)
Outstanding Obligations at end of 2021	29,437	972	2,677	33,086

CAGRD Reserve Balances - Cash Basis

(Dollars in Thousands)

	2020 Actual	1stQtr 2021 YTD Actual	2021 Forecast
Administrative:			
Beginning Fund Balance	\$ 1,937	\$ 2,186	\$ 2,186
Administrative Component Revenue	1,440	90	1,609
Enrollment Fees	334	7	316
Total Cash Collected	1,774	97	1,925
Administrative (Operating) Expenses	(1,539)	(353)	(1,697)
Total Cash Expended	(1,539)	(353)	(1,697)
Interest Income / Expense	14	1	11
Ending Fund Balance	<u>\$ 2,186</u>	<u>\$ 1,931</u>	<u>\$ 2,425</u>
Infrastructure and Water Rights:			
Beginning Fund Balance	\$ 32,360	\$ 38,788	\$ 38,788
Revenue	32,527	7,422	37,355
Proceeds from Debt Financing	-	-	-
Proceeds from Inventory Transfer to Replen Reserve	1,122	-	-
Water Rights Purchases	-	-	-
Long Term Storage Credits	(11,596)	(113)	(9,510)
NIA reallocation and 9(D) debt	-	-	(7,134)
GRIC and other Lease Considerations	(2,948)	(2,885)	(2,810)
GRIC and other Lease Water Costs	(5,962)	(1,431)	(5,385)
Reimbursement from Water and Replenishment Account	397	-	400
Infrastructure Capital	-	-	-
Technical Studies & Other Operating Expenses	(1,032)	(261)	(1,042)
GRIC Infrastructure Contribution	(2,500)	-	-
Debt Service payments	(3,973)	(993)	(3,971)
Transfer to and Repayment from Water & Replenishment	-	-	-
Interest Income / Expense	393	49	312
Ending Fund Balance	<u>\$ 38,788</u>	<u>\$ 40,576</u>	<u>\$ 47,003</u>

CAGRD Reserve Balances - Cash Basis

(Dollars in Thousands)

	2020 Actual	1stQtr 2021 YTD Actual	2021 Forecast
Water and Replenishment:			
Beginning Fund Balance	\$ 1,923	\$ 6,102	\$ 6,102
Water and Replenishment Revenue	7,480	466	8,172
Transfer Repayment to Infrastructure	-	-	-
Water/Credits Purchased	(3,317)	-	(1,256)
Interest Income / Expense	16	2	18
Ending Fund Balance	<u>\$ 6,102</u>	<u>\$ 6,570</u>	<u>\$ 13,036</u>
Replenishment Reserve:			
Beginning Fund Balance	\$ 1,904	\$ 1,244	\$ 1,244
Replenishment Reserve Revenue	3,565	405	4,284
Water Purchased	(2,963)	-	-
CAP Credits	(876)	-	(3,298)
Other Credits	(397)	-	(400)
Interest Income / Expense	11	1	12
Ending Fund Balance	<u>\$ 1,244</u>	<u>\$ 1,650</u>	<u>\$ 1,842</u>

CAGR Reserve Balances - Cash Basis

(Dollars in Thousands)

