

# Year-to-Date - 3rd Quarter 2021 Financial Review

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# Financial Overview

The following discussion presents an overview of the financial activities and condition of the Central Arizona Water Conservation District (CAWCD or District). It summarizes the 2021 financial and budget performance through the third quarter and provides a projection for the full year. More detailed explanations are covered on the following pages.

## Highlights

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

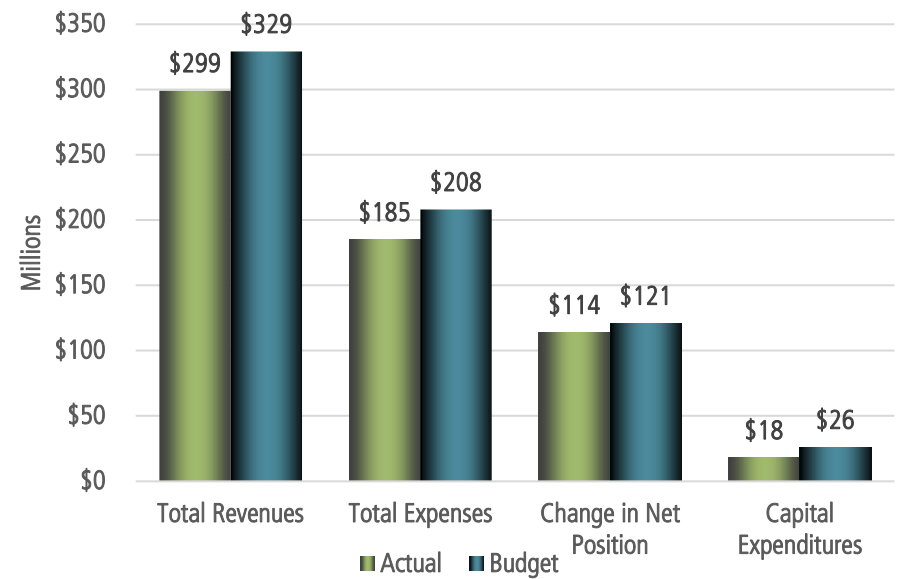
Full year revenues for 2021 are projected to be \$4 million higher than budget. Water O&M charges are expected to be \$21.1 million lower than budget primarily due to lower reconciled delivery rates and Tribal ICS creation. Capital charges are forecast to be \$28.6 million higher than budget due to back capital charges and interest from the Non-Indian Ag (NIA) reallocation. CAGR revenue is projected to be \$5.2 million higher than budget due to higher activation revenues. Captive revenue is expected to be \$0.5 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. Interest income and other revenue is projected to be \$9.2 million lower than budget due to unfavorable fair value adjustments.

**TOTAL EXPENSES:** Expenses through the third quarter were below budget and are projected to be below budget for the full year. Full year projections for pumping energy, salaries, depreciation, CAGR water obligation, outside services, and other expenses are all expected to be below budget, slightly offset by higher transmission and materials and supplies costs.

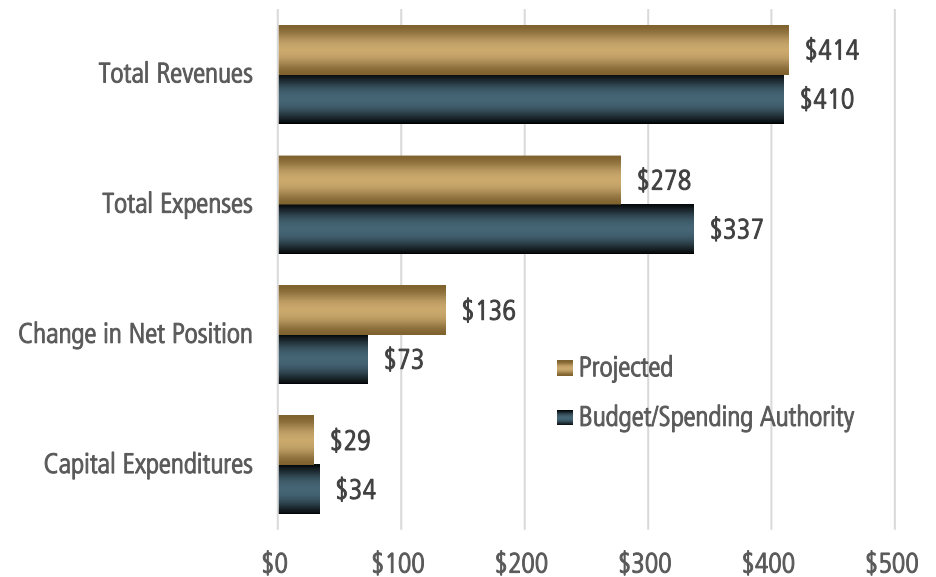
See Total Revenues and Total Expenses sections on pages 6-7 for further explanation.

**CAPITAL EXPENDITURES:** The Project Steering Committee (PSC) oversees the capital budget. Expenditures for capital projects through the 3rd quarter are \$8 million under budget and are projected to be \$2 million below budget for the full year. This is mainly due to construction delays and rescheduling related to the COVID-19 pandemic. Capital expenditures are further detailed in the Capital Expenditures section starting on page 53. The PSC have been and will continue to review capital projects for the year to evaluate on-going impacts of the pandemic and potential mitigating opportunities.

3rd Quarter 2021 YTD - Budget vs Actual



Full Year 2021 - Spending Authority vs Projected



## Statements of Net Position

### TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets and deferred outflows are projected to increase by \$72 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 \$15 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 \$18 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, which are expected to increase by \$17 million.

Investments and restricted assets are expected to increase by \$112 million due to 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 have decreased by \$43 million in 2021 as they are allocated to the respective entities by the Bureau of Reclamation. The remaining 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	
<b>Current Assets</b>				
Cash and cash equivalents	\$ 103	\$ 118	\$ (15)	(12.7%)
Funds held by federal gov't	8	16	(8)	(50.0%)
Water inventory	230	216	14	6.5%
Other current assets	75	57	18	31.6%
	<u>416</u>	<u>407</u>	<u>9</u>	<u>2.2%</u>
<b>Noncurrent Assets</b>				
Investments and restricted assets	628	516	112	21.7%
Agricultural water rights	46	89	(43)	(48.3%)
Capital assets - operating, net	321	304	17	5.6%
Capital assets - PSR, net	1,020	1,043	(23)	(2.2%)
Other assets	2	2	-	0.0%
	<u>2,017</u>	<u>1,954</u>	<u>63</u>	<u>3.2%</u>
<b>Deferred Outflows of Resources</b>				
Pension & OPEB valuation and Upfront Payments	18	18	-	0.0%
<b>Total Assets &amp; Deferred Outflows</b>	<b>\$ 2,451</b>	<b>\$ 2,379</b>	<b>\$ 72</b>	<b>3.0%</b>

## 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 \$11 million mainly due to decreases in accounts payable and other accrued expenses of \$20 million offset by increases in the current portion of asset retirement obligations of \$2 million and an increase in of \$7 million in current portion of repayment obligation.

**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 when payments begin to the federal government. The asset retirement obligation decreases as payments are made for the NGS decommissioning expenses and will decrease by \$12 million. Other liabilities will remain flat.

**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 Tribal Intentionally Created Surplus (ICS) credits.

**NET POSITION:** Net Position, the difference between assets and deferred outflows, liabilities and deferred inflows is expected to increase \$136 million from the 2020 ending balance.

<i>(Dollars in millions)</i>	2021	2020	Change	
<b>Current Liabilities</b>	\$ 149	\$ 160	(11)	(6.9%)
<b>Noncurrent Liabilities</b>				
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	24	36	(12)	(33.3%)
Other	106	106	-	0.0%
<b>Noncurrent Liabilities</b>	<u>1,208</u>	<u>1,266</u>	<u>(58)</u>	<u>(4.6%)</u>
<b>Total Liabilities</b>	<u>\$ 1,357</u>	<u>\$ 1,426</u>	<u>\$ (69)</u>	<u>(4.8%)</u>
<b>Deferred Inflows of Resources</b>				
Customer Deposits and Upfront Payments	57	52	5	9.6%
Deferred Inflow OPEB	3	3	-	
Pension valuation	8	8	-	0.0%
<b>Total Deferred Inflows of Resources</b>	<u>\$ 68</u>	<u>\$ 63</u>	<u>\$ 5</u>	<u>7.9%</u>
<b>Net Position</b>				
Investments in Capital Assets	\$ 320	\$ 273	47	17.2%
Restricted, net	101	75	26	34.7%
Unrestricted, net	605	542	63	11.6%
<b>Net Position</b>	<u>\$ 1,026</u>	<u>\$ 890</u>	<u>136</u>	<u>15.3%</u>
<b>Total Liabilities, Deferred Inflow of Resources and Net Position</b>	<u>\$ 2,451</u>	<u>\$ 2,379</u>	<u>72</u>	<u>3.0%</u>

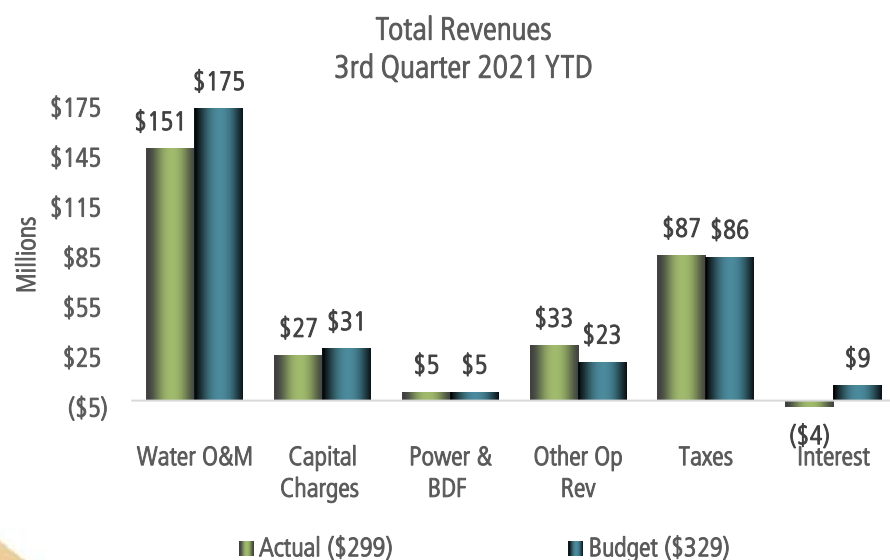
## Statements of Revenues, Expenses & Changes in Net Position

Net position increased by \$113 million compared to a budgeted increase of \$120 through Q3 and is projected to increase by \$136 million for the year. The factors influencing the full-year net position changes are discussed in the sections that follow.

### TOTAL REVENUES

**3RD QUARTER 2021 BUDGET PERFORMANCE:** Revenues were \$299 million compared to a budget of \$329 million. The negative variance of \$30 million was the result of the following key factors:

- Water O&M revenues were \$24 million lower due to lower federal deliveries;
- Capital charge revenues were \$4 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 \$10 million higher than budget due to higher CAGR revenues;
- Taxes were \$1 million higher than budget due to higher property values; and
- Interest was \$13 million lower than budget due to fair value adjustments on investments and lower interest income.



### FULL YEAR 2021 BUDGET PERFORMANCE:

By year-end, total revenues are anticipated to be \$4 million over budget.

Operating Revenues are forecast to be \$13 million higher than budget.

- Water O&M charges will be \$21 million lower due to lower reconciled water delivery rates and 53 thousand acre-feet of Tribal ICS creation that had been planned for deliveries (decreases revenue earned);
- Capital charges will be \$28 million over budget due to the back capital charges and related carrying cost (interest) from the NIA reallocation;
- Power and other BDF revenues are expected to be on budget;
- Other revenues are expected to be \$6 million higher as CAGR activation fees will be higher.

Non-Operating Revenues are expected to be \$9 million lower than budget.

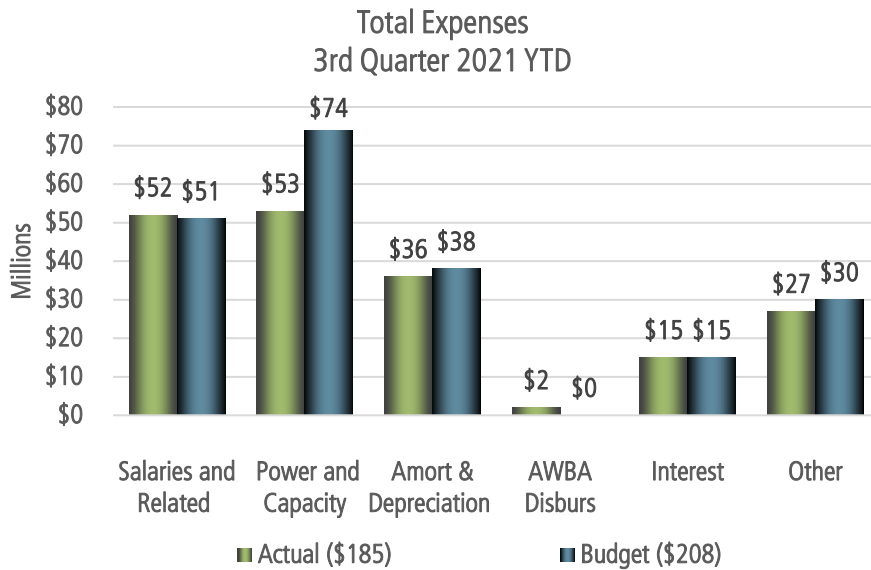
- Property taxes are forecast to be on budget;
- Interest income & other revenues will be \$9 million lower than budget as a result of lower fair value adjustments and lower interest income.

	Full Year 2021 Spending			
	Projected	Authority	Change	
<i>(Dollars in millions)</i>				
<b>Operating Revenues</b>				
Water O&M charges	\$ 180	\$ 201	\$ (21)	(10.4%)
Water service capital charges	70	42	28	66.7%
Power & other BDF revenues	8	8	-	0.0%
Other revenues	66	60	6	10.0%
	\$ 324	\$ 311	\$ 13	4.2%
<b>Non-operating Revenues</b>				
Property taxes	\$ 87	\$ 87	\$ -	0.0%
Interest income & other	3	12	(9)	(75.0%)
	\$ 90	\$ 99	\$ (9)	(9.1%)
<b>Total Revenues</b>	\$ 414	\$ 410	\$ 4	1.0%

## TOTAL EXPENSES

**3RD QUARTER 2021 BUDGET PERFORMANCE:** Through September 2021 total expenses were \$23 million below budget. The key variances were:

- \$21 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 as well as lower deliveries;
- \$2 million lower amortization and depreciation due to delays in capital expenditures;
- \$2 million higher AWBA disbursements resulting from timing of long term storage credit purchases. The Board determines the amounts to transfer based on AWBA requests annually;
- \$3 million lower other expenses due to lower outside services, mostly due to timing shifts; and
- \$1 million higher salaries and related expenses.



**FULL YEAR 2021 BUDGET PERFORMANCE:** Total expenses are anticipated to be \$278 million which is \$59 million below budget. The key factors include:

Operating Expenses are projected to be \$52 million below budget.

- \$1 million lower salaries and related costs due to vacancies and decreased vacation and sick liability;
- \$14 million lower energy and capacity costs as a result of lower energy purchases and fewer deliveries (see page 32-33 for energy detail) and move of transmission losses moved to transmission costs;
- \$2 million higher transmission cost associated with losses previously included in energy costs, but moved to transmission in 2020;
- \$3 million lower amortization and depreciation due to COVID-19 as contractual suspensions were not placed into service to incur depreciation this year; and
- \$36 million lower other expenses due to decreased CAGR replenishment obligation and lower outside services.

Non-Operating Expenses are expected to be \$7 million lower than spending authority.

- \$7 million lower AWBA disbursements for long term storage credits. Although the Board approved \$10 million, AWBA does not anticipate utilizing the full amount.

