



Year-to-Date - 4th 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 budget performance (with additional spending authority) and provides a comparison of 2021 and 2020. More detailed explanations are covered on the following pages.

Highlights

TOTAL REVENUES: As shown on the graphs to the right, revenues were \$4 million lower than budget. Water Operations & Maintenance (O&M) charges were \$28 million lower than budget as a result of lower reconciled delivery rates and lower water volumes. Capital charges were \$28 million higher than budget due to back-capital charges and related interest from the Non-Indian Ag (NIA) priority reallocation. Tax revenues were \$1 million higher. CAGR revenue was \$2 million higher than budget due to higher activations. Interest income and other revenue were \$8 million lower than budget due to unfavorable fair value adjustments.

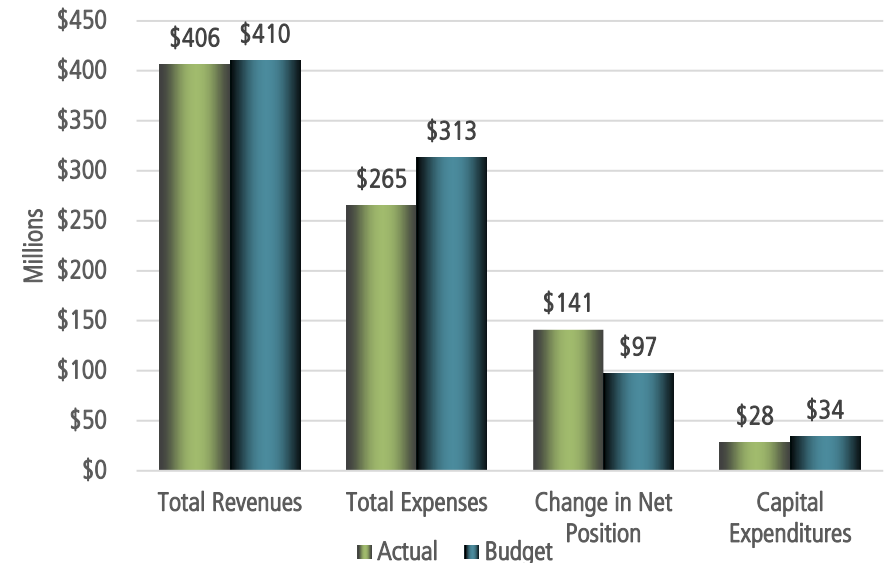
Compared to 2020, total revenues increased by \$41 million. Water O&M rose \$9 million, primarily due to a decrease in Arizona Water Bank Authority purchases. Capital charges increased \$31 million as a result of higher capital charge rates and the reallocation of 44,530 acre-feet of NIA water. Power and BDF revenues decreased by \$8 million due to the closure of NGS and the resulting loss of surplus power sales. Other operating revenue increased \$17 million due to an increase in CAGR revenue as a result of higher enrollment and activations of members. Property taxes revenue increased by \$4 million, and interest and other non-operating income fell by \$12 million due to a decrease in interest rates and fair value adjustments to the LGIP reserve accounts.

TOTAL EXPENSES: Total expenses for 2021 were \$48 million lower than budget/ spending authority. The significant changes include lower: salaries and related expenses of \$6 million, pumping power costs of \$16 million, outside services of \$7 million, depreciation of \$3 million, CAGR water obligation of \$4 million, and other expenses of \$12 million.