	Full Year Forecast 2021					Total
	Phoenix AMA	Pinal AMA	Tucson AMA	Infrastructure	Admin	
Water and Replenishment:						
Beginning Fund Balance	\$ 5,661	\$ 113	\$ 328			\$ 6,102
Revenue	7,279	166	727			8,172
Water/Credits Purchased	(1,256)	-	-			(1,256)
	11,684	279	1,055			13,018
Transfer from Infrastructure	-	-	-			-
Interest Income (Expense)	14	1	3			18
Ending Balance	\$ 11,698	\$ 280	\$ 1,058			\$ 13,036
Replenishment Reserve:						
Beginning Fund Balance	\$ 1,220	\$ 8	\$ 16			\$ 1,244
Revenue	3,798	94	392			4,284
Water Purchased	-	-	-			-
CAP Credits	(3,202)	(96)	-			(3,298)
Other Credits	-	-	(400)			(400)
	1,816	6	8			1,830
Interest Income (Expense)	10	1	1			12
Ending Balance	\$ 1,826	\$ 7	\$ 9			\$ 1,842
Infrastructure and Water Rights:						
Beginning Fund Balance				\$ 38,788		\$ 38,788
Proceeds from Inventory Transfer				-		-
Revenue				37,355		37,355
Technical Studies and Operating Expense				(1,042)		(1,042)
GRIC Infrastructure Contribution				-		-
Debt Service Payments				(3,971)		(3,971)
Water Rights				-		-
GRIC and other Lease Considerations				(2,810)		(2,810)
GRIC and other Lease Water Costs				(5,385)		(5,385)
Reimb from Water & Replenishment Account				400		400
NIA Reallocation and 9(D) debt				(7,134)		(7,134)
Long Term Storage Credits				(9,510)		(9,510)
Interest Income (Expense)				312		312
Ending Fund Balance				\$ 47,003		\$ 47,003
Administrative:						
Beginning Fund Balance				\$ 2,186	\$ 2,186	
Revenue / Transfer				1,925	1,925	
Expense				(1,697)	(1,697)	
Interest Income (Expense)				11	11	
Ending Fund Balance				\$ 2,425	\$ 2,425	