	<b>Full Year 2021</b>			
	Projected	Spending Authority		
<i>(Dollars in millions)</i>				
<b>Operating Expenses</b>				
Salaries & related costs	\$ 70	\$ 71	(1)	(1.4%)
Power and capacity	68	82	(14)	(17.1%)
Transmission	16	14	2	14.3%
Amortization & depreciation	48	51	(3)	(5.9%)
Other	41	77	(36)	(46.8%)
	\$ 243	\$ 295	\$ (52)	(17.6%)
<b>Non-operating Expenses</b>	35	42	(7)	(16.7%)
<b>Total Expenses</b>	\$ 278	\$ 337	\$ (59)	(17.5%)



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

*(Dollars in Millions)*

	3rd Quarter 2021			Full Year 2021		
	Actual	Budget	Variance	Projection	Spending Authority	Variance
<b>Operating Revenues/Expenses</b>						
Revenues	\$ 215.6	\$ 234.3	\$ (18.7)	\$ 323.7	\$ 311.2	\$ 12.5
Expenses	(167.4)	(193.9)	26.5	(243.3)	(294.8)	51.5
<b>Operating Income/Loss</b>	\$ 48.2	\$ 40.4	\$ 7.8	\$ 80.4	\$ 16.4	\$ 64.0
<b>Non-operating Revenues/Expenses</b>						
Revenues	82.8	95.2	(12.4)	90.1	98.9	(8.8)
Expenses	(17.6)	(15.8)	(1.8)	(34.5)	(42.3)	7.8
<b>Non-operating Income/(Loss)</b>	\$ 65.2	\$ 79.4	\$ (14.2)	\$ 55.6	\$ 56.6	(1.0)
<b>Change in Net Position</b>	\$ 113.4	\$ 119.8	\$ (6.4)	\$ 136.0	\$ 73.0	\$ 63.0
<b>Variance Analysis:</b>						
General Fund	83.2	99.6	(16.4)	104.6	56.8	47.8
CAGR D	28.8	18.9	9.9	30.0	14.9	15.1
Other	1.4	1.3	0.1	1.4	1.3	0.1
	\$ 113.4	\$ 119.8	\$ (6.4)	\$ 136.0	\$ 73.0	\$ 63.0

# General Fund

(Dollars in Millions)

	3rd Quarter 2021			Full Year 2021		
	Actual	Budget	Variance	Projection	Spending Authority	Variance
Water Deliveries (000 AF)	1,117	1,281	(164)	1,353	1,453	(100)
Revenues	\$ 272.4	\$ 313.9	\$ (41.5)	\$ 377.8	\$ 357.2	\$ 20.6
Expenses	(189.2)	(214.3)	25.1	(273.2)	(300.4)	27.2
Change in Net Position	<b>\$ 83.2</b>	<b>\$ 99.6</b>	<b>\$ (16.4)</b>	<b>\$ 104.6</b>	<b>\$ 56.8</b>	<b>\$ 47.8</b>
<b>Variance Analysis:</b>						
Water O&M Charges	\$ 155.7	\$ 180.6	\$ (24.9)	\$ 188.9	\$ 207.2	\$ (18.3)
Capital Charges	27.0	31.6	(4.6)	94.9	42.2	52.7
Power & BDF Revenues	5.0	5.5	(0.5)	7.6	7.8	(0.2)
Property Taxes	86.9	86.5	0.4	86.9	86.5	0.4
Interest and Other Income	(2.2)	9.6	(11.8)	(0.6)	13.7	(14.3)
Pumping Power	(52.6)	(73.7)	21.1	(68.0)	(82.0)	14.0
Amortization/Depreciation	(35.9)	(38.3)	2.4	(48.4)	(51.0)	2.6
Disbursements to AWBA	(2.2)	(0.4)	(1.8)	(2.5)	(10.3)	7.8
Interest expense and other	(15.2)	(15.2)	-	(31.6)	(31.6)	-
Other	(83.3)	(86.6)	3.3	(122.6)	(125.7)	3.1
	<b>\$ 83.2</b>	<b>\$ 99.6</b>	<b>\$ (16.4)</b>	<b>\$ 104.6</b>	<b>\$ 56.8</b>	<b>\$ 47.8</b>

# Central Arizona Groundwater Replenishment District (CAGR) Account

(Dollars in Millions)

	3rd Quarter 2021			Full Year 2021		
	Actual	Budget	Variance	Projection	Spending Authority	Variance
Revenues	\$ 31.0	\$ 21.5	\$ 9.5	\$ 69.7	\$ 59.3	\$ 10.4
Expenses	(2.2)	(2.6)	0.4	(39.7)	(44.4)	4.7
<b>Change in Net Position</b>	<b>\$ 28.8</b>	<b>\$ 18.9</b>	<b>\$ 9.9</b>	<b>\$ 30.0</b>	<b>\$ 14.9</b>	<b>\$ 15.1</b>

## Variance Analysis:

Revenue-Rates	8.3	7.2	1.1	26.5	29.8	(3.3)
Revenue-Fees	21.0	11.5	9.5	28.0	15.5	12.5
Revenue-Dues	1.8	2.3	(0.5)	9.4	13.4	(4.0)
Interest Income	(0.1)	0.5	(0.6)	5.8	0.6	5.2
Expense -Water For Recharge	-	-	-	(13.1)	(17.3)	4.2
Expense - All Other	(2.2)	(2.6)	0.4	(26.6)	(27.1)	0.5
	<b>\$ 28.8</b>	<b>\$ 18.9</b>	<b>\$ 9.9</b>	<b>\$ 30.0</b>	<b>\$ 14.9</b>	<b>\$ 15.1</b>

# Statement of Revenues, Expenses and Change in Net Position

## All Funds/Accounts

(Dollars in Thousands)

	3rd Quarter 2021				Full Year 2021					
	Actual	Budget	Variance		Projection	Budget	Budget	Total	Variance	
			(\$)	(%)			Adjustments	Spending Authority		
			(\$)	(%)				(\$)	(%)	
<b>Operating Revenues</b>										
Water O&M charges	\$ 151,190	\$ 174,934	\$ (23,744)	(13.6%)	\$ 179,948	\$ 201,015	\$ -	\$ 201,015	\$ (21,067)	(10.5%)
Water service capital charges	26,707	31,234	(4,527)	(14.5%)	70,262	41,645	-	41,645	28,617	68.7%
Power and other Basin Fund revenues	4,968	5,474	(506)	(9.2%)	7,632	7,798	-	7,798	(166)	(2.1%)
Other revenues	32,751	22,664	10,087	44.5%	65,871	60,717	-	60,717	5,154	8.5%
<b>Total Operating Revenues</b>	<b>\$ 215,616</b>	<b>\$ 234,306</b>	<b>\$ (18,690)</b>	<b>(8.0%)</b>	<b>\$ 323,713</b>	<b>\$ 311,175</b>	<b>\$ -</b>	<b>\$ 311,175</b>	<b>\$ 12,538</b>	<b>4.0%</b>
<b>Operating Expenses</b>										
Salaries and related costs	\$ (51,812)	\$ (51,454)	\$ (358)	(0.7%)	\$ (70,256)	\$ (70,951)	\$ -	\$ (70,951)	\$ 695	1.0%
Pumping power & capacity charges	(52,554)	(73,691)	21,137	28.7%	(67,950)	(81,989)	-	(81,989)	14,039	17.1%
Transmission	(11,612)	(10,100)	(1,512)	(15.0%)	(15,937)	(13,366)	-	(13,366)	(2,571)	(19.2%)
Amortization	(17,250)	(17,251)	1	0.0%	(23,001)	(23,001)	-	(23,001)	-	0.0%
Depreciation	(18,712)	(21,058)	2,346	11.1%	(25,478)	(28,077)	-	(28,077)	2,599	9.3%
Other Operating Costs:										
Outside services	(12,328)	(17,250)	4,922	28.5%	(25,877)	(25,681)	(4,500)	(30,181)	4,304	14.3%
Materials and supplies	(6,633)	(6,042)	(591)	(9.8%)	(8,882)	(8,361)	-	(8,361)	(521)	(6.2%)
Water for underground storage	4,918	6,097	(1,179)	(19.3%)	(2,981)	(10,611)	-	(10,611)	7,630	71.9%
Overhead	2,735	3,286	(551)	(16.8%)	3,548	3,943	-	3,943	(395)	(10.0%)
Other expenses	(4,162)	(6,461)	2,299	35.6%	(6,437)	(8,183)	(23,980)	(32,163)	25,726	80.0%
Subtotal other costs	(15,470)	(20,370)	4,900	24.1%	(40,629)	(48,893)	(28,480)	(77,373)	36,744	47.5%
<b>Total Operating Expenses</b>	<b>(167,410)</b>	<b>(193,924)</b>	<b>26,514</b>	<b>13.7%</b>	<b>(243,251)</b>	<b>(266,277)</b>	<b>(28,480)</b>	<b>(294,757)</b>	<b>51,506</b>	<b>17.5%</b>
<b>Operating Income/(Loss)</b>	<b>\$ 48,206</b>	<b>\$ 40,382</b>	<b>\$ 7,824</b>	<b>19.4%</b>	<b>\$ 80,462</b>	<b>\$ 44,898</b>	<b>\$ (28,480)</b>	<b>\$ 16,418</b>	<b>\$ 64,044</b>	<b>390.1%</b>
<b>Non-operating Revenues/(Expenses)</b>										
Property taxes	\$ 86,891	\$ 86,483	\$ 408	0.5%	\$ 86,889	\$ 86,483	\$ -	\$ 86,483	\$ 406	0.5%
Interest income and other	(4,067)	8,739	(12,806)	(146.5%)	3,211	12,445	-	12,445	(9,234)	(74.2%)
Disbursements to AWBA	(2,242)	(405)	(1,837)	(453.6%)	(2,546)	(540)	(9,773)	(10,313)	7,767	75.3%
Interest expense and other	(15,436)	(15,439)	3	0.0%	(31,991)	(20,586)	(11,414)	(32,000)	9	0.0%
<b>Total Non-operating Revenues/(Expenses)</b>	<b>65,146</b>	<b>79,378</b>	<b>(14,232)</b>	<b>(17.9%)</b>	<b>55,563</b>	<b>77,802</b>	<b>(21,187)</b>	<b>56,615</b>	<b>(1,052)</b>	<b>(1.9%)</b>
Change in Net Position	113,352	119,760	(6,408)	(5.4%)	136,025	122,700	(49,667)	73,033	62,992	86.3%
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	<b>\$ 1,003,738</b>	<b>\$ 1,017,553</b>	<b>\$ (13,815)</b>	<b>(1.4%)</b>	<b>\$ 1,026,411</b>	<b>\$ 1,020,493</b>	<b>\$ (49,667)</b>	<b>\$ 970,826</b>	<b>\$ 55,585</b>	<b>5.7%</b>

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

(Dollars in Thousands)

	3rd Quarter 2021	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance Fund
<b>Operating Revenues</b>						
Water O&M charges	\$ 151,190	\$ (4,532)	\$ 155,722	\$ -	\$ -	\$ -
Water service capital charges	26,707	(330)	27,037	-	-	-
Power and Basin Development Fund revenues	4,968	-	4,968	-	-	-
Other revenues	32,751	(8,341)	1,713	-	31,094	8,285
<b>Total Operating Revenues</b>	<b>\$ 215,616</b>	<b>\$ (13,203)</b>	<b>\$ 189,440</b>	<b>\$ -</b>	<b>\$ 31,094</b>	<b>\$ 8,285</b>
<b>Operating Expenses</b>						
Salaries and related costs	\$ (51,812)	\$ -	\$ (50,955)	\$ -	\$ (857)	\$ -
Pumping power & capacity charges	(52,554)	-	(52,554)	-	-	-
Transmission	(11,612)	-	(11,612)	-	-	-
Amortization	(17,250)	-	(17,250)	-	-	-
Depreciation	(18,712)	-	(18,666)	-	(46)	-
Other operating costs:						
Outside services	(12,328)	-	(12,004)	-	(145)	(179)
Materials and supplies	(6,633)	-	(6,632)	-	(1)	-
Water for recharge	4,918	4,918	-	-	-	-
Overhead	2,735	-	3,637	-	(902)	-
Other expenses	(4,162)	8,285	(5,736)	-	(18)	(6,693)
Subtotal other costs	(15,470)	13,203	(20,735)	-	(1,066)	(6,872)
<b>Total Operating Expenses</b>	<b>(167,410)</b>	<b>13,203</b>	<b>(171,772)</b>	<b>-</b>	<b>(1,969)</b>	<b>(6,872)</b>
<b>Operating Income/(Loss)</b>	<b>\$ 48,206</b>	<b>\$ -</b>	<b>\$ 17,668</b>	<b>\$ -</b>	<b>\$ 29,125</b>	<b>\$ 1,413</b>
<b>Non-operating Revenues/(Expenses)</b>						
Property taxes	\$ 86,891	\$ -	\$ 86,891	\$ -	\$ -	\$ -
Interest income and other	(4,067)	-	(3,936)	(76)	(78)	23
Disbursements to AWBA	(2,242)	-	(2,242)	-	-	-
Interest expense and other	(15,436)	-	(15,160)	-	(276)	-
<b>Total Non-operating Revenues/(Expenses)</b>	<b>65,146</b>	<b>-</b>	<b>65,553</b>	<b>(76)</b>	<b>(354)</b>	<b>23</b>
Change in Net Position	113,352	-	83,221	(76)	28,771	1,436
Net position at beginning of period	890,386	(2,350)	639,437	9,112	238,928	5,259
<b>Net position at end of period</b>	<b>\$ 1,003,738</b>	<b>\$ (2,350)</b>	<b>\$ 722,658</b>	<b>\$ 9,036</b>	<b>\$ 267,699</b>	<b>\$ 6,695</b>

# 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
<b>Operating Revenues</b>						
Water O&M charges	\$ 179,948	\$ (8,998)	\$ 188,946	\$ -	\$ -	\$ -
Water service capital charges	70,262	(24,591)	94,853	-	-	-
Power and Basin Development Fund revenues	7,632	-	7,632	-	-	-
Other revenues	65,871	(11,336)	2,056	-	63,897	11,254
<b>Total Operating Revenues</b>	<b>\$ 323,713</b>	<b>\$ (44,925)</b>	<b>\$ 293,487</b>	<b>\$ -</b>	<b>\$ 63,897</b>	<b>\$ 11,254</b>
<b>Operating Expenses</b>						
Salaries and related costs	\$ (70,256)	\$ -	\$ (69,123)	\$ -	\$ (1,133)	\$ -
Pumping power & capacity charges	(67,950)	-	(67,950)	-	-	-
Transmission	(15,937)	-	(15,937)	-	-	-
Amortization	(23,001)	-	(23,001)	-	-	-
Depreciation	(25,478)	-	(25,417)	-	(61)	-
Other operating costs:						
Outside services	(25,877)	-	(25,380)	-	(260)	(237)
Materials and supplies	(8,882)	-	(8,881)	-	(1)	-
Water for recharge	(2,981)	10,094	-	-	(13,075)	-
Overhead	3,548	-	4,738	-	(1,190)	-
Other expenses	(6,437)	34,831	(8,106)	-	(23,602)	(9,560)
Subtotal other costs	(40,629)	44,925	(37,629)	-	(38,128)	(9,797)
<b>Total Operating Expenses</b>	<b>(243,251)</b>	<b>44,925</b>	<b>(239,057)</b>	<b>-</b>	<b>(39,322)</b>	<b>(9,797)</b>
<b>Operating Income/(Loss)</b>	<b>\$ 80,462</b>	<b>\$ -</b>	<b>\$ 54,430</b>	<b>\$ -</b>	<b>\$ 24,575</b>	<b>\$ 1,457</b>
<b>Non-operating Revenues/(Expenses)</b>						
Property taxes	\$ 86,889	\$ -	\$ 86,889	\$ -	\$ -	\$ -
Interest income and other	3,211	-	(2,565)	(49)	5,801	24
Disbursements to AWBA	(2,546)	-	(2,546)	-	-	-
Interest expense and other	(31,991)	-	(31,624)	-	(367)	-
<b>Total Non-operating Revenues/(Expenses)</b>	<b>55,563</b>	<b>-</b>	<b>50,154</b>	<b>(49)</b>	<b>5,434</b>	<b>24</b>
Change in Net Position	136,025	-	104,584	(49)	30,009	1,481
Net position at beginning of period	890,386	(2,350)	639,437	9,112	238,928	5,259
<b>Net position at end of period</b>	<b>\$ 1,026,411</b>	<b>\$ (2,350)</b>	<b>\$ 744,021</b>	<b>\$ 9,063</b>	<b>\$ 268,937</b>	<b>\$ 6,740</b>

# Statement of Net Position

(Dollars in Thousands)

	2020	As of 09/30/2021	As of 12/31/2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 19,605	\$ 27,523	\$ 14,442
Cash Equivalents	98,019	95,612	88,990
Total cash and cash equivalents	117,624	123,135	103,432
Receivables			
Due from water customers	2,720	19,578	624
Due from property taxes, less allowance for doubtful accounts	40,184	87,087	42,803
Other Receivables	11,521	(31,704)	28,543
Water inventory	215,715	215,165	229,929
Funds held by federal government	16,428	5,037	7,754
Other assets	2,707	16,860	3,147
<b>Total Current Assets</b>	<b>406,899</b>	<b>435,158</b>	<b>416,232</b>
<b>Non-current Assets</b>			
Investments	419,981	458,069	507,382
Restricted assets	96,823	98,771	121,065
Agriculture water rights	88,719	88,719	45,759
Capital assets, less accumulated depreciation	303,858	302,850	320,889
Permanent service right, less accumulated amortization	1,042,835	1,025,585	1,019,835
Other assets	2,000	2,000	2,000
<b>Total Non-current Assets</b>	<b>1,954,216</b>	<b>1,975,994</b>	<b>2,016,930</b>
<b>Total Assets</b>	<b>\$ 2,361,115</b>	<b>\$ 2,411,152</b>	<b>\$ 2,433,162</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension & OPEB Valuation and Upfront Payments	\$ 18,166	\$ 18,166	\$ 18,165
<b>Total Deferred Outflows of Resources</b>	<b>18,166</b>	<b>18,166</b>	<b>18,165</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,379,281</b>	<b>\$ 2,429,318</b>	<b>\$ 2,451,327</b>

# Statement of Net Position

(Dollars in Thousands)

	2020	As of 09/30/2021	As of 12/31/2021
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 40,408	\$ 24,051	\$ 19,210
Accrued payroll, payroll taxes and other accrued expenses	9,745	10,354	12,158
Water operations, capital charges, and unearned revenue	33,980	35,675	33,974
Asset retirement obligation due within one year	15,972	40,456	18,060
Current liabilities payable from restricted assets, advances to federal government, and other Non-current assets:			
Accrued interest payable	21,269	14,824	20,136
Repayment obligation, due within one year	32,929	15,972	40,456
Contract revenue bonds, due within one year	5,245	5,365	5,365
<b>Total Current Liabilities</b>	<b>159,548</b>	<b>146,697</b>	<b>149,359</b>
<b>Non-current Liabilities:</b>			
Repayment obligation, due after one year	977,992	937,535	937,536
Contract revenue bonds, due after one year, net	57,532	51,655	51,484
Non-Indian agricultural 9(d) debt	88,719	88,719	88,719
Asset retirement obligation due after one year	36,545	27,900	24,448
Other non-current liabilities	106,073	106,073	105,777
<b>Subtotal Non-current Liabilities</b>	<b>1,266,861</b>	<b>1,211,882</b>	<b>1,207,964</b>
<b>Total Liabilities</b>	<b>1,426,409</b>	<b>1,358,579</b>	<b>1,357,323</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Customer Deposits	52,079	56,594	57,186
Deferred Inflow OPEB	2,694	2,694	2,694
Pension Valuation	7,713	7,713	7,713
<b>Total Deferred Inflows of Resources</b>	<b>62,486</b>	<b>67,001</b>	<b>67,593</b>
<b>NET POSITION</b>			
Net investment in capital assets	272,995	293,425	320,660
Restricted	75,554	83,947	100,929
Unrestricted	541,837	626,366	604,822
<b>Total Net Position</b>	<b>890,386</b>	<b>1,003,738</b>	<b>1,026,411</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 2,379,281</b>	<b>\$ 2,429,318</b>	<b>\$ 2,451,327</b>