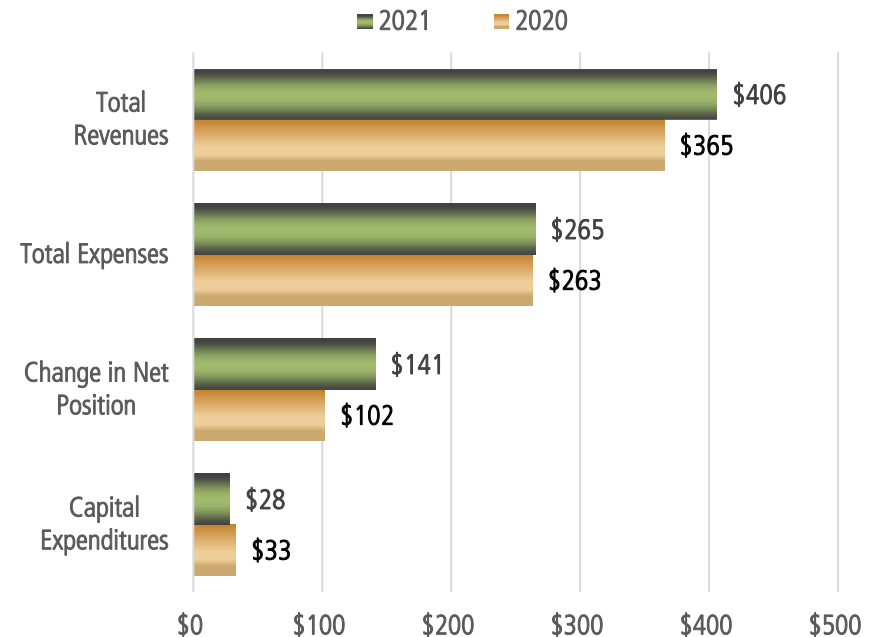
Compared to 2020, expenses increased by \$2 million. Among the contributing factors, outside services, materials and supplies, overhead, and CAGR water purchases increased by a combined total of \$6 million and nonoperating expenses increased by \$2 million; to offset these increases, salaries and related costs decreased by \$4 million and pumping power decreased by \$2 million.

CAPITAL EXPENDITURES: The Project Steering Committee (PSC) oversees the capital budget. Expenditures for capital projects were \$6 million lower than budget. Capital expenditures are further detailed in the Capital Expenditures section, starting on page 53.

Full Year 2021 - Budget vs Actual



Year-Over-Year Comparison



Statements of Net Position

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets and deferred outflows increased by \$94 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 increased by \$5 million in 2021, primarily due to the CAGR D purchase of LTSCs.

Cash and cash equivalents decreased by \$17 million, primarily due to the shifting of assets from cash equivalents to long-term investments.

Funds held by the federal government, which represents accounts receivable for the Basin Development Fund, decreased by \$7 million, primarily due to the final reconciliation of the 2020 Navajo Generating Station (NGS) closure. Other assets grew by \$7 million, with the majority of this increase due to additional receivables, which are a result of the 5 year payment terms of the NIA reallocation.

NONCURRENT ASSETS: The largest component of the District's capital assets is the Permanent Service Right (PSR) net of accumulated amortization. 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 approximately \$23 million per year. For 2021, the net PSR decreased from \$1.04 billion to \$1.02 billion. Net capital operating assets, which are a direct result of ongoing capital projects, increased by \$20 million in 2021.

Investments increased by \$140 million, partly due to the shifting of funds from short term to longer term investment vehicles and \$15 million from the NIA reallocation, which went into a 9(d) Debt Reserve for the future repayment of the debt. CAGR D also continues to build back its Infrastructure and Water Rights account. The District has also been funding the Extraordinary Cost Reserve for some upcoming significant expenditures.

Through the 2007 Arizona Water Settlements Act (AWSA), the District acquired over 96 thousand acre-feet of non-Indian agricultural water rights, valued at \$89 million. Agricultural water rights holdings decreased by \$41 million in 2021, as they were allocated to the respective entities by the Bureau of Reclamation. The remaining NIA priority water rights must be reallocated by 2030

<i>(Dollars in millions)</i>	2021	2020	Change	
Current Assets				
Cash and cash equivalents	\$ 101	\$ 118	\$ (17)	(14.4%)
Funds held by federal gov't	9	16	(7)	(44.4%)
Water inventory	221	216	5	2.3%
Other current assets	64	57	7	11.5%
	<u>394</u>	<u>407</u>	<u>(13)</u>	<u>(3.1%)</u>
Noncurrent Assets				
Investments and restricted assets	656	516	140	27.1%
Agricultural water rights	48	89	(41)	(46.4%)
Capital assets - operating, net	324	304	20	6.5%
Capital assets - PSR, net	1,020	1,043	(23)	(2.2%)
Other assets	14	2	12	584.9%
	<u>2,061</u>	<u>1,954</u>	<u>107</u>	<u>5.5%</u>
Deferred Outflows of Resources				
Pension & OPEB valuation and Upfront Payments	18	18	(0)	(2.7%)
Total Assets & Deferred Outflows	\$ 2,473	\$ 2,379	\$ 94	3.9%