CAGR Enrollment and Activation Summary

Figure 1: Member Land Enrollment

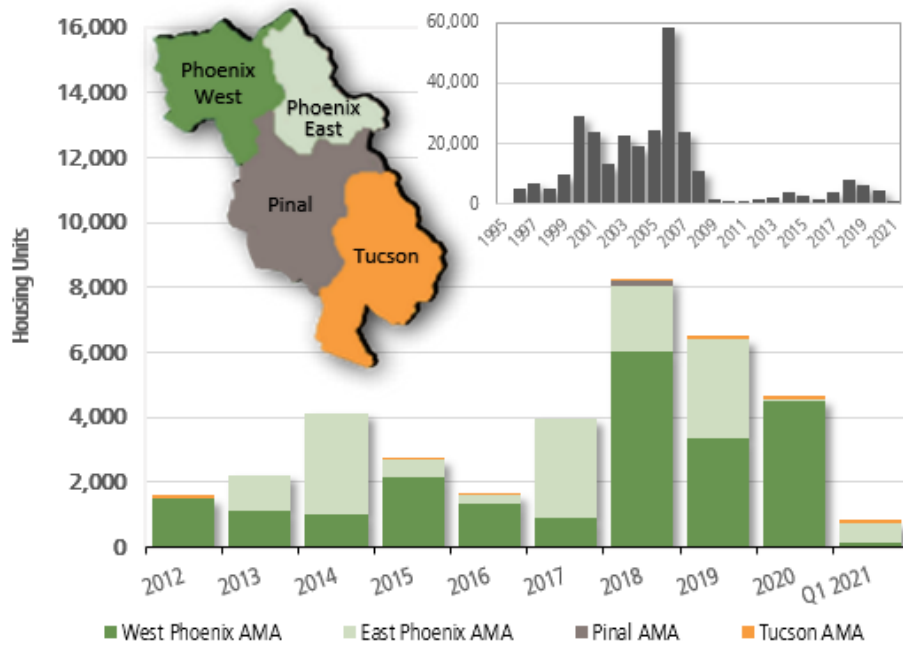


Figure 2: Activation Units

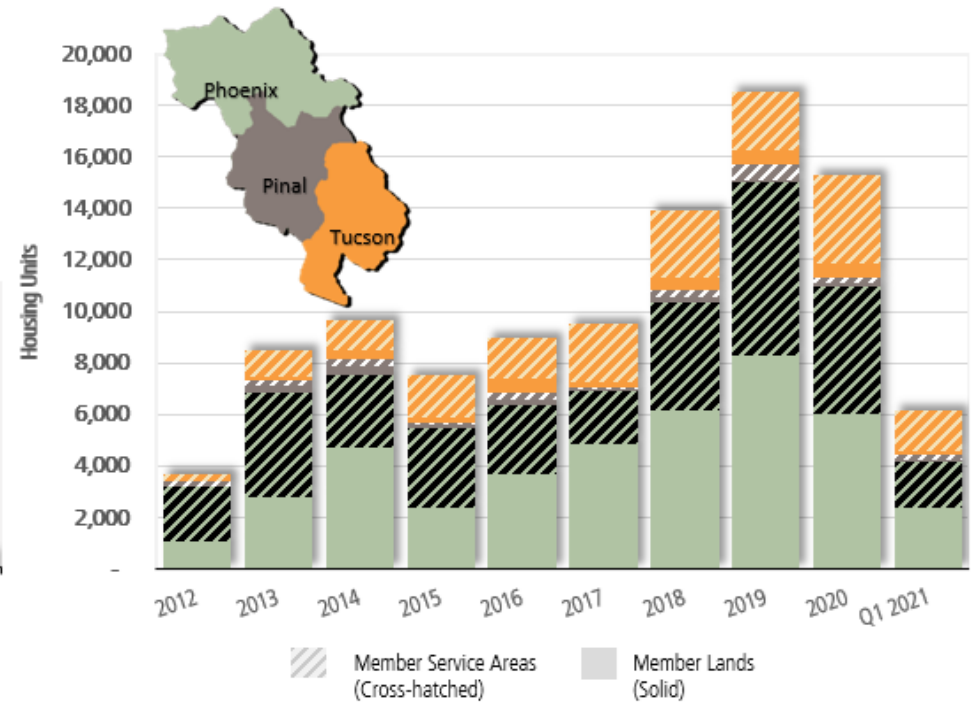


Table 1: Q1 2021 Enrollment Units

AMA	ML Lots	Projected Demand (AF/year)
West Phoenix	139	68
East Phoenix	578	285
Pinal	0	0
Tucson	106	28
TOTAL	823	381

Table 2: Q1 2021 Activation Units

AMA	ML Lots	MSA Lots	Total Lots
Phoenix	2,377	1,777	4,154
Pinal	80	197	277
Tucson	121	1,622	1,743
TOTAL	2,578	3,596	6,174

CAGRDR Enrollment and Activation Summary

Q1 2021 Enrollment

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 2012 through Q1 2021. **Table 1** provides a breakdown by AMA of member land enrollment activity in Q1 2021. The majority of ML enrollment occurred in the Phoenix AMA and was comprised of 4 new subdivisions with 717 lots and with a total projected demand of 353 AF/yr. The East Valley had 3 subdivisions enrolled and encompassed 70% of new membership (578 lots) with a projected annual demand of 285 AF/yr. The West Valley had 1 enrollment with 139 lots and with a projected demand of 68 AF/yr. Additionally, one subdivision with 106 lots and 28 AF/yr projected demand enrolled in the Tucson AMA. No new subdivisions enrolled within the Pinal AMA in Q1 2021.

No new Member Service Areas (MSAs) enrolled in Q 2021 and there were no de-enrollments.

Q1 2021 Activation

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. In Q1 2021, the number of lots activated totaled 6,174 (Member Land lots = 2,578; Member Service Area lots = 3,596). **Table 2** provides a breakdown by AMA of previously enrolled lots that were activated in Q1 2021. By comparison, there were 4,517 units activated in Q1 2020.



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

(Dollars in Thousands)