# Statement of Net Position by Fund

(Dollars in Thousands)

	As of 09/30/2021	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 123,135	\$ -	\$ 91,066	\$ -	\$ 23,620	\$ 8,449
Receivables	74,961	-	63,537	-	11,424	-
Water inventory	215,165	-	17,696	-	197,469	-
Funds held by / advanced to federal government	5,037	-	5,037	-	-	-
Other	16,860	(390)	1,480	-	15,760	10
<b>Total Current Assets</b>	<b>435,158</b>	<b>(390)</b>	<b>178,816</b>	<b>-</b>	<b>248,273</b>	<b>8,459</b>
<b>Non-current Assets</b>						
Investments and restricted assets	556,840	(2,350)	516,895	9,036	31,009	2,250
Agriculture water rights	88,719	-	88,719	-	-	-
Capital assets, less accumulated depreciation	302,850	-	293,044	-	9,806	-
Permanent service right, less accumulated amortization	1,025,585	-	1,025,585	-	-	-
Other assets, less accumulated amortization	2,000	-	2,000	-	-	-
Bond issuance costs, net of accumulated amortization	-	-	-	-	-	-
<b>Total Non-current Assets</b>	<b>1,975,994</b>	<b>(2,350)</b>	<b>1,926,243</b>	<b>9,036</b>	<b>40,815</b>	<b>2,250</b>
<b>Total Assets</b>	<b>2,411,152</b>	<b>(2,740)</b>	<b>2,105,059</b>	<b>9,036</b>	<b>289,088</b>	<b>10,709</b>
<b>Deferred Outflows of Resources</b>						
	18,166	-	18,166	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,429,318</b>	<b>(2,740)</b>	<b>2,123,225</b>	<b>9,036</b>	<b>289,088</b>	<b>10,709</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable / accrued payroll	\$ 34,405	\$ -	\$ 24,054	\$ -	\$ 6,337	\$ 4,014
Water operations and capital charges deferred revenue	35,675	-	35,675	-	-	-
Accrued Decommissioning - Current	40,456	-	40,456	-	-	-
Other current liabilities	36,161	(390)	32,854	-	3,697	-
<b>Total Current Liabilities</b>	<b>146,697</b>	<b>(390)</b>	<b>133,039</b>	<b>-</b>	<b>10,034</b>	<b>4,014</b>
<b>Non-current Liabilities</b>						
A Asset retirement obligation due after one year	27,900	-	27,900	-	-	-
Repayment obligation, due after one year	937,535	-	937,535	-	-	-
Contract revenue bonds, due after one year, net	51,655	-	40,300	-	11,355	-
Non-Indian agricultural 9(d) debt	88,719	-	88,719	-	-	-
Other non-current liabilities	106,073	-	106,073	-	-	-
<b>Total Non-current Liabilities</b>	<b>1,211,882</b>	<b>-</b>	<b>1,200,527</b>	<b>-</b>	<b>11,355</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,358,579</b>	<b>(390)</b>	<b>1,333,566</b>	<b>-</b>	<b>21,389</b>	<b>4,014</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Customer Deposits and Upfront Payments	56,594	-	56,594	-	-	-
Deferred Inflow OPEB	2,694	-	2,694	-	-	-
Pension Valuation	7,713	-	7,713	-	-	-
<b>Total Deferred inflows of Resources</b>	<b>67,001</b>	<b>-</b>	<b>67,001</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>						
Net Investment in capital assets	293,425	-	298,578	-	(5,153)	-
Restricted	83,947	-	53,876	9,036	18,785	2,250
Unrestricted	626,366	(2,350)	370,204	-	254,067	4,445
<b>Total Net Position</b>	<b>1,003,738</b>	<b>(2,350)</b>	<b>722,658</b>	<b>9,036</b>	<b>267,699</b>	<b>6,695</b>
<b>Total Liabilities, Deferred Inflow and Net Position</b>	<b>\$ 2,429,318</b>	<b>(2,740)</b>	<b>2,123,225</b>	<b>9,036</b>	<b>289,088</b>	<b>10,709</b>

# Statement of Net Position by Fund

(Dollars in Thousands)

	Forecast as of 12/31/2021	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 103,432	\$ -	\$ 65,414	\$ -	\$ 29,988	\$ 8,030
Receivables	71,970	(28,536)	88,016	-	12,490	-
Water inventory	229,929	-	29,996	-	199,933	-
Funds held by / advanced to federal government	7,754	-	7,754	-	-	-
Other assets	3,147	(144)	2,650	-	631	10
<b>Total Current Assets</b>	<b>416,232</b>	<b>(28,680)</b>	<b>193,830</b>	<b>-</b>	<b>243,042</b>	<b>8,040</b>
<b>Non-current Assets</b>						
Investments and restricted assets	628,447	(2,350)	572,547	9,063	46,937	2,250
Agriculture water rights	45,759	-	45,759	-	-	-
Capital assets, less accumulated depreciation	320,889	-	294,389	-	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	-	-	-	-	-	-
<b>Total Non-current Assets</b>	<b>2,016,930</b>	<b>(2,350)</b>	<b>1,934,530</b>	<b>9,063</b>	<b>73,437</b>	<b>2,250</b>
<b>Total Assets</b>	<b>2,433,162</b>	<b>(31,030)</b>	<b>2,128,360</b>	<b>9,063</b>	<b>316,479</b>	<b>10,290</b>
<b>Deferred Outflows of Resources</b>						
	18,165	-	18,165	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,451,327</b>	<b>(31,030)</b>	<b>2,146,525</b>	<b>9,063</b>	<b>316,479</b>	<b>10,290</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable / accrued payroll	\$ 27,997	\$ -	\$ 23,803	\$ -	\$ 644	\$ 3,550
Water operations, capital charges, and unearned revenue	33,974	-	33,974	-	-	-
Asset retirement obligation due within one year	18,060	-	18,060	-	-	-
Other current liabilities	69,328	(144)	62,169	-	7,303	-
<b>Total Current Liabilities</b>	<b>149,359</b>	<b>(144)</b>	<b>138,006</b>	<b>-</b>	<b>7,947</b>	<b>3,550</b>
<b>Non-current Liabilities</b>						
Asset retirement obligation due after one year	24,448	-	24,448	-	-	-
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	105,777	(28,536)	106,073	-	28,240	-
<b>Total Non-current Liabilities</b>	<b>1,207,964</b>	<b>(28,536)</b>	<b>1,196,905</b>	<b>-</b>	<b>39,595</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,357,323</b>	<b>(28,680)</b>	<b>1,334,911</b>	<b>-</b>	<b>47,542</b>	<b>3,550</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Customer Deposits and Upfront Payments	57,186	-	57,186	-	-	-
Deferred Inflow OPEB	2,694	-	2,694	-	-	-
Pension Valuation	7,713	-	7,713	-	-	-
<b>Total Deferred inflows of Resources</b>	<b>67,593</b>	<b>-</b>	<b>67,593</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>						
Net Investment in capital assets	320,660	-	294,343	-	26,317	-
Restricted	100,929	-	54,981	9,063	34,635	2,250
Unrestricted	604,822	(2,350)	394,697	-	207,985	4,490
<b>Total Net Position</b>	<b>1,026,411</b>	<b>(2,350)</b>	<b>744,021</b>	<b>9,063</b>	<b>268,937</b>	<b>6,740</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 2,451,327</b>	<b>(31,030)</b>	<b>2,146,525</b>	<b>9,063</b>	<b>316,479</b>	<b>10,290</b>

## Spending Authority Full Year 2021

	General Fund Operating*	General Fund Non Operating	Supplemental Water	CAGR Account Operating **	CAGR Account Non Operating	Captive Insurance Fund	Capital Budget
<b>Board Approved Budget</b>	158,562	20,759	-	3,097	367	9,385	33,813
<b><u>Additional Board Authorized Spending</u></b>							
AWBA long term storage credit purchases		9,773					
CAPTIVE 's Increased Underwriting Expenses						403	
Contract for the Repair of Pool 34-Phase 1	4,500						
<b><u>Accounting Changes &amp; Adjustments</u></b>							
NIA Reallocation write-down		11,414					
NIA Reallocation-Water rights purchase				23,577	-		
<b>Adjusted Budget/Spending Authority</b>	<b>163,062</b>	<b>41,946</b>	<b>-</b>	<b>26,674</b>	<b>367</b>	<b>9,788</b>	<b>33,813</b>
<b>Projected</b>	<b>155,170</b>	<b>34,170</b>	<b>-</b>	<b>26,247</b>	<b>367</b>	<b>9,797</b>	<b>29,365</b>
Variance (\$) Fav/(Unfav)	7,892	7,776	-	427	-	(9)	4,448
Variance (%)	4.8%	18.5%		1.6%	0.0%	(0.1%)	13.2%

### 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 Actual	2021		Variance (\$)	Notes
		Forecast	Budget		
<b>Sources of Funds</b>					
Navajo-related revenues					
SRP premium	\$ -	\$ -	\$ -	\$ -	
Other NGS net revenues	6,437	-	-	-	
Shaping & Displacement	-	-	-	-	
Net revenues - NGS	6,437	-	-	-	
Net line rental revenue	2,433	2,432	510	1,922	A
Hoover 4.5 mil surcharge	3,015	3,372	3,000	372	
Parker-Davis	2,895	2,956	2,700	256	
Net CAP transmission revenues including line losses	(1,112)	(1,841)	788	(2,629)	B
Land-related revenues:				-	
Land use (net)	2,411	713	800	(87)	
Land sales (net)	-	-	-	-	
Interest on deposits	349	122	320	(198)	
<b>Total Credits Toward Repayment</b>	<b>\$ 16,428</b>	<b>\$ 7,754</b>	<b>\$ 8,118</b>	<b>\$ (364)</b>	
<b>Uses of Funds</b>					
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	\$ -	
<b>(Net Due) / Excess Funds for Repayment</b>	<b>\$ (36,602)</b>	<b>\$ (51,723)</b>	<b>\$ (51,359)</b>	<b>\$ (364)</b>	
<b>CAP NGS Energy &amp; Navajo Transmission Reconciliation</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Net funds (due to)/from Federal Government</b>	<b>\$ (36,602)</b>	<b>\$ (51,723)</b>	<b>\$ (51,359)</b>	<b>\$ (364)</b>	

**Notes:**

- A Net line rental revenues were understated in the 2021 budget.
- B Represents net CAP transmission revenues and includes oversight costs and line losses. The line losses contain 2019 and 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)

	3rd Quarter	2021		Variance	
	2021	Projection	Budget	FTEs	% (*)
<b>Management Council</b>	11.8	11.8	13.0	1.2	9.3%
<b>AGM - Finance &amp; Admin Group</b>					
<b>Finance and Administration</b>					
Analytics & Info Management	5.1	5.2	6.0	0.8	12.5%
Finance & Accounting	19.0	19.0	19.0	-	0.0%
Information Technology	32.4	31.5	34.0	2.5	7.5%
Risk Management	-	0.3	2.0	1.7	82.5%
Supply Chain & Facilities	26.7	26.4	28.0	1.6	5.8%
<b>Total Finance and Administration</b>	<b>83.2</b>	<b>82.4</b>	<b>89.0</b>	<b>6.6</b>	<b>7.4%</b>
<b>Employee Services</b>					
Cent Learning & Development	5.5	5.5	6.0	0.5	8.3%
Environment, Health & Safety	9.2	9.4	11.0	1.6	14.3%
Human Resources	6.0	6.0	7.5	1.5	20.0%
Protective Services	9.0	9.0	9.0	0.0	0.4%
<b>Total Employee Services</b>	<b>29.7</b>	<b>29.9</b>	<b>33.5</b>	<b>3.6</b>	<b>10.8%</b>
<b>AGM - Water Policy Group</b>					
<b>Water Policy</b>					
CAGRD	9.0	9.0	9.0	-	0.0%
Water Policy	7.9	7.7	8.0	0.3	3.4%
<b>Total Water Policy</b>	<b>16.9</b>	<b>16.7</b>	<b>17.0</b>	<b>0.3</b>	<b>1.6%</b>
<b>General Counsel</b>	5.0	5.0	5.0	-	0.0%
<b>Public Affairs</b>	16.3	16.5	16.0	(0.5)	(2.9%)
<b>AGM - Ops &amp; Engineering Group</b>					
<b>Centralized Maint &amp; Reliability</b>					
Centralized Maintenance	67.1	67.0	72.0	5.0	7.0%
Maintenance Control	37.3	37.3	39.0	1.7	4.4%
<b>Total Centralized Maint &amp; Reliability</b>	<b>104.4</b>	<b>104.3</b>	<b>111.0</b>	<b>6.7</b>	<b>6.0%</b>
<b>Field Maintenance</b>					
Operational Technology	35.7	35.7	38.0	2.3	6.0%
South Area Maintenance	44.8	44.5	46.0	1.5	3.2%
West Area Maintenance	43.8	43.6	45.0	1.4	3.1%
<b>Total Field Maintenance</b>	<b>124.3</b>	<b>123.8</b>	<b>129.0</b>	<b>5.2</b>	<b>4.0%</b>
<b>Operations and Engineering</b>					
Engineering	61.0	61.1	64.0	2.9	4.5%
Power Program Admin	2.7	2.5	3.0	0.5	15.3%
Water Operations	22.2	22.4	22.0	(0.4)	(1.8%)
<b>Total Operations and Engineering</b>	<b>85.9</b>	<b>86.0</b>	<b>89.0</b>	<b>3.0</b>	<b>3.3%</b>
<b>Vacancy/Salary Savings Equivalent</b>	-	(0.3)	(15.0)	(14.7)	98.0%
<b>Total FTE</b>	<b>477.5</b>	<b>476.1</b>	<b>487.5</b>	<b>11.4</b>	<b>2.3%</b>

# General Fund

The General Fund ended the third quarter of 2021 with a net income (or increase in net position) of \$83 million compared to a budgeted net income of \$99 million. It is anticipated that the General Fund will end the year with a net gain of \$105 million.

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

## GENERAL FUND Budget Performance - 3rd Quarter 2021 YTD

<i>(Dollars in thousands)</i>	Actuals	Budget	Change	
Revenues	\$ 272,395	\$ 313,905	\$ (41,510)	(13.2%)
Expenses	(189,174)	(214,277)	25,103	11.7%
Change in Net Position	\$ 83,221	\$ 99,628	\$ (16,407)	
Beginning Net Position	639,437	645,322	(5,885)	
Ending Net Position	\$ 722,658	\$ 744,950	\$ (22,292)	

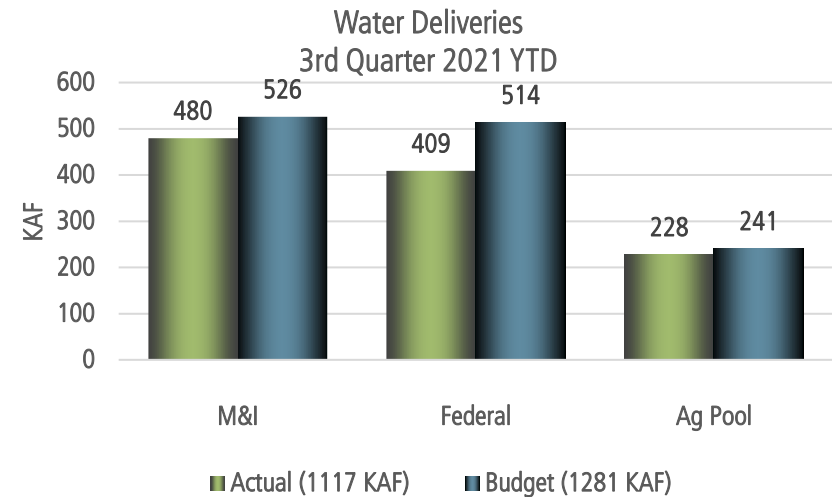
## GENERAL FUND Budget Performance - Full Year 2021

<i>(Dollars in thousands)</i>	Projected	Spending Authority	Change	
Revenues	\$ 377,811	\$ 357,228	\$ 20,583	5.8%
Expenses	(273,227)	(300,363)	27,136	9.0%
Change in Net Position	\$ 104,584	\$ 56,865	\$ 47,719	
Beginning Net Position	639,437	645,322	(5,885)	
Ending Net Position	\$ 744,021	\$ 702,187	\$ 41,834	

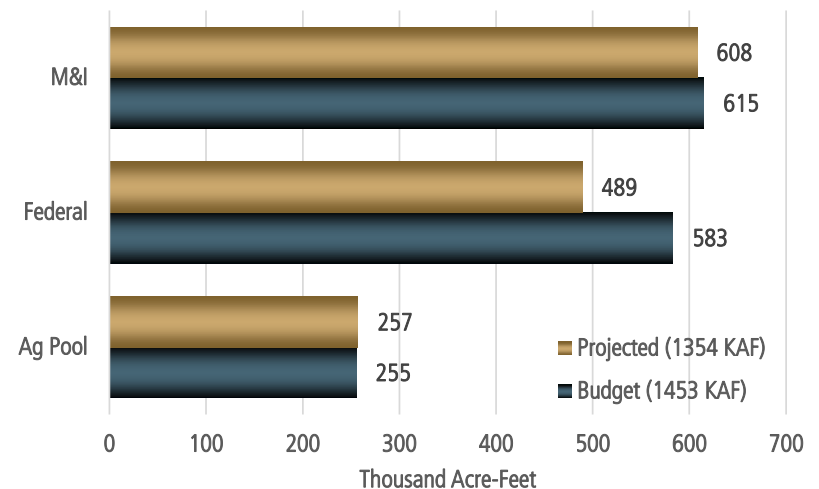
## Water Deliveries

Through September 2021, water deliveries were 164 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 slightly lower than budget due to reduced water orders. Federal deliveries are expected to be lower due to participation in system conservation programs. See page 28 for additional detail.