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

CURRENT LIABILITIES: Current liabilities include accounts payable, unearned revenue, accrued interest and expenses, and current principal obligations. In 2021, current liabilities increased by \$13 million. Accounts payable and accrued liabilities increased \$3 million, and are driven by year-over-year variability in accounts payable obligations and the amount of CAGR's replenishment obligation. Unearned revenue for water operations and capital charges increased \$1 million, which was a result of rate differences. A \$2 million increase in the asset retirement obligation represents the change in the next year's amount due for the decommissioning of the NGS. The federal repayment obligation increased \$7 million and represents a scheduled adjustment to the principal due in 2022 .

NONCURRENT LIABILITIES: The largest component of the District's noncurrent liabilities, \$938 million, is the federal repayment obligation which decreases annually in accordance with the annual payment schedule. The asset retirement obligation is the District's portion of the NGS Decommissioning due after one year. The remaining amount of non-current liabilities is a combination of contract revenue bonds of \$51 million, non-Indian agricultural debt of \$89 million and the noncurrent portion of the asset retirement obligation of \$24 million. Other noncurrent liabilities include pension liability of \$63 million, employment health insurance liability of \$8 million, recovery liability of \$2 million.

DEFERRED INFLOW: The deferred inflows of resources are the customer deposits related to the liability associated with the Rate Stabilization reserve account, various customer programs, pension valuation, and OPEB valuation. Deferred inflows of resources increased \$32 million in 2021.

NET POSITION:

Net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, increased \$140.7 million in 2021.

<i>(Dollars in millions)</i>	2021	2020	Change	
Current Liabilities	172	160	13	8.1%
Noncurrent Liabilities				
Repayment obligation, net	\$ 938	\$ 978	\$ (40)	(4.1%)
Contract revenue bonds	51	58	(6)	(10.5%)
Ag water right debt	89	89	-	0.0%
Asset retirement obligation	24	37	(12)	(33.1%)
Other	73	106	(33)	(31.3%)
Noncurrent Liabilities	1,175	1,267	(92)	(7.2%)
Total Liabilities	\$ 1,347	\$ 1,426	\$ (79)	(5.5%)
Deferred Inflows of Resources				
Customer Deposits and Upfront Payments	57	52	5	8.8%
Deferred Inflow OPEB	21	3	18	
Pension valuation	17	8	10	123.8%
Total Deferred Inflows of Resources	\$ 95	\$ 62	\$ 32	51.4%
Net Position				
Investments in Capital Assets	\$ 309	\$ 273	36	13.0%
Restricted, net	94	76	18	23.8%
Unrestricted, net	629	542	87	16.1%
Net Position	\$ 1,031	\$ 890	141	15.8%
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ 2,473	\$ 2,379	94	3.9%

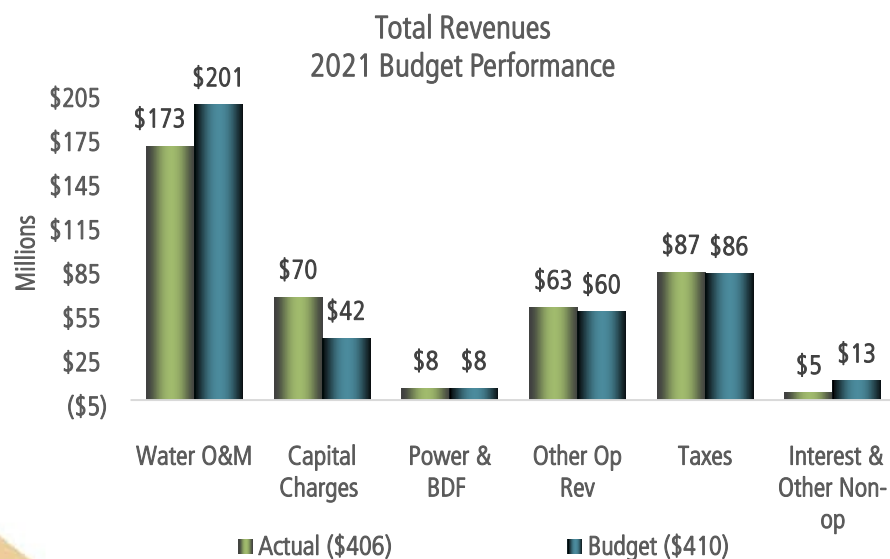
Statements of Revenues, Expenses & Changes in Net Position

Net position increased by \$141 million compared to a budgeted increase of \$97 million, including total spending authority. The factors influencing the full-year net position changes are discussed in the sections that follow.