<i>(\$ in Thousands)</i>	1st Quarter 2021				Full Year 2021						Notes	
	Actual	Budget	Variance		Projection	Budget	Budget	Total	Variance			
			(\$)	(%)			Adjustments	Spending	(\$)	(%)		
Operating Revenues												
Other revenues	\$ 2,724	\$ 2,683	\$ 41	1.5%	\$ 11,476	\$ 10,733		\$ 10,733	\$ 743	6.9%	A	
Total Operating Revenues	<u>\$ 2,724</u>	<u>\$ 2,683</u>	<u>\$ 41</u>	<u>1.5%</u>	<u>\$ 11,476</u>	<u>\$ 10,733</u>	\$ -	<u>\$ 10,733</u>	<u>\$ 743</u>	<u>6.9%</u>		
Operating Expenses												
Other Operating costs:												
Outside services	\$ (67)	\$ (64)	\$ (3)	(4.7%)	\$ (222)	\$ (257)		\$ (257)	\$ 35	13.6%	B	
Other expenses	(2,420)	(2,282)	(138)	(6.0%)	(9,248)	(9,128)	-	\$ (9,128)	(120)	(1.3%)	C	
Total Operating Expenses	<u>(2,487)</u>	<u>(2,346)</u>	<u>(141)</u>	<u>(6.0%)</u>	<u>(9,470)</u>	<u>(9,385)</u>	-	<u>(9,385)</u>	<u>(85)</u>	<u>(0.9%)</u>		
Net Operating Income/(Loss)	<u>\$ 237</u>	<u>\$ 337</u>	<u>\$ (100)</u>	<u>(29.7%)</u>	<u>\$ 2,006</u>	<u>\$ 1,348</u>	\$ -	<u>\$ 1,348</u>	<u>\$ 658</u>	<u>(49%)</u>		
Non-operating Revenues/(Expenses)												
Interest income and other	\$ 21	\$ 2	\$ 19	950.0%	\$ 29	\$ 9		\$ 9	\$ 20	222.2%		
Net Non-operating Income/(Loss)	<u>21</u>	<u>2</u>	<u>19</u>	<u>950.0%</u>	<u>29</u>	<u>9</u>	-	<u>9</u>	<u>20</u>	<u>222.2%</u>		
Change in Net Position	258	339	(81)	23.9%	2,035	1,357	-	1,357	678	(50.0%)		
Net position at beginning of period	5,259	2,878	2,381	82.7%	5,259	2,878		2,878	2,381	82.7%		
Net position at end of period	<u>\$ 5,517</u>	<u>\$ 3,217</u>	<u>\$ 2,300</u>	<u>71.5%</u>	<u>\$ 7,294</u>	<u>\$ 4,235</u>	\$ -	<u>\$ 4,235</u>	<u>\$ 3,059</u>	<u>72.2%</u>		

Notes:

- A **Reimbursements and other revenues:** Full year positive variance of \$743 thousand is due in part to an adjustment of Casualty insurance and health insurance (higher number of covered enrollees).
- B **Outside Services:** Full year positive variance of \$35 thousand is due in part to a forecasted reduction in claims management fees due to Covid 19 and letters of credit expenses coming in lower than expected.□
- C **Other Expenses:** 2021 underwriting expenses is projected to be \$120 thousand higher than budget due in part to a lifting of the 2020 covid restrictions, resulting to an anticipated uptick in claims and underwriting expenses in 2021.□



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

(Dollars in Thousands)

	1st Quarter 2021				Full Year 2021				Notes
	Actual	Budget	Variance		Projection	Total Spending Authority	Variance		
			(\$)	(%)			(\$)	(%)	
Operating Expenses									
Outside services	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	N/A	
Total Operating Expenses	-	-	-	N/A	-	-	-	N/A	
Non-operating Revenues/(Expenses)									
Interest income / FV Adj	(177)	\$ 60	(237)	(395.0%)	\$ (84)	\$ 240	\$(324)	(135.0%)	A
Interest expenses and other		-	0	N/A		-	-	N/A	
Total Non-operating Revenues/(Expenses)	(177)	60	(237)	(395.0%)	(84)	240	(324)	(135.0%)	
Change in Net Position	(177)	60	(237)	(395.0%)	(84)	240	(324)	(135.0%)	
Net position at beginning of period	9,112	9,133	(21)	(0.2%)	9,112	9,133	(21)	(0.2%)	
Net position at end of period	\$ 8,935	\$ 9,193	(258)	(2.8%)	\$ 9,028	\$ 9,373	\$(345)	(3.7%)	

Notes:

A. YTD and Full year unfavorable variance is due to a higher interest rate environment, which is negatively affecting Fair Value adjustment and interest income.



Capital Expenditures

The Project Steering Committee (PSC) oversees the individual projects ensuring total capital expenditures do 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. These Projects experiencing the most significant variances during 2021 are listed in the following table.