## Water Deliveries - Full Year 2021 Projected



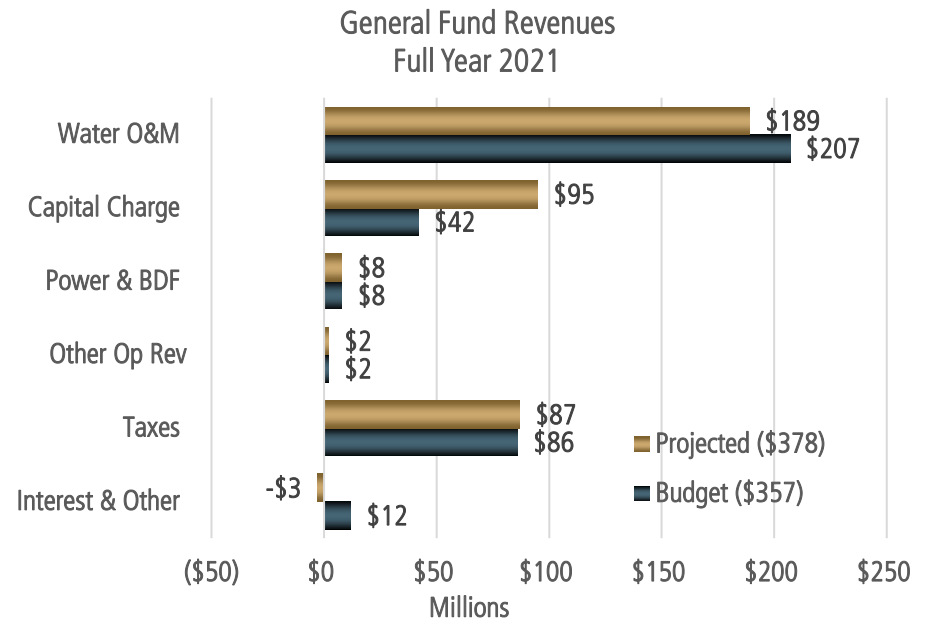
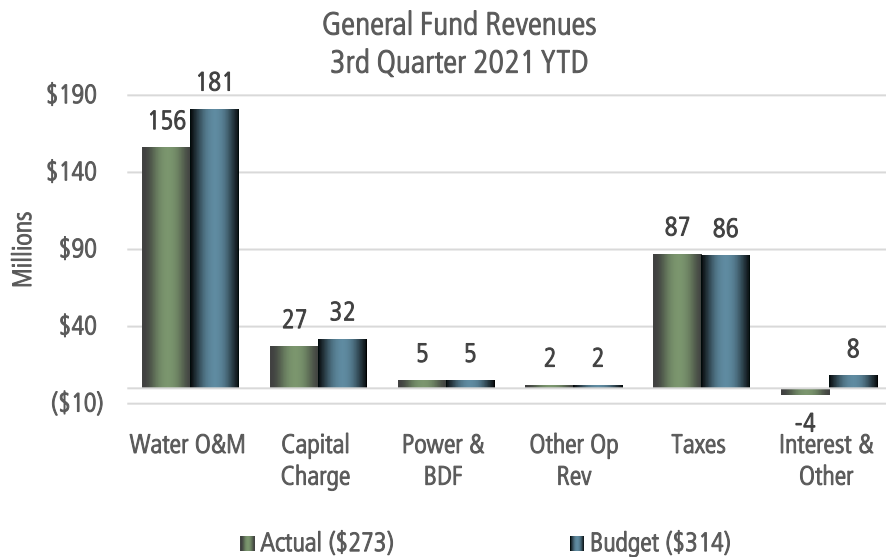
## Total Revenues

**3RD QUARTER 2021 BUDGET PERFORMANCE:** Through September 2021, total General Fund revenues were \$273 million compared to a budget of \$314 million. Key impacts were:

- Water O&M charges were lower than budget by \$25 million due to lower deliveries;
- Capital charges were \$5 million lower than budget due to a lower rate than planned in the budget;
- Power and BDF revenue were on budget;
- Taxes were \$1 million higher than budget due to property valuations; and
- Interest and other non-operating revenue was below budget by \$12 million due to fair value decreases.

**FULL YEAR 2021 BUDGET PERFORMANCE:** The full year is projected to be \$378 million compared to a budget of \$357 million, which is \$21 million higher than budget. The major items influencing the variance are:

- \$18 million lower water O&M revenue due to lower reconciled delivery rates and 40 KAF of Tribal ICS that decrease revenue as their payment is for the future delivery of their ICS;
- \$53 million higher capital charge revenue due to unbudgeted acre feet of NIA reallocation back capital charges and carrying cost (interest);
- \$1 million higher property tax revenue due to increased property valuation estimates; and
- \$15 million lower interest & other revenue due to lower interest income and unfavorable fair value adjustments (expected to be negative for the year).



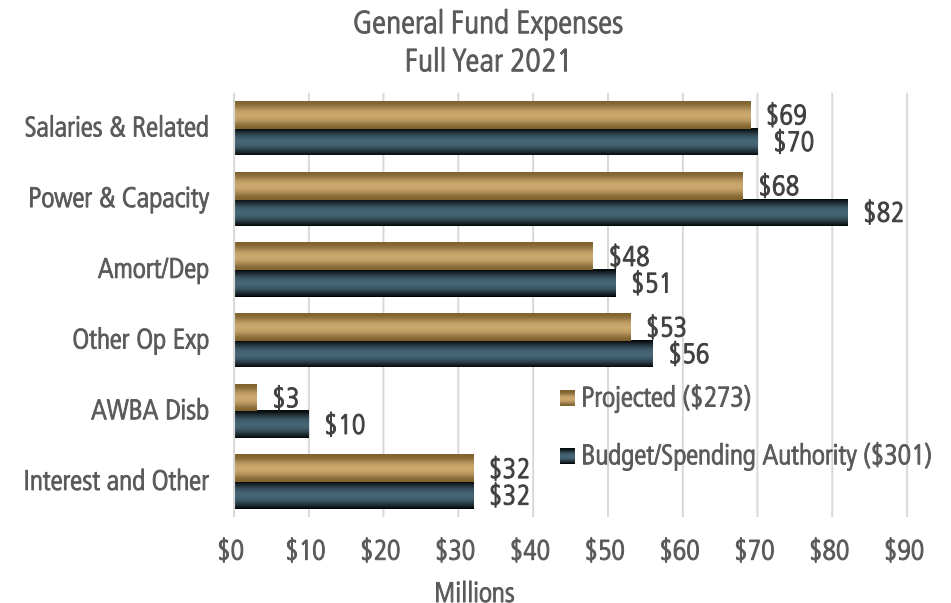
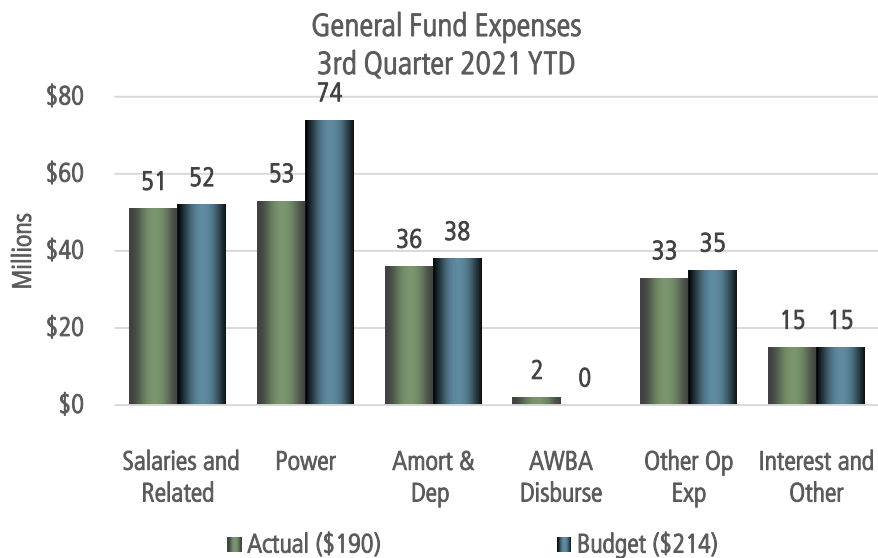
## Total Expenses

**THIRD QUARTER BUDGET PERFORMANCE:** Total General Fund expenses through September 2021 were \$24 million lower than budget. This variance was due to:

- \$21 million lower energy and energy-related expenses due to lower per unit energy costs than budgeted and lower deliveries;
- \$2 million lower depreciation expense due to delay of capital projects;
- \$2 million higher AWBA transfers based on timing;
- \$2 million lower other expenses as a result of lower outside services expense; and
- \$1 million lower salaries and related expenses mainly due to vacancies.

**FULL YEAR 2021 BUDGET PERFORMANCE:** Total expenses for 2021 are anticipated to be \$273 million compared to spending authority of \$301 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 \$14 million below budget due to obtain lower than anticipated per unit energy pricing and lower deliveries (see pages 32 and 33 for further detail);
- Amortization and depreciation expense is projected to be \$3 million below budget due to a delay in finished capital projects, much of which are delays related to COVID-19;
- Other operating expenses are projected to be \$3 million lower due to lower outside services related to the Pool 34 repair; and
- AWBA is expected to be \$7 million lower than spending authority as AWBA does not anticipate being able to utilize the full amount authorized.





## 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

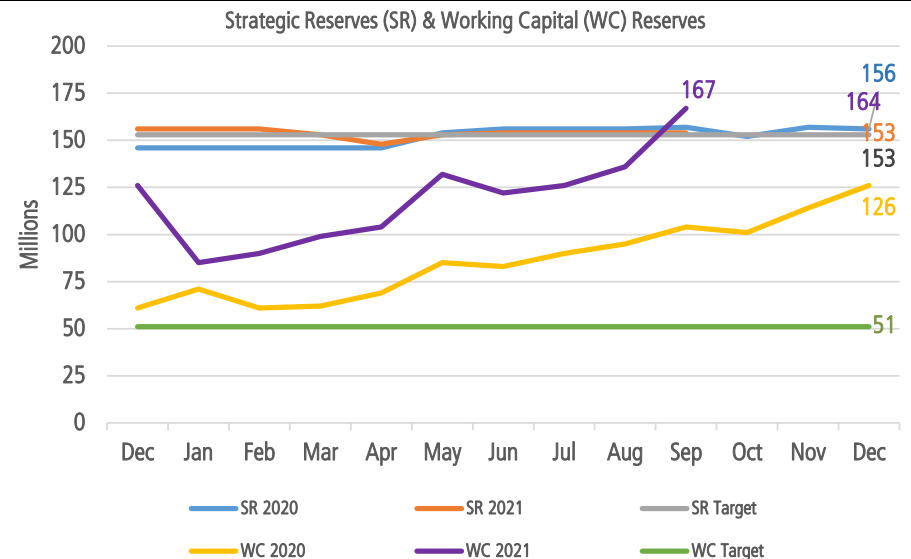
*(Dollars in Millions)*

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

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 September 2021, working capital reserves were \$167 million, an increase of \$41 million. 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 \$164 million. Inclusion of projected Federal Debt cash make-up payment due January 2022 of \$52 million and rate reconciliation payments due to customers of \$6 million in April 2022 reduces the forecast of working capital reserves to \$106 million compared to the target of \$51 million.

Working capital reserves are higher partly due to \$29 million in back capital charges and related carrying costs received for the NIA reallocation. Many recipient's elected to pay the entire amount instead of financing it over 5 years. In addition, the delay in capital projects due to the pandemic has temporary increased the working capital balance by a cumulative total of approximately \$17 million.



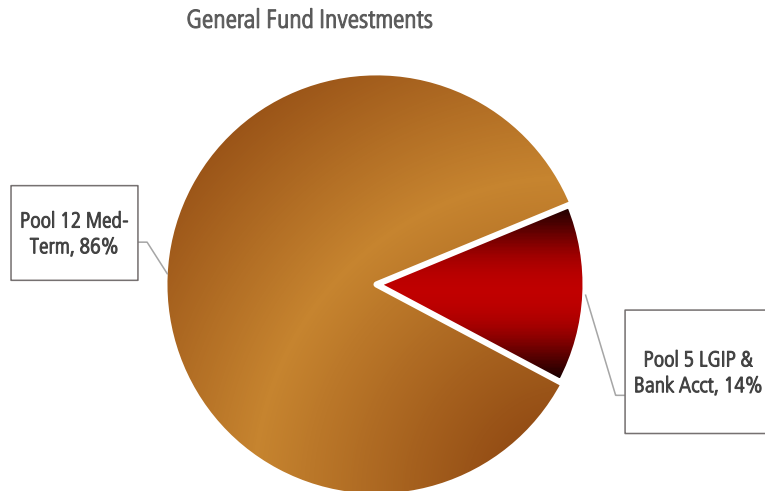
## General Fund Cash and Investments

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 September 2021 was 1.16% for pool 12 and 0.06% 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	
	9/30/21	12/31/20
<b>Strategic Reserves</b>		
<b>Restricted Reserves</b>		
Major Repair & Replacement Reserve	7	12
<b>Assigned Reserves</b>		
Capital Reserve	63	59
Operating Reserve	75	77
Contingency Reserve	8	8
<b>Total Strategic Reserves</b>	<b>153</b>	<b>156</b>
<b>Working Capital Reserves</b>		
<b>Unrestricted Reserves</b>		
Cash (BoFA)	18	13
Working Capital Reserve	149	113
<b>Total Working Capital Reserves</b>	<b>\$ 167</b>	<b>\$ 126</b>
<b>Other Reserves</b>		
Navajo Decommissioning	\$ 38	\$ 47
Repayment Reserve	40	41
Emergency OM&R Reserve	7	7
System Use Reserve	4	5
Tribal ICS Reserve	20	20
Rate Stabilization	30	30
Voluntary Rate Stabilization	7	7
Bond Reserve	5	6
9(d) Debt Reserve	9	-
Recovery Reserve	11	11
Recharge O & M	8	7
Extraordinary Cost	20	20
Water Storage Tax	86	81
<b>Total Other Reserves</b>	<b>285</b>	<b>282</b>
<b>Total Reserves</b>	<b>\$ 605</b>	<b>\$ 564</b>

# Statement of Revenues, Expenses and Change in Net Position

## General Fund

(Dollars in Thousands)

	3rd Quarter 2021				Full Year 2021						
	Actual	Budget	Variance		Projection	Budget	Budget Adjustments	Total Spending Authority	Variance		
			(\$)	(%)					(\$)	(%)	
<b>Water Deliveries (acre-feet in thousands)</b>	1,117	1,281	(165)	(12.8%)	1,353	1,453	-	1,453	(99)	(6.8%)	
<b>Operating Revenues</b>											
Water O&M charges	\$ 155,722	\$ 180,635	(24,913)	(13.8%)	\$ 188,946	\$ 207,196	\$ -	\$ 207,196	\$ (18,250)	(8.8%)	A
Water service capital charges	27,037	31,630	(4,593)	(14.5%)	94,853	42,173	-	42,173	52,680	124.9%	B
Power and Basin Development Fund revenues	4,968	5,474	(506)	(9.2%)	7,632	7,798	-	7,798	(166)	(2.1%)	C
Other revenues	1,713	1,605	108	6.7%	2,056	2,014	-	2,014	42	2.1%	D
<b>Total Operating Revenues</b>	\$ 189,440	\$ 219,344	\$ (29,904)	(13.6%)	\$ 293,487	\$ 259,181	-	\$ 259,181	\$ 34,306	13.2%	
<b>Operating Expenses</b>											
Salaries and related costs	\$ (50,955)	\$ (50,515)	\$ (440)	(0.9%)	\$ (69,123)	\$ (69,700)	\$ -	\$ (69,700)	\$ 577	0.8%	E
Pumping power and capacity charges	(52,554)	(73,691)	21,137	28.7%	(67,950)	(81,989)	-	(81,989)	14,039	17.1%	F
Transmission	(11,612)	(10,100)	(1,512)	(15.0%)	(15,937)	(13,366)	-	(13,366)	(2,571)	(19.2%)	G
Amortization of Permanent Service Right	(17,250)	(17,250)	-	0.0%	(23,001)	(23,000)	-	(23,000)	(1)	(0.0%)	
Depreciation and Amortization	(18,666)	(21,012)	2,346	11.2%	(25,417)	(28,016)	-	(28,016)	2,599	9.3%	H
Other operating costs:											
Outside services	(12,004)	(16,721)	4,717	28.2%	(25,380)	(24,975)	(4,500)	(29,475)	4,095	13.9%	I
Materials and supplies	(6,632)	(6,042)	(590)	(9.8%)	(8,881)	(8,361)	-	(8,361)	(520)	(6.2%)	J
Overhead	3,637	4,264	(627)	(14.7%)	4,738	5,247	-	5,247	(509)	(9.7%)	
Other expenses	(5,736)	(7,641)	1,905	24.9%	(8,106)	(9,757)	-	(9,757)	1,651	16.9%	K
Subtotal	(20,735)	(26,140)	5,405	20.7%	(37,629)	(37,846)	(4,500)	(42,346)	4,717	11.1%	
<b>Total Operating Expenses</b>	(171,772)	(198,708)	26,936	13.6%	(239,057)	(253,917)	(4,500)	(258,417)	19,360	7.5%	
<b>Operating Income/(Loss)</b>	\$ 17,668	\$ 20,636	\$ (2,968)	(14.4%)	\$ 54,430	\$ 5,264	\$ (4,500)	\$ 764	\$ 53,666	7024.3%	
<b>Non-Operating Revenues/(Expenses)</b>											
Property taxes	\$ 86,891	\$ 86,483	\$ 408	0.5%	\$ 86,889	\$ 86,483	-	86,483	406	0.5%	L
Interest income and other	(3,936)	8,078	(12,014)	(148.7%)	(2,565)	11,564	-	11,564	(14,129)	(122.2%)	M
Disbursements to AWBA	(2,242)	(405)	(1,837)	(453.6%)	(2,546)	(540)	(9,773)	(10,313)	7,767	75.3%	N
Interest expense and other	(15,160)	(15,164)	4	0.0%	(31,624)	(20,219)	(11,414)	(31,633)	9	0.0%	O
<b>Net Non-operating Income/(Loss)</b>	65,553	78,992	(13,439)	(17.0%)	50,154	77,288	(21,187)	56,101	(5,947)	(10.6%)	
Change in Net Position	83,221	99,628	(16,407)	(16.5%)	104,584	82,552	(25,687)	56,865	47,719	83.9%	
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	\$ 722,658	\$ 744,950	\$ (22,292)	(3.0%)	\$ 744,021	\$ 727,874	\$ (25,687)	\$ 702,187	\$ 41,834	6.0%	

# Statement of Revenues, Expenses and Change in Net Position

## General Fund

### *Notes*

**Water O&M Charges:** Water deliveries are forecasted to decrease by 99 thousand acre-feet or 7% in 2021. Water O&M revenues for 2021 is projected to be \$18.3 million or 8.8% less than budget due in part to a reduction in the full year reconciled rate when compared to the published rate and a 7% reduction in projected full year deliveries.