TOTAL REVENUES

FULL YEAR 2021 BUDGET PERFORMANCE: Revenues were \$406 million compared to a budget of \$410 million. The negative variance of \$4 million was the result of the following key factors:

- Water O&M revenues were \$28 million lower due to lower reconciled water delivery rates
- Capital charges were higher than budget by \$28 million due to back capital charges and related interest from the NIA reallocation
- Other operating revenues were \$3 million higher mainly due to CAGR revenue increased activation and enrollment revenues
- Interest income and other non-operating revenue were \$8 million lower than budget due to lower fair value adjustments on investments and lower interest rates



YEAR-OVER-YEAR COMPARISON: For 2021, total revenues increased by \$41 million.

Operating Revenues were \$49 million higher than 2020.

- Water O&M revenues increased by \$9 million primarily due to a decrease in Arizona Water Bank Authority (AWBA) purchases in 2021 that are paid for by taxes and are not recorded as water delivery revenue
- Capital charges were higher by \$31 million as a result of an increase in the capital charge rates of \$3/AF and the reallocation of 44,530 AF of NIA priority water creating revenue from back-capital charges
- Power and Basin Development Fund (BDF) net revenues were lower by \$8 million due to the closure of NGS in 2019
- Other operating revenue increased \$17 million primarily due to an increase of \$16.6 million in CAGR revenue as a result of higher enrollment and activations

Non-operating Revenues were \$8 million lower than 2020

- Property taxes revenue increased by \$4 million due to rising property valuations
- Interest income & other non-operating income decreased by \$12 million, mainly due to a decrease in interest rates and fair value adjustments to the LGIP reserve accounts

	Full Year 2021					
	2021		2020		Change	
<i>(Dollars in millions)</i>						
Operating Revenues						
Water O&M charges	\$	173	\$	164	\$	9 5.7%
Water service capital charges		70		39		31 78.6%
Power & other BDF revenues		8		16		(8) (47.0%)
Other revenues		63		46		17 36.3%
	\$	314	\$	265	\$	49 18.5%
Non-operating Revenues						
Property taxes	\$	87	\$	83	\$	4 4.8%
Interest income & other		5		17		(12) (73.3%)
	\$	92	\$	100	\$	(8) (8.5%)
Total Revenues	\$	406	\$	365	\$	41 11.1%

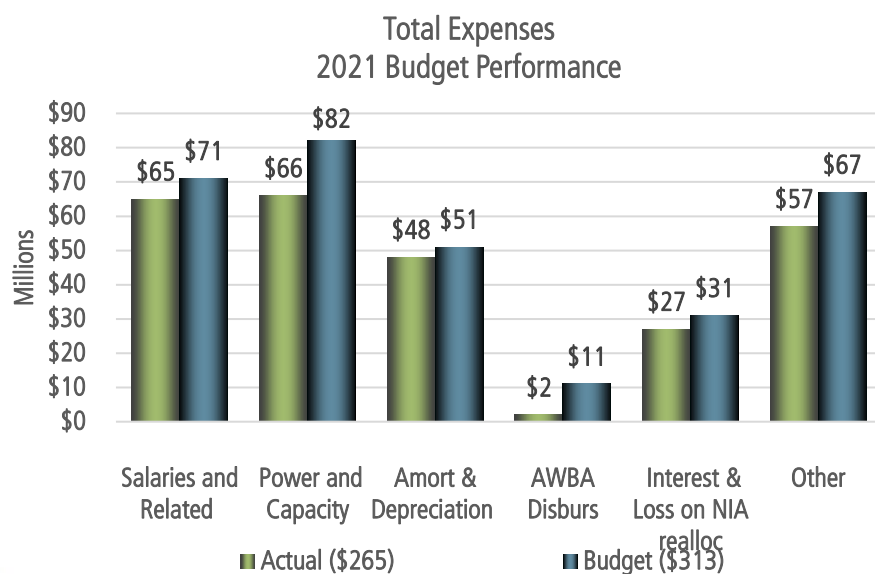
TOTAL EXPENSES

FULL YEAR 2021 BUDGET PERFORMANCE: Total expenses were \$48 million lower than budget/spending authority. The key variances were:

- \$6 million lower salaries and related costs, due to pension and other post-employment benefits adjustments
- \$16 million lower energy and capacity costs, as a result of lower energy purchases and fewer deliveries, as well as the reclassification of transmission losses to transmission costs
- \$9 million lower in transfers to the AWBA for long term storage credit purchases
- \$4 million lower interest expense, as a result of current rates
- Other expenses include \$10 million lower other expenses, due to lower CAGR water replenishment obligation and outside services offset by higher transmission cost associated with losses previously included in energy costs, but moved to transmission costs

YEAR-OVER-YEAR COMPARISON: For 2021, total expenses increased \$2 million compared to 2020. The key factors driving the variance are:

- Salaries and related costs decreased \$4 million to \$65 million
- Pumping energy, including Hoover capacity charges, decreased \$2 million. This was due to a \$4 million decrease in Lake Pleasant and Lake Roosevelt deviation, offset by an increase of \$2 million in pumping energy contracts, energy market purchases, and energy scheduling services.
- Other operating expenses, which include outside services, materials and supplies, overhead, and CAGR water purchases increased \$7 million. Most of the change was related to CAGR water replenishment expense and outside services.
- Nonoperating expenses increased by \$1 million. Disbursements to AWBA decreased by \$4 million, \$2 million less interest paid for the master repayment obligation and bond offset by the loss on the 2021 NIA reallocation of \$7 million.



<i>(Dollars in millions)</i>	2021	2020	Change	
Operating Expenses				
Salaries & related costs	\$ 65	\$ 69	(4)	(5.8%)
Power and capacity	66	68	(2)	(2.9%)
Transmission	16	15	1	6.7%
Amortization & depreciation	48	48	-	0.0%
Other	41	35	6	17.1%
Total Operating Expenses	\$ 236	\$ 235	\$ 1	0.4%
Interest	20	22	(2)	(8.0%)
Loss on sale of NIA rights	7	-	7	N/A
Disbursements to AWBA	2	6	(4)	(68.6%)
Non-operating Expenses	\$ 29	\$ 28	\$ 1	3.2%
Total Expenses	\$ 265	\$ 263	\$ 2	0.7%

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

(Dollars in Millions)

	Full Year 2021		
	Actual	Spending Authority	Variance
Operating Revenues/Expenses			
Revenues	\$ 314.1	\$ 311.2	\$ 2.9
Expenses	(235.3)	(271.2)	35.9
Operating Income/Loss	\$ 78.8	\$ 40.0	\$ 38.8
Non-operating Revenues/Expenses			
Revenues	91.5	98.9	(7.4)
Expenses	(29.7)	(42.3)	12.6
Non-operating Income/(Loss)	\$ 61.8	\$ 56.6	5.2
Change in Net Position	\$ 140.6	\$ 96.6	\$ 44.0
Variance Analysis:			
General Fund	117.5	56.8	60.7
CAGR D	20.5	14.9	5.6
Other	2.6	24.9	(22.3)
	\$ 140.6	\$ 96.6	\$ 44.0

General Fund

(Dollars in Millions)

	Full Year 2021		
	Actual	Spending Authority	Variance
Water Deliveries (000 AF)	1,323	1,453	(130)
Revenues	\$ 379.9	\$ 357.2	\$ 22.7
Expenses	(262.4)	(300.4)	38.0
Change in Net Position	<u>\$ 117.5</u>	<u>\$ 56.8</u>	<u>\$ 60.7</u>

Variance Analysis:

Water O&M Charges	\$ 183.0	\$ 207.2	\$ (24.2)
Capital Charges	94.8	42.2	52.6
Power & BDF Revenues	8.5	7.8	0.7
Property Taxes	87.0	86.5	0.5
Interest and Other Income	6.5	13.7	(7.2)
Pumping Power	(66.4)	(82.0)	15.6
Amortization/Depreciation	(48.1)	(51.0)	2.9
Disbursements to AWBA	(2.4)	(10.3)	7.9
Interest expense and other	(31.6)	(31.6)	-
Other	(113.8)	(125.7)	11.9
	<u>\$ 117.5</u>	<u>\$ 56.8</u>	<u>\$ 60.7</u>