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)

Capital Projects - Ten Largest

	Projected	Budget	Variance
SCADA Replcmnt/Cntrl Cntr	\$ 15,956	\$ 10,271	\$ (5,685)
Motor Exciters BSH/LH/SGL/HSY	14,134	15,034	900
Fire Protection South Plants	11,973	11,400	(573)
Backup Power Sys Replacement-Checks & TOs	11,606	10,676	(930)
Condition-Based Monitoring	10,901	10,697	(204)
Electro Mech Relay Phase 2	9,137	11,952	2,815
Transformer Replacement McCullough	9,000	8,159	(841)
Elevator System Replacement Phase 2	8,293	7,561	(732)
Circuit Breakers & Compr Air Sys Repl MWP	6,847	6,435	(412)
Motor Exciters/Controls Repl BDY,PIC,RED	5,485	5,413	(72)

2021 CAWCD CAPITAL EXPENDITURES

(Dollars in Thousands)	2021 Forecast	2021 Total Spending Authority	Variance
Capital Equipment	\$ 2,485	\$ 2,446	\$ (39)
Capital Projects (by Absolute Variance)			
Fire Protctn Sys Upgrd MWP	587	3,687	3,100
PLC-5 Replacement Wad	1,022	3,102	2,080
Elevator System Replacement Phase 2	772	2,453	1,681
HVAC Replacement MWP	2,880	1,448	(1,432)
Swthchrd Bus Duct Repl WAD	1,684	365	(1,319)
Flowmeter Replacmnt 34 TOs	506	1,532	1,026
Potable H2O Skid Replcemnt	15	1,000	985
Condition-Based Monitoring	128	820	692
Transformer Replacement McCullough	1,728	1,063	(665)
All Other Capital Projects	21,479	15,897	(5,582)
Subtotal - Capital Projects	\$ 30,801	\$ 31,367	\$ 566
Total CAWCD Capital Expenditures	\$ 33,286	\$ 33,813	\$ 527



2021 Capital Expenditures Variance Summary

(Dollars in Thousands)

	1st Quarter 2021				Full Year 2021					
	Actual	Budget	Variance (\$)		Forecast	Budget	Additional Spending Authority	Total Spending Authority	Variance (\$)	
SUMMARY										
Capital & Cost-Shared Expenditures										
Salaries and related costs	\$ 850	\$ 1,076	\$ 226	21.0%	3,698	\$ 3,784		\$ 3,784	\$ 86	2.3%
Equipment and structures	1,982	4,821	2,839	58.9%	19,373	23,639		23,639	4,266	18.0%
Capitalized interest	-	-	-	N/A	-	-		-	-	N/A
Other expenses:								-		
Outside services	665	1,604	939	58.5%	6,031	2,160		2,160	(3,871)	(179.2%)
Materials and supplies & other expenses	59	71	12	16.9%	334	287		287	(47)	(16.4%)
Overhead expenses	881	1,122	241	21.5%	3,850	3,943		3,943	93	2.4%
Subtotal Other Expenses	1,605	2,797	1,192	42.6%	10,215	6,390		6,390	(3,825)	(59.9%)
Total Capital	\$ 4,437	\$ 8,694	\$ 4,257	49.0%	\$ 33,286	\$ 33,813	\$ -	\$ 33,813	\$ 527	1.6%

2021 CAWCD Capital Expenditures Variance Detail

(Dollars in Thousands)