**Water Service Capital Charges:** Full year capital charges for 2021 is \$52.7 Million more than budget. This is due to \$57.7 Million in back capital charges and related costs (interest) collected on NIA water expected this year less a \$13 per acre feet reduction in 2021 actual Capital Charge rate when compared to the budget. There are also 47.3 thousand acre-feet or \$2.5 million for the M&I subcontract customers related to the Hohokum CDR allocations that were not budgeted. □

**Power and Other Basin Fund Revenues:** Full year revenues are projected to be \$0.2 million lower than budget. Net transmission revenues which include line losses are expected to be lower than budget. Net miscellaneous revenue, Hoover and Parker Davis revenues are forecast to exceed budget.

**Other Revenues:** Full year positive variance of \$42 thousand more than budget is due to \$408 thousand more in projected recharge lease revenues resulting from an increase in recharge deliveries to CAWCD recharge sites. This is offset by \$366 thousand less revenues from miscellaneous income, asset disposals and land use.

**Salaries and Related Costs:** Salaries and related costs are projected to be under budget due to vacancies 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.

**Pumping power and capacity charges:** Lower water delivery volume contributes to the lower overall energy costs. Additionally, favorable energy sales in the first and second quarters were achieved by reducing the pumping load, contributing to a significantly lower \$/MWH average. Also due to a change in settlement methods, some losses were moved to transmission.

**Transmission:** Losses were previously included in energy costs, but separated in 2020 and are now reflected in Transmission.

**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 20 projects during 2021 that includes, five that were originally delayed in 2020 due to COVID-19. Contractual suspensions were enacted on projects due to COVID-19, primarily in the construction phase, therefore they will not incur depreciation this year.

**Outside Services:** Full year positive variance of \$4.1 Million is due in part to \$2.7 million savings from the AIM and IT consulting project on content server issues, rationalization efforts on weather modification CR museum and the Bi National desal study. The \$4.5 Million approved additional spending authority is for unbudgeted contract costs to repair storm damages to pool 34.

**Materials and Supplies:** Full year \$520 thousand negative variance is attributed in part to increase in costs related to material supplies/licenses/fees and permits.

**Other Expenses:** Full year positive variance of \$1.7 million is due mostly to \$1.1 million savings in related employee in and out of state travel/training expenses due to COVID-19 travel restrictions, and \$688 thousand in MSCP fees reduction in 2021 partly due to catchup payment from AZ Game & Fish from 2020.

**Property Taxes:** Property Tax Revenue for year 2021-22 was recorded in September 2021 based on tax levy. Actual levy was \$406K higher than budget.

**Interest Income and Other:** YTD and full year negative variance due to lower Fair Value adjustment and lower interest income. Lower interest rate environment is negatively affecting Fair Value on Pool 12 bond investments.

**Disbursements to AWBA:** \$2.5 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. For 2021, the Board approved \$4 million and \$6 million transfers for LTSC purchases for Phoenix AMA and Tucson AMA, respectively. The AWBA does not anticipate to utilize the full amount.

**Interest Expense and Other:** No material variance as budget was adjusted to account for \$11.4M write-down of NIA Reallocation.

# Water Volumes

(in Acre-Feet)

	3rd Quarter 2021				Full Year 2021				Notes
	Actual	Budget	Variance		Projection	Budget	Variance		
			(A/F)	(%)			(A/F)	(%)	
<b>Municipal &amp; Industrial Water Subcontract</b>	480,303	526,055	(45,752)	(8.7%)	607,561	615,173	(7,612)	(1.2%)	A
<b>Federal Contract</b>									
On-reservation	115,734	183,163	(67,429)	(36.8%)	128,282	206,098	(77,816)	(37.8%)	
Off-reservation	293,094	330,884	(37,790)	(11.4%)	360,791	377,019	(16,228)	(4.3%)	
Subtotal Federal Contract	408,828	514,047	(105,219)	(20.5%)	489,073	583,117	(94,044)	(16.1%)	B
<b>Excess</b>									
Ag Settlement Pool (includes Ag Forbearance)	227,046	240,901	(13,855)	(5.8%)	256,110	253,854	2,256	0.9%	C
CAGR D Obligation	-	-	-	-	-	-	-	-	
CAGR D Obligation @ Scottsdale IWDS	-	-	-	-	-	-	-	-	D
AWBA	-	-	-	-	-	-	-	-	E
AWBA Interstate Banking Water	-	-	-	-	-	-	-	-	
USBR Firming	-	-	-	-	-	-	-	-	F
CAGR D Replenishment Reserve	-	-	-	-	-	-	-	-	G
Temporary water use permits	655	479	176	36.7%	745	625	120	19.2%	
Full Cost Excess (Unscheduled overruns)	-	-	-	-	-	-	-	-	
Subtotal Excess	227,701	241,380	(13,679)	(5.7%)	256,855	254,479	2,376	0.9%	
<b>Total Water Deliveries</b>	1,116,832	1,281,482	(164,650)	(12.8%)	1,353,489	1,452,769	(99,280)	(6.8%)	
Transfer of credits to CAGR D	-	11,407	(11,407)	(100.0%)	22,026	15,209	6,817	44.8%	
Take or Pay/Adjustment	-	4,500	(4,500)	(100.0%)	6,000	6,000	-	0.0%	
<b>Billed Fixed OM&amp;R Water Volumes</b>	1,116,832	1,297,389	(180,557)	(13.9%)	1,381,515	1,473,978	(92,463)	(6.3%)	

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 deliveries are 46K acre-feet less than budget while full year forecast deliveries are 8K acre-feet less than budget due to an overall decrease in M&I water orders and daily customer needs.□
- B **Federal:** 2021 YTD deliveries are 67K acre-feet less than budget due to both Lake Mead contributions and customer needs. Full year deliveries are forecast to be 78K acre-feet less than budget due to Lake Mead contributions of 40,000 GRIC ICS creation, 40,000 acre-feet GRIC System Conservation and 13,933 acre-feet of FMYN System Conservation.□
- C **Ag Settlement Pool:** YTD deliveries are 14K acre-feet less than budget due to customer needs while full year is projected to be close to target.
- D **CAGRD Obligation @ Scottsdale IWDS:** There are no planned deliveries to this customer this year.
- E **AWBA:** There are no planned deliveries this year.
- F **USBR FIRMING:** There are no planned deliveries this year.
- G **CAGRD Replenishment Reserve:** There are no planned deliveries this year.
- H **Capital and Facility Use Charges (M&I Subcontractors):** Full year capital charge for 2021 is \$52.4 million more than budget. This is due in part to a \$40.6 million back capital charge collection on NIA water expected this year, a \$13 per acre feet reduction in 2021 actual Capital Charge rate when compared to the published rate and 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.
- I **Capital and Facility Use Charges (M&I Non-Subcontractors):** The negative variance is due in part to a decrease in the capital charge rate which lowers the CAGRD charges on the LTSC credit purchases from CAWCD.
- J **Underground Storage Facility Use Charges:** The positive variance is due to an increase in underground deliveries for the tribes (GRIC, Ak-Chin and Tohono 'Odam) stored in our recharge sites.



# Water Revenues and Capital Charges

(Dollars in Thousands)

## WATER REVENUES & CAPITAL CHARGES

(Dollars in Thousands)

	3rd Quarter 2021				Full Year 2021				Notes
	Actual	Budget	Variance		Projection	Budget	Variance		
			(\$)	(%)			(\$)	(%)	
<b>WATER REVENUES</b>									
<b>Municipal &amp; Industrial Water Subcontract</b>	\$ 76,849	\$ 83,175	(6,326)	-8%	\$ 94,038	97,265	(3,227)	-3%	A
<b>Federal Contract</b>									
On-reservation	\$ 18,517	\$ 28,960	(10,443)	(36.1%)	\$ 19,855	32,586	(12,731)	(39.1%)	
Off-reservation	46,895	52,316	(5,421)	(10.4%)	55,843	59,610	(3,767)	(6.3%)	
Subtotal Federal Contract	65,412	81,276	(15,864)	(19.5%)	75,698	92,196	(16,498)	(17.9%)	B
<b>Excess</b>									
Ag Settlement Pool (includes Ag Forbearance)	12,715	13,731	(1,016)	(7.4%)	14,342	14,470	(128)	(0.9%)	C
CAGR D Obligation	-	-	-	-	-	-	-	-	
CAGR D Obligation @ Scottsdale IWDS	-	-	-	-	-	-	-	-	D
AWBA	-	-	-	-	-	-	-	-	E
AWBA Interstate Banking Water	-	-	-	-	-	-	-	-	
USBR Firming	-	-	-	-	-	-	-	-	F
CAGR D Replenishment Reserve	-	-	-	-	-	-	-	-	G
Water Revenues Contra WSTA	-	-	-	-	-	-	-	-	
Temporary water use permits	746	212	534	3	848	277	571	206.1%	
Full Cost Excess (Unscheduled overruns)	-	-	-	-	-	-	-	-	
Subtotal Excess	13,461	13,943	(482)	(0)	15,190	14,747	443	3.0%	
<b>Total Water Deliveries</b>	155,722	178,394	(22,672)	(0)	184,926	204,208	(19,282)	(9.4%)	
Misc. Adjustments	-	-	-	-	-	-	-	-	
Transfer of credits to CAGR D	-	1,791	(1,791)	(100.0%)	3,409	2,388	1,021	42.8%	
Take/Pay Adj.	-	450	(450)	(100.0%)	611	600	11	1.8%	
<b>Total Water O&amp;M Charges</b>	\$ 155,722	\$ 180,635	\$ (24,913)	(13.8%)	\$ 188,946	207,196	\$ (18,250)	(8.8%)	
<b>CAPITAL &amp; FACILITY USE CHARGES</b>									
M&I subcontractors	\$ 26,634	\$ 30,725	(4,091)	(13.3%)	\$ 93,218	40,966	\$ 52,252	127.5%	H
M&I non-subcontract	-	753	(753)	(100.0%)	1,167	1,004	163	16.2%	I
Capital Charges - Pima (Interstate)	-	-	-	-	-	-	-	-	
Underground storage facilities	403	152	251	165%	468	203	265	130.5%	J
<b>Total Capital &amp; Facility Use Charges</b>	\$ 27,037	\$ 31,630	\$ (4,593)	(14.5%)	\$ 94,853	42,173	\$ 52,680	124.9%	

Notes explaining the variances are shown on page 29.



# Energy

	3rd Quarter 2021				Full Year 2021				Notes
	Actual	Budget	Variance		Projection	Budget	Variance		
			(\$)	(%)			(Amount)	(%)	
<b>ENERGY (MWH)</b>									
Waddell	37,647	37,891	244	n.a.	37,647	37,891	244	0.6%	
Hoover	108,558	107,781	(777)	(0.7%)	137,542	135,546	(1,996)	(1.5%)	
Long-term contracts	238,890	285,092	46,202	16.2%	332,898	382,160	49,262	12.9%	
Market Purchases	1,441,751	1,615,517	173,766	10.8%	1,956,246	2,165,572	209,326	9.7%	
<b>Total MWH</b>	<b>1,826,846</b>	<b>2,046,281</b>	<b>219,435</b>	<b>10.7%</b>	<b>2,464,333</b>	<b>2,721,169</b>	<b>256,836</b>	<b>9.4%</b>	
<b>ENERGY RATE (\$/MWH)</b>									
Waddell	\$ -	\$ -	\$ -	n.a.	\$ -	\$ -	\$ -	n.a.	
Hoover	37.45	37.08	(0.37)	(1.0%)	38.70	39.06	0.36	0.9%	
Long-term contracts	46.03	36.72	(9.31)	(25.4%)	48.21	36.06	(12.15)	(33.7%)	A
Market Purchases	19.93	26.95	7.02	26.0%	22.01	27.42	5.41	19.7%	
<b>Grand Weighted Average \$/MWH</b>	<b>\$ 24.48</b>	<b>\$ 28.34</b>	<b>\$ 3.87</b>	<b>13.6%</b>	<b>\$ 26.55</b>	<b>\$ 28.83</b>	<b>\$ 2.28</b>	<b>7.9%</b>	
<b>ENERGY COSTS (\$000)</b>									
Waddell	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	n.a.	
Hoover	4,066	3,997	(69)	(1.7%)	5,323	5,294	(29)	(0.5%)	
Long-term contracts	10,995	10,467	(528)	(5.0%)	16,050	13,781	(2,269)	(16.5%)	A
Market Purchases	28,733	43,534	14,801	34.0%	43,061	59,379	16,318	27.5%	B
<b>Gross Energy Costs (\$000)</b>	<b>\$ 43,794</b>	<b>\$ 57,999</b>	<b>\$ 14,204</b>	<b>24.5%</b>	<b>\$ 64,434</b>	<b>\$ 78,454</b>	<b>\$ 14,020</b>	<b>17.9%</b>	
Energy Scheduling Services	\$ 793	\$ 1,025	\$ 232	23%	\$ 1,053	\$ 1,366	\$ 313	23%	
Energy Balancing Services	-	-	-	0%	-	-	-	0%	
Shaping & Displacement Adjustment	-	-	-	0%	-	-	-	0%	
MWD Agreement Expense	-	53	53	100%	59	70	11	16%	
Lake Pleasant Adjustment	7,980	14,614	6,634	45%	2,404	2,098	(306)	(15%)	C
Lake Roosevelt Adjustment	(14)	-	14	n.a.	-	-	0	n.a.	C
<b>Energy and Related Costs (\$000)</b>	<b>\$ 52,553</b>	<b>\$ 73,691</b>	<b>\$ 21,137</b>	<b>28.7%</b>	<b>\$ 67,950</b>	<b>\$ 81,988</b>	<b>\$ 14,038</b>	<b>17.1%</b>	
<b>POWER TRANSMISSION</b>									
Elec Trans-Losses	\$ 2,575	-	\$ (2,575)	n.a.	\$ 3,766	\$ -	\$ (3,766)	n.a.	D
Elec Trans-SRP SALT GILA	261	525	264	50.3%	371	700	329	47%	D
Elec Trans-Brady/Pichacho/RR	328	375	47	12.5%	453	500	47	9%	D
Elec Trans-WECC Trans	150	298	148	49.7%	236	298	62	21%	D
<b>Total Pumping Costs (\$000)</b>	<b>\$ 55,867</b>	<b>\$ 74,889</b>	<b>\$ 19,021</b>	<b>25.4%</b>	<b>\$ 72,776</b>	<b>\$ 83,486</b>	<b>\$ 10,710</b>	<b>12.8%</b>	

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 extreme weather events during the year presented an opportunity to reduce the pumping load, generating revenue from high-priced sales to more than offset higher energy purchases in the latter part of the year.
- 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)

	3rd Quarter 2021				Full Year 2021				Notes
	Actual	Budget	Variance (\$)	(%)	Projection	Budget	Variance (\$)	(%)	
Water Deliveries (000 acre-feet)	103	76	27	35.5%	123	93	30	32.3%	
<b>Revenues</b>									
Other revenues	1,430	1,064	366	34.4%	1,700	1,293	407	31.5%	
<b>Total Revenues</b>	<b>\$ 1,430</b>	<b>\$ 1,064</b>	<b>\$ 366</b>	<b>34.4%</b>	<b>\$ 1,700</b>	<b>\$ 1,293</b>	<b>\$ 407</b>	<b>31.5%</b>	
<b>Expenses</b>									
Salaries and related costs	\$ (48)	\$ (160)	\$ 112	70.0%	\$ (96)	\$ (213)	\$ 117	54.9%	
Other operating costs:									
Outside services	(74)	(138)	64	46.4%	(471)	(180)	(290)	(161.1%)	
Materials and supplies	(30)	(52)	22	42.3%	(61)	(72)	11	15.3%	
Other expenses	(571)	(533)	(38)	(7.1%)	(721)	(698)	(24)	(3.4%)	
Subtotal	(675)	(723)	48	6.6%	(1,253)	(950)	(303)	(31.9%)	
<b>Total Expenses</b>	<b>\$ (723)</b>	<b>\$ (883)</b>	<b>\$ 160</b>	<b>18.1%</b>	<b>\$ (1,349)</b>	<b>\$ (1,162)</b>	<b>\$ (186)</b>	<b>(16.0%)</b>	
Change in Net Position	707	181	526	290.6%	351	131	221	(169.1%)	
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	<b>\$ 7,897</b>	<b>\$ 4,666</b>	<b>\$ 3,231</b>	<b>69.2%</b>	<b>\$ 7,541</b>	<b>\$ 4,616</b>	<b>\$ 2,926</b>	<b>63.4%</b>	
<b>Expense Summary</b>									
Aqua Fria	\$ (44)	\$ (76)	\$ 32	42.1%	\$ (69)	\$ (101)	\$ 32	31.7%	A
Hieroglyphic Mountains	(127)	(170)	43	25.3%	(258)	(218)	(40)	(18.3%)	B
Lower Santa Cruz	(297)	(312)	15	4.8%	(447)	(415)	(32)	(7.7%)	C
Pima Mine Road	(22)	(106)	84	79.2%	(103)	(142)	39	27.5%	D
Superstition Mountain	(196)	(170)	(26)	(15.3%)	(363)	(223)	(140)	(62.8%)	E
Tonopah Desert	(37)	(49)	12	24.5%	(109)	(63)	(46)	(73.0%)	F
<b>Total</b>	<b>\$ (723)</b>	<b>\$ (883)</b>	<b>\$ 160</b>	<b>18.1%</b>	<b>\$ (1,349)</b>	<b>\$ (1,162)</b>	<b>\$ (187)</b>	<b>(16.1%)</b>	

# Underground Storage Operations and Maintenance

## *Notes*

- A **Agua Fria:** 2021 deliveries are projected to be 8 thousand acre feet higher than budget, resulting in additional revenue of \$98 thousand. Total project costs are projected to be \$32 thousand less than budget due mainly to reduced regular annual maintenance costs, resulting in lower salaries/wages and overhead. This is offset by a \$25 thousand expenses in permitting license fees that was not budgeted.□
- B **Hieroglyphic Mountains:** 2021 deliveries are projected to be 11 thousand acre feet higher than budget, resulting in additional revenue of \$139 thousand. Total project costs are projected to be \$40 thousand higher than budget due in part to a \$75K ADWR renewal USF permit and a \$43K increase in energy costs due to an increase in deliveries to this project. This is offset by lower than expected overhead expenses to this site.□
- C **Lower Santa Cruz:** Lower Santa Cruz: YTD deliveries are 8 thousand higher than YTD budget, full year is forecasted to be 8 thousand acre feet higher than budget. This resulted in \$132 thousand more revenue in 2021 when compared to budget . Total costs are projected to be \$32 thousand higher than budget due mostly to an increase in wheeling fees resulting from an increase in deliveries this year.
- D **Pima Mine Rd:** YTD and full year deliveries is projected to be on target. Total expenses is projected to decrease by \$39 thousand due in part to a reduction to overhead and salaries/wages charged to this project in 2021. This decrease is offset by an increase in costs related to regularly planned maintenance.
- E **Superstition Mountain:** YTD deliveries is 4 thousand acre feet higher than YTD budget resulting in \$7 thousand more in revenues. Full year deliveries are projected to be 2 thousand acre-feet higher than budget. FY total cost is projected to be \$139 thousand more than budget due in part to \$64 thousand in unbudgeted consulting services and \$78 thousand increase in outside commercial services.
- F **Tonopah Desert:** There were no planned deliveries to Tonopah this year and regularly planned maintenance will still be done this year. Total cost is projected to be \$46 thousand more than budget due mostly to an increase in commercial services to construct a catwalk this year.