Central Arizona Groundwater Replenishment District (CAGR) Account

(Dollars in Millions)

	Full Year 2021		
	Actual	Spending Authority	Variance
Revenues	\$ 65.4	\$ 59.3	\$ 6.1
Expenses	(44.9)	(44.4)	(0.5)
Change in Net Position	\$ 20.5	\$ 14.9	\$ 5.6

Variance Analysis:

Revenue-Rates	26.2	29.8	(3.6)
Revenue-Fees	25.0	15.5	9.5
Revenue-Dues	9.4	13.4	(4.0)
Interest Income	4.9	0.6	4.3
Expense -Water For Recharge	(18.3)	(17.3)	(1.0)
Expense - All Other	(26.7)	(27.1)	0.4
	\$ 20.5	\$ 14.9	\$ 5.6

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

(Dollars in Thousands)

	Full Year 2021							
	2020 Actual	Actual	Budget	Budget		Total Spending Authority	Variance	
				Adjustments	Authority		(\$)	(%)
Operating Revenues								
Water O&M charges	\$ 164,105	\$ 173,325	\$ 201,015	\$ -	\$ 201,015	\$ (27,690)	(13.8%)	
Water service capital charges	38,582	69,657	41,645	-	41,645	28,012	67.3%	
Power and other Basin Fund revenues	16,079	8,478	7,798	-	7,798	680	8.7%	
Other revenues	46,711	62,682	60,717	-	60,717	1,965	3.2%	
Total Operating Revenues	\$ 265,477	\$ 314,142	\$ 311,175	\$ -	\$ 311,175	\$ 2,967	1.0%	
Operating Expenses								
Salaries and related costs	\$ (68,744)	\$ (64,508)	\$ (70,951)	\$ -	\$ (70,951)	\$ 6,443	9.1%	
Pumping power & capacity charges	(68,157)	(66,386)	(81,989)	-	(81,989)	15,603	19.0%	
Transmission	(14,578)	(15,876)	(13,366)	-	(13,366)	(2,510)	(18.8%)	
Amortization	(23,001)	(23,000)	(23,001)	-	(23,001)	1	0.0%	
Depreciation	(25,052)	(25,201)	(28,077)	-	(28,077)	2,876	10.2%	
Other Operating Costs:								
Outside services	(22,393)	(23,008)	(25,681)	(4,500)	(30,181)	7,173	23.8%	
Materials and supplies	(8,121)	(8,499)	(8,361)	-	(8,361)	(138)	(1.7%)	
Water for underground storage	(1,872)	(6,956)	(10,611)	-	(10,611)	3,655	34.4%	
Overhead	3,490	3,566	3,943	-	3,943	(377)	(9.6%)	
Other expenses	(6,061)	(5,418)	(8,183)	(403)	(8,586)	3,168	36.9%	
Subtotal other costs	(34,957)	(40,315)	(48,893)	(4,903)	(53,796)	13,481	25.1%	
Total Operating Expenses	(234,489)	(235,286)	(266,277)	(4,903)	(271,180)	35,894	13.2%	
Operating Income/(Loss)	\$ 30,988	\$ 78,856	\$ 44,898	\$ (4,903)	\$ 39,995	\$ 38,861	97.2%	
Non-operating Revenues/(Expenses)								
Property taxes	\$ 82,233	\$ 86,997	\$ 86,483	\$ -	\$ 86,483	\$ 514	0.6%	
Interest income and other	17,179	4,542	12,445	-	12,445	(7,903)	(63.5%)	
Disbursements to AWBA	(6,361)	(2,378)	(540)	(9,773)	(10,313)	7,935	76.9%	
Interest expense and other	(21,748)	(27,330)	(20,586)	(11,414)	(32,000)	4,670	14.6%	
Total Non-operating Revenues/(Expenses)	71,303	61,831	77,802	(21,187)	56,615	5,216	9.2%	
Change in Net Position	102,291	140,687	122,700	(26,090)	96,610	44,077	45.6%	
Net position at beginning of period	788,095	890,386	897,793	-	897,793	(7,407)	(0.8%)	
Net position at end of period	\$ 890,386	\$ 1,031,073	\$ 1,020,493	\$ (26,090)	\$ 994,403	\$ 36,670	3.7%	