Projects	1st Quarter 2021				Full Year 2021				Notes
	Actual	Budget	Variance (\$)	Variance (%)	Forecast	Total Spending Authority	Variance (\$)	Variance (%)	
CAPITAL EQUIPMENT									
Buildings & Structures	\$ -	\$ -	\$ -	-	\$ 3	\$ -	\$ (3)	-	
Furniture & Office Equipment	\$ -	35	35	100.0%	35	35	-	0.0%	
Vehicles	115	343	228	66.5%	675	518	(157)	(30.3%)	
Field & Other Equipment	89	375	286	76.3%	1,772	1,893	121	6.4%	
Capital Equipment Total	\$ 204	\$ 753	\$ 549	72.9%	\$ 2,485	\$ 2,446	\$ (39)	(1.6%)	
2020-2021 Budgeted Projects									
Backup Power Sys Replacement-Checks & TOs	\$ 401	\$ 676	\$ 275	40.7%	\$ 2,550	\$ 2,684	\$ 134	5.0%	
Circuit Breakers & Compr Air Sys Repl MWP	-	24	24	100.0%	-	24	24	100.0%	
Coffer Dam Desgn & Fabricate	20	19	(1)	(5.3%)	870	811	(59)	(7.3%)	
Condition-Based Monitoring	15	207	192	92.8%	128	820	692	84.4%	A
Discharge Valves West Plants	355	368	13	3.5%	842	843	1	0.1%	
Electro Mech Relay Phase 2	270	417	147	35.3%	2,048	2,615	567	21.7%	
Elevator System Replacement Phase 2	11	603	592	98.2%	772	2,453	1,681	68.5%	B
Engineering Mini Projects	-	-	-	-	-	-	-	-	
Engr. Mini: Multi-Site Covered Vehicle Parking	165	93	(72)	(77.4%)	165	428	263	61.4%	
Fire Protctn Sys Upgrd MWP	72	348	276	79.3%	587	3,687	3,100	84.1%	C
Flowmeter Replacmnt 34 TOs	119	448	329	73.4%	506	1,532	1,026	67.0%	D
HVAC Replacement MWP	82	134	52	38.8%	2,880	1,448	(1,432)	(98.9%)	E
Microwave System Replacement	18	411	393	95.6%	424	804	380	47.3%	
Motor Exciters BSH/LH/SGL/HSY	1,388	835	(553)	(66.2%)	5,073	4,982	(91)	(1.8%)	
Motor Exciters/Controls Repl BDY,PIC,RED	88	105	17	16.2%	314	219	(95)	(43.4%)	
MWP Unit 6 Rewind	-	20	20	100.0%	-	20	20	100.0%	
Network Refresh 2021	-	100	100	100.0%	325	350	25	7.1%	
PLC-5 Replacement Wad	163	675	512	75.9%	1,022	3,102	2,080	67.1%	F
Potable H2O Skid Replcemnt	-	434	434	100.0%	15	1,000	985	98.5%	G
SCADA Replcmnt/Cntrl Cntr	73	184	111	60.3%	626	686	60	8.7%	
Sewage System Repl MWP	-	55	55	100.0%	-	171	171	100.0%	
Sump Pump Water Level Controls All PPs	68	226	158	69.9%	70	553	483	87.3%	
Swchyd Scurity Hardning Delaney	-	120	120	100.0%	25	482	457	94.8%	
Swtchyrd Bus Duct Repl WAD	30	37	7	18.9%	1,684	365	(1,319)	(361.4%)	H
Transformer Replacement McCullough	-	1,352	1,352	100.0%	1,728	1,063	(665)	(62.6%)	I
Windows Server Refresh 2021	2	50	48	96.0%	222	225	3	1.3%	
Totals - 2020-2021 Budgeted Projects	\$ 3,340	\$ 7,941	\$ 4,601	57.9%	\$ 22,876	\$ 31,367	\$ 8,491	27.1%	

2021 CAWCD Capital Expenditures Variance Detail (cont.)

(Dollars in Thousands)

Projects (continued)	1st Quarter 2021				Full Year 2021			
	Actual	Budget	Variance (\$)	Variance (%)	Forecast	Total Spending Authority	Variance (\$)	Variance (%)
Projects Without a Budget in 2021								
Automatc Gate Addition PFO	\$ 48	\$ -	\$ (48)	-	\$ 280	\$ -	\$ (280)	-
Connection at Hassayampa Tap	-	-	-	-	125	-	(125)	-
Engineering Mini Projects	-	-	-	-	-	-	-	-
Engr. Mini: Cooling Water Treatment MWP	126	-	(126)	-	284	-	(284)	-
Engr. Mini: Potable Water System SAN	27	-	(27)	-	298	-	(298)	-
Fire Protection CO2 Modification WAD	55	-	(55)	-	473	-	(473)	-
Fire Protection South Plants	19	-	(19)	-	2,357	-	(2,357)	-
Floor Lift Addition TFO	30	-	(30)	-	73	-	(73)	-
HVAC Safety Upgrade HQ1	(1)	-	1	-	(1)	-	1	-
Isolation Valves BLK/SND	19	-	(19)	-	28	-	(28)	-
Mobile Radio Upgrade	-	-	-	-	33	-	(33)	-
Modify Storage Building/Install Jib Crane-RED	183	-	(183)	-	266	-	(266)	-
Monitor Well Aguafría Rechrq	4	-	(4)	-	96	-	(96)	-
Sand Filter System Replacement HSY	15	-	(15)	-	760	-	(760)	-
Siphon Stop Logs Cunningham/Gila/Santa Cruz	29	-	(29)	-	161	-	(161)	-
Substn Hardening Sunvalley	339	-	(339)	-	2,692	-	(2,692)	-
Totals - Projects Without a Budget in 2021	\$ 893	\$ -	\$ (893)	-	\$ 7,925	\$ -	\$ (7,925)	-
NET CAPITAL	\$ 4,437	\$ 8,694	\$ 4,257	49.0%	\$ 33,286	\$ 33,813	\$ 527	1.6%

2021 CAWCD Capital Expenditures Variance Detail

(Dollars in Thousands)

Notes: If there is a positive/negative variance > \$1.0 million, or b): there is a positive/negative variance > 30% and > than \$500K.