# 2021 Rate Reconciliation

(Dollars in Thousands)

## 2021 Rate Reconciliation

(Dollars in Thousands)

	Projection	Published	Budget
<b>General Fund Operating Expenses</b>	\$ 239,057	\$ 257,284	\$ 253,917
<b>Adjustments for O&amp;M Expenses</b>			
Depreciation & Amortization	(48,418)	(51,017)	(51,017)
Pumping energy and capacity charges	(67,950)	(80,597)	(81,989)
Transmission Adjustment	(4,826)	(1,498)	(1,504)
Underground storage site O&M	(1,349)	(1,161)	(1,161)
Extraordinary Maintenance	(3,659)	(3,870)	-
Other income	(355)	(722)	(511)
Fixed O&M payment on tribal ICS	(3,120)	-	-
Conservation Initiative - PVID Following	(842)	-	-
Wheeling Capacity Improvement Study	(366)	(500)	(500)
DCP Mitigation Cost Adjustment	(361)	(406)	(406)
Recovery Expenses	(3,000)	(3,000)	(3,000)
Total Adjustments	(134,246)	(142,771)	(140,088)
<b>Fixed O&amp;M Expenses</b>	<b>\$ 104,811</b>	<b>\$ 114,513</b>	<b>\$ 113,829</b>
<b>Pumping Energy &amp; Hoover capacity charges</b>			
Pumping energy and capacity charges	\$ 67,950	\$ 80,597	\$ 81,989
Transmission Adjustment	4,826	1,498	1,504
<b>Total Pumping Energy &amp; Hoover capacity charges</b>	<b>\$ 72,776</b>	<b>\$ 82,095</b>	<b>\$ 83,493</b>

### Calculation of Reconciled Water Rates

Subcontract / Federal Rates	Projection	Published	Budget	Variance	Variance
				Published vs Proj	Bdgt vs Proj
<b>Water Delivery Costs (Thousands)</b>					
Fixed O&M Expenses	\$ 104,811	\$ 114,513	\$ 113,829	\$ 9,702	\$ 9,018
Total Pumping Energy Expenses	\$ 72,776	\$ 82,095	\$ 83,493	\$ 9,319	\$ 10,717
<b>Water Delivery (Acre-Feet)</b>					
Total water deliveries with credits	1,375,515	1,474,000	1,467,978	98,485	92,463
Take or Pay adjustment	6,000	6,000	6,000	-	-
Billed Fixed OM&R Water Volume	1,381,515	1,480,000	1,473,978	98,485	92,463
Pumping Energy Rate 1 Water Volume	1,375,515	1,474,000	1,467,978	98,485	92,463
<b>Water Delivery Rate (\$/AF)</b>					
Calculated Fixed O&M Rate	\$ 75.87	\$ 78.00	\$ 77.23	\$ 2.13	\$ 1.36
Capital Replacement Component ("Big R")	26.00	26.00	24.00	-	(2.00)
<b>Total Fixed OM&amp;R</b>	<b>101.87</b>	<b>104.00</b>	<b>101.23</b>	<b>2.13</b>	<b>(0.64)</b>
Calculated Pumping Energy Rate	52.91	56.00	56.88	3.09	3.97
<b>Total Pumping Energy Rate 1</b>	<b>52.91</b>	<b>56.00</b>	<b>56.88</b>	<b>3.09</b>	<b>3.97</b>
<b>Total Delivery Rate</b>	<b>\$ 154.78</b>	<b>\$ 160.00</b>	<b>\$ 158.11</b>	<b>\$ 5.22</b>	<b>\$ 3.33</b>

Long Term Contract reconciliation-Fixed OM&R (\$000)- (refund)/bill	\$ (2,336)
Long Term Contract reconciliation-Energy (\$000)- (refund)/bill	\$ (3,389)
Total Long Term Contract reconciliation (\$000)- (refund)/bill	\$ (5,724)

## ICS & System Conservation/Augmentation Programs

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

Program - ICS	Project Activity Years	Involved Parties (Contracted)	Description	CAWCD Financial Impact	Acre Feet
Gila River Indian Community (GRIC)	2021	ICS Creation Plan and AZ ICS Framework Agmnt	Conserve and create EC ICS for GRIC	BOR paid Fixed OM&R	40,000
Gila River Indian Community (GRIC)	2020	ICS Creation Plan and AZ ICS Framework Agmnt	Conserve and create EC ICS for GRIC	BOR paid Fixed OM&R	50,000
Gila River Indian Community (GRIC)	2020	ICS Creation Plan and AZ ICS Framework Agmnt; GRIC and Arizona Water Banking Authority Agmnt	Conserve and create EC ICS for GRIC	BOR paid Fixed OM&R	33,000
Gila River Indian Community (GRIC)	2019	ICS Creation Plan and AZ ICS Framework Agmnt; GRIC and Arizona Water Banking Authority Agmnt	Conserve and create EC ICS for GRIC	BOR paid Fixed OM&R	17,000
Gila River Indian Community (GRIC)	2019	GRIC and BOR (ICS Creation Plan); United States (BOR), State of Arizona, and CAWCD; (AZ ICS Framework Agmnt); GRIC and BOR Agmnt	Conserve and create EC ICS for GRIC	BOR paid Fixed OM&R	100,000
Ag Forbearance III	2017-2030	CAWCD and Ag Settlement Pool participants	Conserve and create ICS for CAWCD through Ag districts forbearing any or all of their Ag Settlement Pool water	Fixed O&M increases and CAWCD reserves increase due to reduction of covered Fixed OM&R.	various

Program - System Conservation/Augmentation	Project Activity Years	Involved Parties (Contracted)	Description	CAWCD Financial Impact	Acre Feet
California Regional Recycled Water Program	2022-2023	Arizona Department of Water Resources and the Metropolitan Water District of Southern California	Recycle water currently discharged to the Pacific Ocean & firm M&I supplies through Interstate exchange	\$6 million total over the period - Water Storage Reserves decrease of \$5 million and \$1 million from DWR (ensured by Water Storage Reserves, if necessary)	
Fort McDowell Yavapai Nation (FMYN) System Conservation	2022	FMYN and BOR	Conserve 13,933 AF	Fixed O&M increase of \$1.20/af	13,933
Fort McDowell Yavapai Nation (FMYN) System Conservation	2021	FMYN and BOR	Conserve 13,933 AF	Fixed O&M increase of \$0.75/af	13,933
GRIC System Conservation	2021	GRIC and BOR	Conserve 40,000 AF	Fixed O&M increase of \$2.25/af	40,000
Interstate System Conservation (with Palo Verde Irrigation District (PVID))	2021-2024 (3 Years)	United States (BOR), CAWCD, Metropolitan Water District of Southern California (MWD) and Southern Nevada Water Authority (SNWA)	Conserve up to 60,000 AF/year. CAWCD is contributing 16.7%.	\$6.3 million over the period - Extraordinary Cost Reserve decrease	60,000

# Extraordinary Maintenance & Operating Projects

(Dollars in Thousands)

	3rd Quarter 2021				Full Year 2021					
	Actual	Budget	Variance		Projection	Budget	Budget Adjustment	Total Spending Authority	Variance	
			(\$)	(%)					(\$)	(%)
<b>Expenses</b>										
Salaries and related costs	\$ (52)	\$ -	\$ (52)	-	\$ (151)	\$ -	\$ -	\$ -	\$ (151)	100.0%
Other operating costs:										
Outside services	-	-	-	-	(3,400)	-	(4,500)	(4,500)	1,100	(32.4%)
Materials and supplies	(1)	-	(1)	-	(1)	-	-	-	(1)	100.0%
Other expenses/overhead	(2)	-	(2)	-	(107)	-	-	-	(107)	100.0%
Subtotal	(3)	-	(3)	-	(3,508)	-	(4,500)	(4,500)	992	(28.3%)
<b>Total Expenses</b>	\$ (55)	\$ -	\$ (55)	-	\$ (3,659)	\$ -	\$ (4,500)	\$ (4,500)	\$ 841	(23.0%)

	Total Project Costs										Notes
	Through 2020	2021 Projection	Balance Remaining	Projected		Budget Adjustment	Total Spending Authority	Variance			
				Projected	Budget			(\$)	(%)		
EM-Storm Damage Repairs Pool 34	-	\$ (3,609)	\$ (4,104)	\$ (7,713)	\$ -	\$ (4,500)	\$ (4,500)	\$ (3,213)	-41.7%	A	
EM-MWP Suction Tubes & BSH Right Manifold Reline	-	(50)	(6,776)	(6,826)	-	-	-	(6,826)	-100.0%	B	
<b>Total</b>	-	(3,659)	(10,880)	\$ (14,539)	\$ -	\$ (4,500)	\$ (4,500)	\$ (10,039)	-69.0%		

**Notes:**

- A Funded through Extraordinary Cost Reserves and not part of Fixed O&M Rate
- B Funded through "Big R"

# Central Arizona Groundwater Replenishment District (CAGRDR) Account

## BUDGET PERFORMANCE - Full Year 2021

<i>(Dollars in Thousands)</i>	Projection	Spending Authority	Change	
Revenues	\$ 69,698	\$ 59,344	\$ 10,354	17%
Expenses	(39,689)	(44,370)	4,681	11%
Change in Net Position	30,009	14,974	15,035	100%
Beginning Net Position	238,928	242,810	(3,882)	
Ending Net Position	\$ 268,937	\$ 257,784	\$ 11,153	

### Total Revenues

Total revenues are projected to be \$70 million in 2021, which is \$10.4 million higher than budget. Revenues from rates are projected to be under budget by \$3.3 million due to lower 2020 replenishment obligation acre-feet. Membership dues are expected to be lower than budget by \$4.0 million due to lower rates. Revenue from fees will exceed budget by \$12.5 million due to higher projected volumes for 2021 activations. Other non-operating income and interest is projected to be \$5.2 million higher due to the gain on asset of \$4.7 million related to the NIA reallocation purchase and \$1.2 million from the Peoria M&I reallocation slightly offset by lower interest income.

### Total Expenses

Expenses are projected to be \$4.7 million lower than total spending authority. This is primarily due to \$4.3 million lower water expense. Water expense represents 2021 pumping and 2021 long term storage credit purchases from CAP. The full year forecast has lowered this estimate to 35,101 a decrease 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 raised to 22,026 credits which is an increase of \$0.6 million over the budget. In addition, salaries and related costs and overhead are expected to be lower than budget by \$0.2 million and outside services are expected to be \$0.2 million below budget.

## Reserves

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

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

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

To date, CAGRDR has developed several different types of water supplies through a variety of mechanisms. These supplies range from permanent CAP M&I subcontract entitlements to a long-term lease of water from an Arizona Tribal community. CAGRDR 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 D

(Dollars in Thousands)

	3rd Quarter 2021				Full Year 2021						Notes
	Variance				Variance						
	Actual	Budget	(\$)	(%)	Projection	Budget	Budget Adjustments	Total Spending Authority	(\$)	(%)	
<b>Operating Other Revenues</b>											
Revenue-Rates	\$ 8,339	\$ 7,247	\$ 1,092	15.1%	\$ 26,472	\$ 29,797		\$ 29,797	\$ (3,325)	(11.2%)	
Revenue-Fees	20,972	11,492	9,480	82.5%	28,023	15,540		15,540	12,483	80.3%	
( Revenue-Dues	1,783	2,318	(535)	(23.1%)	9,402	13,375		13,375	\$ (3,973)	(29.7%)	
<b>Total Operating Other Revenues</b>	<b>\$ 31,094</b>	<b>\$ 21,057</b>	<b>\$ 10,037</b>	<b>\$ 0</b>	<b>\$ 63,897</b>	<b>\$ 58,712</b>		<b>\$ 58,712</b>	<b>\$ 5,185</b>	<b>8.8%</b>	A
<b>Operating Expenses</b>											
Salaries and related costs	\$ (857)	\$ (939)	\$ 82	8.7%	\$ (1,133)	\$ (1,251)		\$ (1,251)	\$ 118	9.4%	
Depreciation	(46)	(46)	-	0.0%	(61)	(61)		(61)	-	0.0%	
Other operating costs:											
Outside services	(145)	(337)	192	57.0%	(260)	(450)	-	(450)	190	42.2%	B
Water for underground storage	-	-	-		(13,075)	(17,329)		(17,329)	4,254	24.5%	C
Materials and supplies	(1)	(1)	-	0.0%	(1)	(1)		(1)	-	0.0%	
Overhead	(902)	(978)	76	7.8%	(1,190)	(1,304)		(1,304)	114	8.7%	
Other expenses	(18)	(21)	3	14.3%	(23,602)	(30)	(23,577)	(23,607)	5	16.7%	D
Subtotal	(1,066)	(1,337)	271	20.3%	(38,128)	(19,114)	(23,577)	(42,691)	4,563	23.9%	
<b>Total Operating Expenses</b>	<b>\$ (1,969)</b>	<b>\$ (2,322)</b>	<b>\$ 353</b>	<b>\$ 0</b>	<b>\$ (39,322)</b>	<b>\$ (20,426)</b>	<b>\$ (23,577)</b>	<b>\$ (44,003)</b>	<b>\$ 4,681</b>	<b>22.9%</b>	
<b>Net Operating Income/(loss)</b>	<b>\$ 29,125</b>	<b>\$ 18,735</b>	<b>\$ 10,390</b>	<b>55.5%</b>	<b>\$ 24,575</b>	<b>38,286</b>	<b>\$ (23,577)</b>	<b>\$ 14,709</b>	<b>\$ 9,866</b>	<b>25.8%</b>	
<b>Non-operating Revenues/(Expenses)</b>											
Interest income and other	\$ (78)	\$ 474	\$ (552)	(116.5%)	\$ 5,801	\$ 632		\$ 632	\$ 5,169	817.9%	E
Interest expense and other	(276)	(275)	(1)	(0.4%)	(367)	(367)	-	(367)	-	0.0%	
<b>Net Non-operating Income/(Loss)</b>	<b>\$ (354)</b>	<b>\$ 199</b>	<b>(553)</b>	<b>(277.9%)</b>	<b>\$ 5,434</b>	<b>\$ 265</b>	<b>\$ -</b>	<b>\$ 265</b>	<b>\$ 5,169</b>	<b>1950.6%</b>	
Change in Net assets	\$ 28,771	\$ 18,934	\$ 9,837	52.0%	\$ 30,009	\$ 38,551	\$ (23,577)	\$ 14,974	\$ 15,035	39.0%	

**NOTES:**

- A Other Operating Revenues:** YTD revenue exceeded budget by \$10.0 million due to higher activation, enrollment, and upfront fees. Full year revenue for 2021 is projected to exceed budget by \$5.2 million. Revenues from rates are expected to be \$3.3 million lower than budget due to lower obligation acre feet. Revenues from dues are projected to be \$4.0 million under budget due to lower rates and revenues from fees are projected to be \$12.5 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 35,101 a decrease 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 raised to 22,026 credits for a cost of \$4.7 million which is an increase of \$0.5 million over the budget.
- D Other Expenses:** Due to the NIA reallocation, CAGR D will incur \$15.8 million for the purchase of a water right and \$7.8 million for the interest on the back capital charges for that water right and these costs were not budgeted for. The CAWCD Board approved the NIA reallocation for CAGR D on August 5, 2021.
- E Interest Income and Other:** YTD interest income is below budget due to unfavorable fair values. Full year interest income and other income is expected to exceed budget due to the Peoria M&I reallocation of \$1.2 million and the gain on asset of \$4.7 million as a result of the NIA water right purchase, partially offset by lower interest income due to unfavorable fair values.