- A **Condition-Based Monitoring:** CBM construction delayed for 5 sites from 2020-2021 budget, into 2022-2025 due to COVID 19 project priorities
- B **Elevator System Replacement Phase 2:** Project was moved per the PSC to a later date. Moving the start date and anticipated costs into budget cycle 2022-2023.
- C **Fire Protctn Sys Upgrd MWP:** Project was moved per the PSC to a later date. Moving the construction start date and anticipated costs into budget cycle 2022-2023.
- D **Flowmeter Replacmnt 34 TOs:** Project work was accelerated in 2020 to purchase all the flowmeters (\$725k) this year rather than spreading the purchase over both 2020 and 2021.
- E **HVAC Replacement MWP:** PSC approved an increase in project spending for additional Air Handling Units and Equipment.
- F **PLC-5 Replacement Wad:** Construction was delayed to 2020 due to COVID-19 and work prioritization. Resources allocations spread into 2023 as the project schedule extended.
- G **Potable H2O Skid Replcemnt:** Construction was delayed to 2020 due to COVID-19 and work prioritization. Resources allocations moved into budget period 2022-2023.
- H **Swtchyrd Bus Duct Repl WAD:** Project was kicked off early due to COVID-19 workload changes and increased focus on risk of delaying project. Workstarted early in fall 2020 and is anticipated to be completed in fall 2021.
Transformer Replacement McCullough: Estimates have been revised upward along with a longer project period by WAPA from when the 2020-2021 Budget was approved for this cost-share project with WAPA.
- I

Total CAWCD Capital Projects Variance Detail

(Dollars in Thousands)

Projects	Through 2020	2021 Forecast	Remaining Balance	Total Projected	Total Spending Authority	Variance (\$)	(%)	Notes
2020 - 2021 Budgeted Projects								
Backup Power Sys Replacement-Checks & TOs	\$ 4,977	\$ 2,550	\$ 4,079	\$ 11,606	\$ 10,676	(930)	(8.7%)	
Circuit Breakers & Compr Air Sys Repl MWP	6,847	-	-	6,847	6,435	(412)	(6.4%)	
Coffer Dam Desgn & Fabricate	6	870	1,111	1,987	1,888	(99)	(5.2%)	
Condition-Based Monitoring	8,508	128	2,265	10,901	10,697	(204)	(1.9%)	
Discharge Valves West Plants	853	842	-	1,695	1,783	88	4.9%	
Electro Mech Relay Phase 2	1,018	2,048	6,071	9,137	11,952	2,815	23.6%	A
Elevator System Replacement Phase 2	1,498	772	6,023	8,293	7,561	(732)	(9.7%)	
Engineering Mini Projects	-	-	-	-	-	-	-	
Engr. Mini: Multi-Site Covered Vehicle Parking	361	164	2	527	699	172	24.6%	
Fire Protctn Sys Upgrd MWP	368	587	3,783	4,738	4,745	7	0.1%	
Flowmeter Replacmnt 34 TOs	1,259	506	107	1,872	2,450	578	23.6%	
HVAC Replacement MWP	408	2,880	1,648	4,936	2,137	(2,799)	(131.0%)	B
Microwave System Replacement	1,397	424	(1)	1,820	2,064	244	11.8%	
Motor Exciters BSH/LH/SGL/HSY	4,317	5,073	4,744	14,134	15,034	900	6.0%	
Motor Exciters/Controls Repl BDY,PIC,RED	5,171	314	-	5,485	5,413	(72)	(1.3%)	
MWP Unit 6 Rewind	5,033	-	-	5,033	5,327	294	5.5%	
Network Refresh 2021	-	325	-	325	350	25	7.1%	
PLC-5 Replacement Wad	630	1,022	3,813	5,465	5,457	(8)	(0.1%)	
Potable H2O Skid Replcemnt	3	15	1,617	1,635	1,903	268	14.1%	
SCADA Replcmnt/Cntrl Cntr	182	626	15,148	15,956	10,271	(5,685)	(55.4%)	C
Sewage System Repl MWP	-	-	-	-	658	658	100.0%	D
Sump Pump Water Level Controls All PPs	686	70	1,540	2,296	2,010	(286)	(14.2%)	
Swchyd Scurity Hardning Delaney	-	25	593	618	482	(136)	(28.2%)	
Swtchyrd Bus Duct Repl WAD	54	1,684	270	2,008	375	(1,633)	(435.5%)	E
Transformer Replacement McCullough	5,684	1,728	1,588	9,000	8,159	(841)	(10.3%)	
Windows Server Refresh 2021	-	222	-	222	225	3	1.3%	
Totals - 2020-2021 Budgeted Projects	\$ 49,260	\$ 22,875	\$ 54,401	\$ 126,536	\$ 118,751	\$ (7,785)	(6.6%)	