# 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)	5,178	(285)	437	5,330
Obligation Estimate for current year	29,437	972	2,677	33,086
Less CAWCD Deliveries to meet Obligation (CDA)	(31,556)	-	(2,000)	(33,556)
less CAWCD LTSC purchased to meet Obligation	-	(614)	-	(614)
Less I&WR LTSC purchased to meet Obligaion	-	-	(913)	(913)
Outstanding Obligations at end of 2021	29,437	972	2,677	33,086

# CAGRD Reserve Balances - Cash Basis

*(Dollars in Thousands)*

	2020 Actual	3rd Qtr 2021 YTD Actual	2021 Projection
<b>Administrative:</b>			
Beginning Fund Balance	\$ 1,937	\$ 2,186	\$ 2,186
Administrative Component Revenue	1,440	447	1,635
Enrollment Fees	334	21	328
Total Cash Collected	1,774	468	1,963
Administrative (Operating) Expenses	(1,539)	(1,173)	(1,624)
Total Cash Expended	(1,539)	(1,173)	(1,624)
Interest Income / Expense	14	1	2
Ending Fund Balance	\$ 2,186	\$ 1,482	\$ 2,527
<b>Infrastructure and Water Rights:</b>			
Beginning Fund Balance	\$ 32,360	\$ 38,788	\$ 38,788
Revenue	32,527	25,953	48,342
Proceeds from Inventory Transfer to Replen Reserve	1,122	-	272
Water Rights Purchases	-	-	-
Long Term Storage Credits	(11,596)	(7,416)	(9,609)
NIA reallocation and 9(D) debt	-	(7,430)	(7,430)
GRIC and other Lease Considerations	(2,948)	(2,885)	(2,885)
GRIC and other Lease Water Costs	(5,962)	(4,207)	(5,836)
Funds used to offset obligations	-	-	-
Reimbursement from Water & Replenishment for Obligations	-	-	5,973
Reimbursement from Replenishment Reserve Account	397	-	-
Infrastructure Capital	-	-	-
Technical Studies & Other Operating Expenses	(1,032)	(768)	(985)
GRIC Infrastructure Contribution	(2,500)	-	-
Debt Service payments	(3,973)	(2,981)	(3,972)
Transfer to and Repayment from Water & Replenishment	-	-	-
Interest Income / Expense	393	137	177
Ending Fund Balance	\$ 38,788	\$ 39,191	\$ 62,835

# CAGR Reserve Balances - Cash Basis

(Dollars in Thousands)

	2020 Actual	3rd Qtr 2021 YTD Actual	2021 Projection
<b>Water and Replenishment:</b>			
Beginning Fund Balance	\$ 1,923	\$ 6,102	\$ 6,102
Water and Replenishment Revenue	7,480	2,381	8,298
Transfer Repayment to Infrastructure	-	-	(5,973)
Water/Credits Purchased	(3,317)	(908)	(1,827)
Interest Income / Expense	16	4	6
Ending Fund Balance	<u>\$ 6,102</u>	<u>\$ 7,579</u>	<u>\$ 6,606</u>
<b>Replenishment Reserve:</b>			
Beginning Fund Balance	\$ 1,904	\$ 1,244	\$ 1,244
Replenishment Reserve Revenue	3,565	1,993	5,022
Water Purchased	(2,963)	-	-
CAP Credits	(876)	-	(4,561)
Other Credits	(397)	-	(272)
Interest Income / Expense	11	1	2
Ending Fund Balance	<u>\$ 1,244</u>	<u>\$ 3,238</u>	<u>\$ 1,435</u>

# CAGR Reserve Balances - Cash Basis

(Dollars in Thousands)

	Full Year Projection 2021					Total
	Phoenix AMA	Pinal AMA	Tucson AMA	Infrastructure	Admin	
<b>Water and Replenishment:</b>						
Beginning Fund Balance	\$ 5,661	\$ 113	\$ 328			\$ 6,102
Revenue	7,398	166	734			8,298
Water/Credits Purchased	(1,696)	(131)	-			(1,827)
	11,363	148	1,062			12,573
Transfer to Infrastructure	(5,353)	-	(620)			(5,973)
Interest Income (Expense)	4	1	1			6
Ending Balance	\$ 6,014	\$ 149	\$ 443			\$ 6,606
<b>Replenishment Reserve:</b>						
Beginning Fund Balance	\$ 1,220	\$ 8	\$ 16			\$ 1,244
Revenue	4,566	101	355			5,022
Water Purchased	-	-	-			-
CAP Credits	(4,476)	(85)	-			(4,561)
Other Credits	-	-	(272)			(272)
	1,310	24	99			1,433
Interest Income (Expense)	1	-	1			2
Ending Balance	\$ 1,311	\$ 24	\$ 100			\$ 1,435
<b>Infrastructure and Water Rights:</b>						
Beginning Fund Balance				\$ 38,788		\$ 38,788
Proceeds from Inventory Transfer				272		272
Revenue				48,342		48,342
Technical Studies and Operating Expense				(985)		(985)
Debt Service Payments				(3,972)		(3,972)
Water Rights				-		-
GRIC and other Lease Considerations				(2,885)		(2,885)
GRIC and other Lease Water Costs				(5,836)		(5,836)
Funds used to offset Obligations				-		-
Reimb from Water & Replenishment Account				5,973		5,973
NIA Reallocation and 9(D) debt				(7,430)		(7,430)
Long Term Storage Credits				(9,609)		(9,609)
Interest Income (Expense)				177		177
Ending Fund Balance				\$ 62,835		\$ 62,835
<b>Administrative:</b>						
Beginning Fund Balance				\$ 2,186	\$ 2,186	
Revenue / Transfer				1,963	1,963	
Expense				(1,624)	(1,624)	
Interest Income (Expense)				2	2	
Ending Fund Balance				\$ 2,527	\$ 2,527	

# CAGRD Enrollment and Activation Summary

Figure 1: Member Land Enrollment

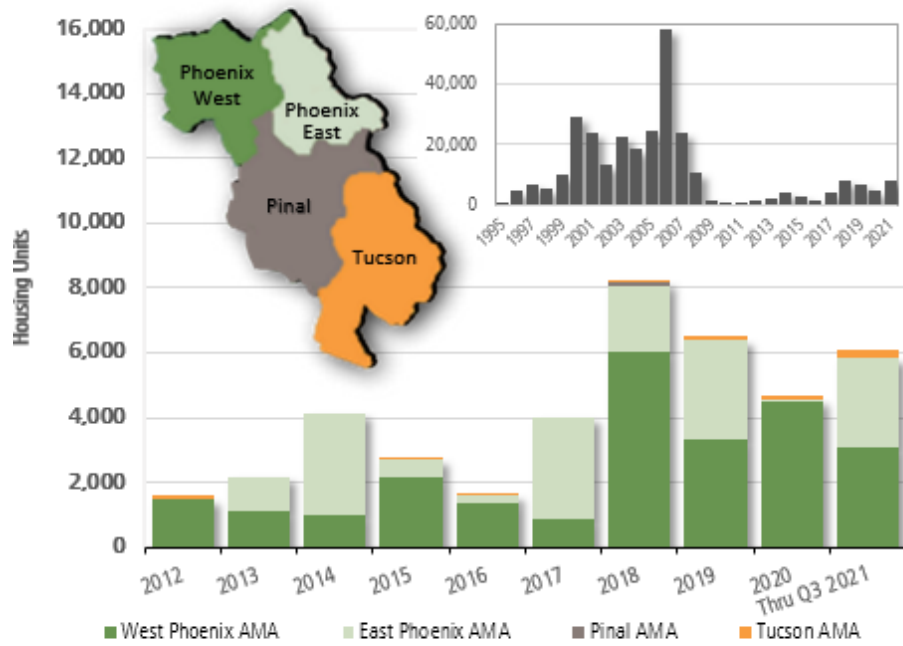


Figure 2: Activation Units

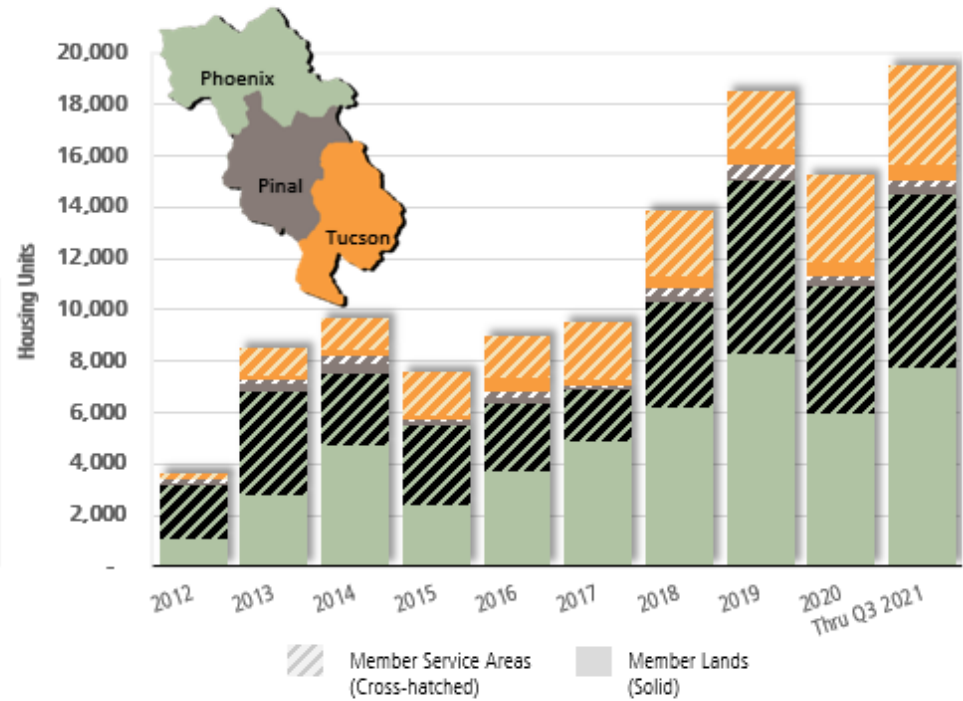


Table 1: Enrollment Units Thru Q3 2021

AMA	ML Lots	Projected Demand (AF/year)
West Phoenix	3,065	1,526
East Phoenix	2,752	1,494
Pinal	0	0
Tucson	273	78
<b>TOTAL</b>	<b>6,090</b>	<b>3,098</b>

Table 2: Activation Units Thru Q3 2021

AMA	ML Lots	MSA Lots	Total Lots
Phoenix	7,784	6,711	14,495
Pinal	310	197	507
Tucson	670	3,845	4,515
<b>TOTAL</b>	<b>8,764</b>	<b>10,753</b>	<b>19,517</b>

# CAGRDR Enrollment and Activation Summary

## Enrollment Thru Q3 2021

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 Q3 2021. **Table 1** provides a breakdown by AMA of member land enrollment activity thru Q3 2021. The majority of ML enrollment occurred in the Phoenix AMA and was comprised of 22 new subdivisions with 5,817 lots and with a total projected demand of 3,020 AF/yr. The East Valley had 12 subdivisions enrolled with a total of 2,752 lots with a projected annual demand of 1,494 AF/yr. The West Valley had 10 enrollments with 3,065 lots and with a projected demand of 1,526 AF/yr. Additionally, 2 subdivisions with 273 lots and 78 AF/yr projected demand enrolled in the Tucson AMA. No new subdivisions enrolled within the Pinal AMA in Q3 2021.

No new Member Service Areas (MSAs) enrolled in Q3 2021.

There was 1 MSA de-enrollment by Metropolitan Domestic Improvement District – Metro Main System.

## Activation Thru Q3 2021

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. Thru Q3 2021, the number of lots activated totaled 19,517 (Member Land lots = 8,764; Member Service Area lots = 10,753). **Table 2** provides a breakdown by AMA of previously enrolled lots that were activated in Q1-Q3 2021. By comparison, there were 12,530 units activated thru Q3 in 2020.





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

(Dollars in Thousands)

<i>(\$ in Thousands)</i>	3rd Quarter 2021				Full Year 2021						Notes	
	Actual	Budget	Variance (\$)	Variance (%)	Projection	Budget	Budget Adjustments	Total Spending	Variance (\$)	Variance (%)		
<b>Operating Revenues</b>												
Other revenues	\$ 8,285	\$ 8,050	\$ 235	2.9%	\$ 11,254	\$ 10,733		\$ 10,733	\$ 521	4.9%	A	
<b>Total Operating Revenues</b>	<b>\$ 8,285</b>	<b>\$ 8,050</b>	<b>\$ 235</b>	<b>2.9%</b>	<b>\$ 11,254</b>	<b>\$ 10,733</b>	<b>\$ -</b>	<b>\$ 10,733</b>	<b>\$ 521</b>	<b>4.9%</b>		
<b>Operating Expenses</b>												
Other Operating costs:												
Outside services	\$ (179)	\$ (192)	\$ 13	6.8%	\$ (237)	\$ (256)		\$ (256)	\$ 19	7.4%	B	
Other expenses	(6,693)	(6,847)	154	2.2%	(9,560)	(9,129)	(403)	(9,532)	(28)	(0.3%)	C	
<b>Total Operating Expenses</b>	<b>(6,872)</b>	<b>(7,039)</b>	<b>167</b>	<b>2.4%</b>	<b>(9,797)</b>	<b>(9,385)</b>	<b>(403)</b>	<b>(9,788)</b>	<b>(9)</b>	<b>(0.1%)</b>		
<b>Net Operating Income/(Loss)</b>	<b>\$ 1,413</b>	<b>\$ 1,011</b>	<b>\$ 402</b>	<b>39.8%</b>	<b>\$ 1,457</b>	<b>\$ 1,348</b>	<b>\$ (403)</b>	<b>\$ 945</b>	<b>\$ 512</b>	<b>(54%)</b>		
<b>Non-operating Revenues/(Expenses)</b>												
Interest income and other	\$ 23	\$ 7	\$ 16	228.6%	\$ 24	\$ 9		\$ 9	\$ 15	166.7%		
<b>Net Non-operating Income/(Loss)</b>	<b>23</b>	<b>7</b>	<b>16</b>	<b>228.6%</b>	<b>24</b>	<b>9</b>	<b>-</b>	<b>9</b>	<b>15</b>	<b>166.7%</b>		
Change in Net Position	1,436	1,018	418	(41.1%)	1,481	1,357	(403)	954	527	(55.2%)		
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	<b>\$ 6,695</b>	<b>\$ 3,896</b>	<b>\$ 2,799</b>	<b>71.8%</b>	<b>\$ 6,740</b>	<b>\$ 4,235</b>	<b>\$ (403)</b>	<b>\$ 3,832</b>	<b>\$ 2,908</b>	<b>75.9%</b>		

**Notes:**

- A **Reimbursements and other revenues:** Full year positive variance of \$521 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 \$19 thousand is due in part to a projected reduction in claims management fees due to Covid 19 and letters of credit expenses coming in lower than expected.□
- C **Other Expenses:** As the 2021 underwriting expenses are projected to be higher due in part to the increased number of enrollees as well as a lifting of COVID restrictions, the CAWCD Board approved \$403 thousand additional spending authority on October 7, 2021.□



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

(Dollars in Thousands)

	3rd Quarter 2021				Full Year 2021				Notes
	Actual	Budget	Variance		Projection	Total Spending Authority	Variance		
			(\$)	(%)			(\$)	(%)	
<b>Operating Expenses</b>									
Outside services	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	N/A	
<b>Total Operating Expenses</b>	-	-	-	N/A	-	-	-	N/A	
<b>Non-operating Revenues/(Expenses)</b>									
Interest income / FV Adj	(76)	\$ 180	(256)	(142.2%)	\$ (49)	\$ 240	\$(289)	(120.4%)	A
Interest expenses and other		-	0	N/A		-	-	N/A	
<b>Total Non-operating Revenues/(Expenses)</b>	(76)	180	(256)	(142.2%)	(49)	240	(289)	(120.4%)	
Change in Net Position	(76)	180	(256)	(142.2%)	(49)	240	(289)	(120.4%)	
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	<u>\$ 9,036</u>	<u>\$ 9,313</u>	<u>(277)</u>	<u>(3.0%)</u>	<u>\$ 9,063</u>	<u>\$ 9,373</u>	<u>\$(310)</u>	<u>(3.3%)</u>	

**Notes:**

A. YTD and Full year unfavorable variance in 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.

## 2021 CAWCD CAPITAL EXPENDITURES

(Dollars in Thousands)	2021		
	2021 Projection	Total Spending Authority	Variance
<b>Capital Equipment</b>	\$ 2,882	\$ 2,446	\$ (436)
Capital Projects (by Absolute Variance)			
Fire Protctn Sys Upgrd MWP	431	3,687	3,256
PLC-5 Replacement Wad	824	3,102	2,278
Backup Power Sys Replacement-Checks & TOs	865	2,684	1,819
Elevator System Replacement Phase 2	722	2,453	1,731
HVAC Replacement MWP	3,051	1,448	(1,603)
Swtchyrd Bus Duct Repl WAD	1,590	365	(1,225)
Flowmeter Replacmnt 34 TOs	354	1,532	1,178
Transformer Replacement McCullough	-	1,063	1,063
Potable H2O Skid Replcmnt	1	1,000	999
All Other Capital Projects	18,645	14,033	(4,612)
Subtotal - Capital Projects	\$ 26,483	\$ 31,367	\$ 4,884
<b>Total CAWCD Capital Expenditures</b>	<b>\$ 29,365</b>	<b>\$ 33,813</b>	<b>\$ 4,448</b>