Total CAWCD Capital Projects Variance Detail (cont.)

(Dollars in Thousands)

Projects (continued)	Through 2020	2021 Forecast	Remaining Balance	Total Projected	Total Spending Authority	Variance (\$)	(%)	Notes
Projects Without a Budget in 2021								
Automatic Gate Addition PFO	\$ 76	\$ 280	\$ -	\$ 356	\$ -	\$ (356)	-	
Connection at Hassayampa Tap	13,014	125	-	13,139	-	(13,139)	-	
Engineering Mini Projects	-	-	-	-	-	-	-	
Engr. Mini: Cooling Water Treatment MWP	1,862	285	-	2,147	1,920	(227)	(11.8%)	
Engr. Mini: Potable Water System SAN	309	298	-	607	677	70	10.3%	
Fire Protection CO2 Modification WAD	1,342	473	18	1,833	1,715	(118)	(6.9%)	
Fire Protection South Plants	9,616	2,357	-	11,973	11,400	(573)	(5.0%)	
Floor Lift Addition TFO	142	73	-	215	-	(215)	-	
HVAC Safety Upgrade HQ1	1	(1)	-	-	-	-	-	
Isolation Valves BLK/SND	193	28	1,944	2,165	165	(2,000)	(1212.1%)	
Mobile Radio Upgrade	511	33	-	544	-	(544)	-	
Modify Storage Building/Install Jib Crane-RED	245	266	-	511	-	(511)	-	
Monitor Well Aguafría Rechrng	20	96	(1)	115	-	(115)	-	
Sand Filter System Replacement HSY	543	760	14	1,317	1,203	(114)	(9.5%)	
Siphon Stop Logs Cunningham/Gila/Santa Cruz	2,494	161	-	2,655	2,445	(210)	(8.6%)	
Substn Hardening Sunvalley	214	2,692	-	2,906	-	(2,906)	-	
Totals - Projects Without a Budget in 2021	\$ 30,582	\$ 7,926	\$ 1,975	\$ 40,483	\$ 19,525	\$ (20,958)	(107.3%)	
Totals - Budgeted & Unbudgeted	\$ 79,842	\$ 30,801	\$ 56,376	\$ 167,019	\$ 138,276	\$ (28,743)	(20.8%)	

Notes: If there is a positive/negative variance > \$1.0 million, or b): there is a positive/negative variance > 30% and > than \$500K.

- A **Electro Mech Relay Phase 2:** Design began later than scheduled in 2020. The proposal received from the contractor was significantly under budget.
- B **HVAC Replacement MWP:** PSC approved an increase in project spending for additional Air Handling Units and Equipment.
- C **SCADA Replcmnt/Cntrl Cntr:** Project scoping recently completed, the budget will now reflect the fully defined project requirements.
- D **Sewage System Repl MWP:** The project was canceled / deferred. Deemed not necessary at this time.
- E **Swtchyrd Bus Duct Repl WAD:** Project was kicked off early due to COVID-19 workload changes and increased focus on risk of delaying project. Workstarted early in fall 2020 and is anticipated to be completed in fall 2021.