## 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

	Projection	Budget	Variance
SCADA Replcmnt/Cntrl Cntr	\$ 16,195	\$ 10,271	\$ (5,924)
Motor Exciters BSH/LH/SGL/HSY	14,782	15,034	252
Backup Power Sys Replacement-Checks & TOs	12,153	10,676	(1,477)
Fire Protection South Plants	11,419	11,400	(19)
Condition-Based Monitoring	11,183	10,697	(486)
Transformer Replacement McCullough	9,184	8,159	(1,025)
Electro Mech Relay Phase 2	8,536	11,952	3,416
Fire Protctn Sys Upgrd MWP	8,484	4,745	(3,739)
Elevator System Replacement Phase 2	8,355	7,561	(794)
Circuit Breakers & Compr Air Sys Repl MWP	6,847	6,435	(412)



# 2021 Capital Expenditures Variance Summary

(Dollars in Thousands)

	3rd Quarter 2021				Full Year 2021					
	Actual	Budget	Variance (\$)	Variance (%)	Projection	Budget	Additional Spending Authority	Total Spending Authority	Variance (\$)	Variance (%)
<b>SUMMARY</b>										
<b>Capital &amp; Cost-Shared Expenditures</b>										
Salaries and related costs	\$ 2,639	\$ 3,152	\$ 513	16.3%	3,419	\$ 3,784		\$ 3,784	\$ 365	9.6%
Equipment and structures	9,715	17,159	7,444	43.4%	17,503	23,639		23,639	6,136	26.0%
Capitalized interest	-	-	-	N/A	-	-		-	-	N/A
Other expenses:										
Outside services	2,250	2,312	62	2.7%	4,522	2,160		2,160	(2,362)	(109.4%)
Materials and supplies & other expenses	336	232	(104)	(44.9%)	373	287		287	(86)	(30.0%)
Overhead expenses	2,734	3,286	552	16.8%	3,548	3,943		3,943	395	10.0%
Subtotal Other Expenses	5,320	5,830	510	8.7%	8,443	6,390		6,390	(2,053)	(32.1%)
<b>Total Capital</b>	<b>\$ 17,674</b>	<b>\$ 26,141</b>	<b>\$ 8,467</b>	<b>32.4%</b>	<b>\$ 29,365</b>	<b>\$ 33,813</b>	<b>\$ -</b>	<b>\$ 33,813</b>	<b>\$ 4,448</b>	<b>13.2%</b>



# 2021 CAWCD Capital Expenditures Variance Detail

(Dollars in Thousands)

Projects	3rd Quarter 2021				Full Year 2021				Notes
	Actual	Budget	Variance		Projection	Total Spending Authority	Variance		
			(\$)	(%)			(\$)	(%)	
<b>CAPITAL EQUIPMENT</b>									
Furniture & Office Equipment	\$ -	\$ 35	\$ 35	100.0%	\$ -	\$ 35	\$ 35	100.0%	
Vehicles	232	518	286	55.2%	676	518	(158)	(30.4%)	
Field & Other Equipment	464	1,607	1,143	71.2%	2,207	1,893	(314)	(16.6%)	
<b>Capital Equipment Total</b>	<b>\$ 696</b>	<b>\$ 2,160</b>	<b>\$ 1,464</b>	<b>67.8%</b>	<b>\$ 2,882</b>	<b>\$ 2,446</b>	<b>\$ (436)</b>	<b>(17.8%)</b>	
<b>2020-2021 Budgeted Projects</b>									
Backup Power Sys Replacement-Checks & TOs	\$ 703	\$ 2,028	\$ 1,325	65.3%	\$ 865	\$ 2,684	\$ 1,819	67.8%	A
Circuit Breakers & Compr Air Sys Repl MWP	-	24	24	100.0%	-	24	24	100.0%	
Coffer Dam Desgn & Fabricate	91	608	517	85.0%	314	811	497	61.3%	
Condition-Based Monitoring	58	820	762	92.9%	116	820	704	85.9%	B
Discharge Valves West Plants	864	816	(48)	(5.9%)	885	843	(42)	(5.0%)	
Electro Mech Relay Phase 2	1,041	1,360	319	23.5%	1,873	2,615	742	28.4%	
Elevator System Replacement Phase 2	108	1,850	1,742	94.2%	722	2,453	1,731	70.6%	C
Fire Protctn Sys Upgrd MWP	283	2,379	2,096	88.1%	431	3,687	3,256	88.3%	D
Flowmeter Replacmnt 34 TOs	279	1,344	1,065	79.2%	354	1,532	1,178	76.9%	E
HVAC Replacement MWP	1,143	401	(742)	(185.0%)	3,051	1,448	(1,603)	(110.7%)	F
Microwave System Replacement	255	802	547	68.2%	262	804	542	67.4%	G
Motor Exciters BSH/LH/SGL/HSY	4,775	4,014	(761)	(19.0%)	5,616	4,982	(634)	(12.7%)	
Motor Exciters/Controls Repl BDY,PIC,RED	188	218	30	13.8%	271	219	(52)	(23.7%)	
Multi-Site Covered Vehicle Parking	166	309	143	46.3%	166	428	262	61.2%	
MWP Unit 6 Rewind	-	20	20	100.0%	-	20	20	100.0%	
Network Refresh 2021	297	300	3	1.0%	347	350	3	0.9%	
PLC-5 Replacement Wad	521	2,199	1,678	76.3%	824	3,102	2,278	73.4%	H
Potable H2O Skid Replcemnt	1	983	982	99.9%	1	1,000	999	99.9%	I
SCADA Replcmnt/Cntrl Cntr	227	552	325	58.9%	554	686	132	19.2%	
Sewage System Repl MWP	-	152	152	100.0%	-	171	171	100.0%	
Sump Pump Water Level Controls All PPs	72	553	481	87.0%	90	553	463	83.7%	
Swchyd Scurity Hardning Delaney	-	361	361	100.0%	-	482	482	100.0%	
Swthcyrd Bus Duct Repl WAD	237	361	124	34.3%	1,590	365	(1,225)	(335.6%)	J
Transformer Replacement McCullough	-	1,352	1,352	100.0%	-	1,063	1,063	100.0%	K
Windows Server Refresh 2021	254	175	(79)	(45.1%)	254	225	(29)	(12.9%)	
<b>Totals - 2020-2021 Budgeted Projects</b>	<b>\$ 11,563</b>	<b>\$ 23,981</b>	<b>\$ 12,418</b>	<b>51.8%</b>	<b>\$ 18,586</b>	<b>\$ 31,367</b>	<b>\$ 12,781</b>	<b>40.7%</b>	

# 2021 CAWCD Capital Expenditures Variance Detail (cont.)

(Dollars in Thousands)

Projects	3rd Quarter 2021				Full Year 2021				Notes
	Actual	Budget	Variance		Projection	Total Spending Authority	Variance		
			(\$)	(%)			(\$)	(%)	
<b><u>Projects Without a Budget in 2021</u></b>									
Automatic Gate Addition PFO	\$ 340	\$ -	\$ (340)	-	\$ 341	\$ -	\$ (341)	-	-
Cooling Water Treatment MWP	237	-	(237)	-	246	-	(246)	-	-
Crane Improvement Machine Shop	23	-	(23)	-	55	-	(55)	-	-
Engineering Mini Projects	-	-	-	-	-	-	-	-	-
Engr. Mini: Retaining Wall HSY	7	-	(7)	-	7	-	(7)	-	-
Fire Hydrant Valves HQ	12	-	(12)	-	98	-	(98)	-	-
Fire Protection CO2 Modification WAD	85	-	(85)	-	426	-	(426)	-	-
Fire Protection South Plants	1,586	-	(1,586)	-	1,803	-	(1,803)	-	-
Floor Lift Addition TFO	81	-	(81)	-	81	-	(81)	-	-
HVAC Safety Upgrade HQ1	(1)	-	1	-	(1)	-	1	-	-
Isolation Valves BLK/SND	31	-	(31)	-	40	-	(40)	-	-
Mobile Radio Upgrade	29	-	(29)	-	40	-	(40)	-	-
Modify Storage Building/Install Jib Crane-RED	267	-	(267)	-	267	-	(267)	-	-
Monitor Well Aguafria Rechrq	6	-	(6)	-	23	-	(23)	-	-
Noise Reduction MWP	282	-	(282)	-	757	-	(757)	-	-
Potable Water System SAN	89	-	(89)	-	117	-	(117)	-	-
Sand Filter System Replacement HSY	574	-	(574)	-	719	-	(719)	-	-
Siphon Stop Logs Cunningham/Gila/Santa Cruz	76	-	(76)	-	187	-	(187)	-	-
Substn Hardening Sun Valley	1,691	-	(1,691)	-	2,691	-	(2,691)	-	-
<b>Totals - Projects Without a Budget in 2021</b>	<b>\$ 5,415</b>	<b>\$ -</b>	<b>\$ (5,415)</b>	<b>-</b>	<b>\$ 7,897</b>	<b>\$ -</b>	<b>\$ (7,897)</b>	<b>-</b>	<b>-</b>
<b>NET CAPITAL</b>	<b>\$ 17,674</b>	<b>\$ 26,141</b>	<b>\$ 8,467</b>	<b>32.4%</b>	<b>\$ 29,365</b>	<b>\$ 33,813</b>	<b>\$ 4,448</b>	<b>13.2%</b>	

# 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 **Backup Power Sys Replacement-Checks & TOs:** Work delayed in 2020 due to COVID-19 and pushing into 2023 due to Engineering resource constraints. Overall project cost have gone up due to the extended time for work from 2014 now extending into 2023, with the cost of materials, labor and equipment rising.
- B **Condition-Based Monitoring:** Construction delayed for 5 sites from 2020-2021 budget, into 2022-2025 due to COVID-19 project priorities.
- C **Elevator System Replacement Phase 2:** Work delayed in 2020 due to COVID-19, re-establishing the contract to account unforeseen escalation and inflation.
- D **Fire Protctn Sys Upgrd MWP:** CAP issued Suspension of Work Notice in Q3 2020 and Q4 2020. The design is now scheduled to be completed by end of July 2021. Construction is scheduled to begin Q1 2022. Project schedule and costs shifted out of 2020 and into 2021 & 2022-2023 budget cycle. Contractor is currently estimating construction costs for the 2022 installation.
- E **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.
- F **HVAC Replacement MWP:** Project Steering Committee approved an increase in project spending for additional air handling units and equipment.
- G **Microwave System Replacement:** Project is currently in the installation stage. The project is significantly under budget.
- H **PLC-5 Replacement Wad:** Construction was delayed to 2020 due to COVID-19 and work prioritization. Due to Operational constraints for outages, construction will be in 2022 and 2023. Design and Construction for the Water & Switchyard PLCs will shift to 2024.
- I **Potable H2O Skid Replcemnt:** Variance in project from 2020/2021 budget due to COVID-19, delayed design starting in late 2022.
- J **Swtchyrd Bus Duct Repl WAD:** Project started early due to COVID-19 workload changes and increased focus on risk of delaying project. Work began early in Fall 2020 and is anticipated to be completed by Fall 2021.
- K **Transformer Replacement McCullough:** No advance payment is scheduled for this year.

# Total CAWCD Capital Projects Variance Detail

(Dollars in Thousands)

Projects	Through 2020	2021 Projection	Remaining Balance	Total Projected	Total Spending Authority	Variance (\$)	(%)	Notes
<b>2020 - 2021 Budgeted Projects</b>								
Backup Power Sys Replacement-Checks & TOs	\$ 4,977	\$ 865	\$ 6,311	\$ 12,153	\$ 10,676	(1,477)	(13.8%)	A
Circuit Breakers & Compr Air Sys Repl MWP	6,847	-	-	6,847	6,435	(412)	(6.4%)	
Coffer Dam Desgn & Fabricate	6	314	2,480	2,800	1,888	(912)	(48.3%)	B
Condition-Based Monitoring	8,508	116	2,559	11,183	10,697	(486)	(4.5%)	
Discharge Valves West Plants	853	885	-	1,738	1,783	45	2.5%	
Electro Mech Relay Phase 2	1,018	1,873	5,645	8,536	11,952	3,416	28.6%	C
Elevator System Replacement Phase 2	1,498	722	6,135	8,355	7,561	(794)	(10.5%)	
Fire Protctn Sys Upgrd MWP	368	431	7,685	8,484	4,745	(3,739)	(78.8%)	
Flowmeter Replacmnt 34 TOs	1,259	354	40	1,653	2,450	797	32.5%	
HVAC Replacement MWP	408	3,051	1,698	5,157	2,137	(3,020)	(141.3%)	D
Microwave System Replacement	1,396	262	-	1,658	2,064	406	19.7%	
Motor Exciters BSH/LH/SGL/HSY	4,317	5,616	4,849	14,782	15,034	252	1.7%	
Motor Exciters/Controls Repl BDY,PIC,RED	5,171	271	-	5,442	5,413	(29)	(0.5%)	
Multi-Site Covered Vehicle Parking	361	166	-	527	699	172	24.6%	
MWP Unit 6 Rewind	5,033	-	-	5,033	5,327	294	5.5%	
Network Refresh 2021	-	347	-	347	350	3	0.9%	
PLC-5 Replacement Wad	630	824	4,246	5,700	5,457	(243)	(4.5%)	
Potable H2O Skid Replcmnt	3	1	1,329	1,333	1,903	570	30.0%	E
SCADA Replcmnt/Cntrl Cntr	182	554	15,459	16,195	10,271	(5,924)	(57.7%)	F
Sewage System Repl MWP	-	-	-	-	658	658	100.0%	G
Sump Pump Water Level Controls All PPs	686	90	1,622	2,398	2,010	(388)	(19.3%)	
Swchyd Scurity Hardning Delaney	-	-	618	618	482	(136)	(28.2%)	
Swtchyrd Bus Duct Repl WAD	54	1,590	52	1,696	375	(1,321)	(352.3%)	H
Transformer Replacement McCullough	5,684	-	3,500	9,184	8,159	(1,025)	(12.6%)	I
Windows Server Refresh 2021	-	254	-	254	225	(29)	(12.9%)	
<b>Totals - 2020-2021 Budgeted Projects</b>	<b>\$ 49,259</b>	<b>\$ 18,586</b>	<b>\$ 64,228</b>	<b>\$ 132,073</b>	<b>\$ 118,751</b>	<b>\$ (13,322)</b>	<b>(11.2%)</b>	

# Total CAWCD Capital Projects Variance Detail (cont.)

(Dollars in Thousands)

Projects	Through 2020	2021 Projection	Remaining Balance	Total Projected	Total Spending Authority	Variance (\$)	(%)	Notes
<b>Projects Without a Budget in 2021</b>								
Automatic Gate Addition PFO	\$ 76	\$ 341	\$ -	\$ 417	\$ -	\$ (417)	-	
Cooling Water Treatment MWP	1,862	246	1	2,109	1,920	(189)	(9.8%)	
Crane Improvement Machine Shop	-	55	253	308	-	(308)	-	
Engineering Mini Projects	-	-	-	-	-	-	-	
Engr. Mini: Retaining Wall HSY	-	7	-	7	-	(7)	-	
Fire Hydrant Valves HQ	-	98	1,131	1,229	-	(1,229)	-	
Fire Protection CO2 Modification WAD	1,342	426	130	1,898	1,715	(183)	(10.7%)	
Fire Protection South Plants	9,616	1,803	-	11,419	11,400	(19)	(0.2%)	
Floor Lift Addition TFO	142	81	-	223	-	(223)	-	
HVAC Safety Upgrade HQ1	1	(1)	-	-	-	-	-	
Isolation Valves BLK/SND	193	40	2,070	2,303	165	(2,138)	(1295.8%)	
Mobile Radio Upgrade	511	40	1	552	-	(552)	-	
Modify Storage Building/Install Jib Crane-RED	245	267	-	512	-	(512)	-	
Monitor Well Aguafría Rechrq	20	23	74	117	-	(117)	-	
Noise Reduction MWP	-	757	-	757	-	(757)	-	
Potable Water System SAN	309	117	400	826	677	(149)	(22.0%)	
Sand Filter System Replacement HSY	543	719	15	1,277	1,203	(74)	(6.2%)	
Siphon Stop Logs Cunningham/Gila/Santa Cruz	2,494	187	-	2,681	2,445	(236)	(9.7%)	
Substn Hardening Sun Valley	214	2,691	1	2,906	-	(2,906)	-	
<b>Totals - Projects Without a Budget in 2021</b>	<b>\$ 17,568</b>	<b>\$ 7,897</b>	<b>\$ 4,076</b>	<b>\$ 29,541</b>	<b>\$ 19,525</b>	<b>\$ (10,016)</b>	<b>(51.3%)</b>	
<b>Totals - Budgeted &amp; Unbudgeted</b>	<b>\$ 66,827</b>	<b>\$ 26,483</b>	<b>\$ 68,304</b>	<b>\$ 161,614</b>	<b>\$ 138,276</b>	<b>\$ (23,338)</b>	<b>(16.9%)</b>	

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

- A **Backup Power Sys Replacement-Checks & TOs:** Work delayed in 2020 due to COVID-19 and pushing into 2023 due to Engineering resource constraints. Overall project cost have gone up due to the extended time for work from 2014 now extending into 2023, with the cost of materials, labor and equipment rising.
- B **Coffer Dam Design & Fabricate:** Variance in project from 2020/2021 budget due to COVID-19, delayed design starting; Dam Fabrication should be Dec 2021 with install for South Dam in Jan 2022 - all hitting Q1 2022; then West Dam in Q3 2022.
- C **Electro Mech Relay Phase 2:** After budget was approved, contract was negotiated with the contractor and received a proposal that was under original budget.
- D **HVAC Replacement MWP:** Project Steering Committee approved an increase in project spending for additional air handling units and equipment.
- E **Potable H2O Skid Replcmnt:** Variance in project from 2020/2021 budget due to COVID-19, delayed design starting in late 2022.
- F **SCADA Replcmnt/Cntrl Cntr:** Project scoping recently completed, the budget will now reflect the fully defined project requirements.
- G **Sewage System Repl MWP:** The project was canceled / deferred. Deemed not necessary at this time.
- H **Swthchrd Bus Duct Repl WAD:** Project started early due to COVID-19 workload changes and increased focus on risk of delaying project. Work began early in Fall 2020 and is anticipated to be completed by Fall 2021.
- I **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.