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

(Dollars in Thousands)

	Full Year 2021	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance Fund
Operating Revenues						
Water O&M charges	\$ 173,325	\$ (9,641)	\$ 182,966	\$ -	\$ -	\$ -
Water service capital charges	69,657	(25,170)	94,827	-	-	-
Power and Basin Development Fund revenues	8,478	-	8,478	-	-	-
Other revenues	62,682	(11,299)	2,234	-	60,554	11,193
Total Operating Revenues	\$ 314,142	\$ (46,110)	\$ 288,505	\$ -	\$ 60,554	\$ 11,193
Operating Expenses						
Salaries and related costs	\$ (64,508)	\$ -	\$ (63,401)	\$ -	\$ (1,107)	\$ -
Pumping power & capacity charges	(66,386)	-	(66,386)	-	-	-
Transmission	(15,876)	-	(15,876)	-	-	-
Amortization	(23,000)	-	(23,000)	-	-	-
Depreciation	(25,201)	-	(25,140)	-	(61)	-
Other operating costs:						
Outside services	(23,008)	-	(22,553)	-	(220)	(235)
Materials and supplies	(8,499)	-	(8,498)	-	(1)	-
Water for recharge	(6,956)	11,340	-	-	(18,296)	-
Overhead	3,566	-	4,719	-	(1,153)	-
Other expenses	(5,418)	34,770	(8,280)	-	(23,599)	(8,309)
Subtotal other costs	(40,315)	46,110	(34,612)	-	(43,269)	(8,544)
Total Operating Expenses	(235,286)	46,110	(228,415)	-	(44,437)	(8,544)
Operating Income/(Loss)	\$ 78,856	\$ -	\$ 60,090	\$ -	\$ 16,117	\$ 2,649
Non-operating Revenues/(Expenses)						
Property taxes	\$ 86,997	\$ -	\$ 86,997	\$ -	\$ -	\$ -
Interest income and other	4,542	(4,820)	4,415	52	4,871	24
Disbursements to AWBA	(2,378)	-	(2,378)	-	-	-
Interest expense and other	(27,330)	4,820	(31,625)	-	(525)	-
Total Non-operating Revenues/(Expenses)	61,831	-	57,409	52	4,346	24
Change in Net Position	140,687	-	117,499	52	20,463	2,673
Net position at beginning of period	890,386	(2,350)	639,437	9,112	238,928	5,259
Net position at end of period	\$ 1,031,073	\$ (2,350)	\$ 756,936	\$ 9,164	\$ 259,391	\$ 7,932



Statement of Net Position

(Dollars in Thousands)

	2020	As of 12/31/2021
ASSETS		
Current Assets		
Cash	\$ 19,605	\$ 13,207
Cash Equivalents	98,019	87,832
Total cash and cash equivalents	117,624	101,039
Receivables		
Due from water customers	2,720	273
Due from property taxes, less allowance for doubtful accounts	40,184	42,072
Other Receivables	11,521	18,161
Water inventory	215,715	220,945
Funds held by federal government	16,428	8,878
Other assets	2,707	3,026
Total Current Assets	406,899	394,394
Non-current Assets		
Investments	419,981	542,690
Restricted assets	96,823	113,669
Agriculture water rights	88,719	47,692
Capital assets, less accumulated depreciation	303,858	323,621
Permanent service right, less accumulated amortization	1,042,835	1,019,835
Other assets	2,000	13,697
Total Non-current Assets	1,954,216	2,061,204
Total Assets	\$ 2,361,115	\$ 2,455,598
DEFERRED OUTFLOWS OF RESOURCES		
Pension & OPEB Valuation and Upfront Payments	\$ 18,166	\$ 17,521
Total Deferred Outflows of Resources	18,166	17,521
Total Assets and Deferred Outflows of Resources	\$ 2,379,281	\$ 2,473,119

Statement of Net Position

(Dollars in Thousands)

	2020	2021
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 40,408	\$ 44,213
Accrued payroll, payroll taxes and other accrued expenses	9,745	9,578
Water operations, capital charges, and unearned revenue	33,980	34,623
Asset retirement obligation due within one year	15,972	18,060
Current liabilities payable from restricted assets, advances to federal government, and other Non-current assets:		
Accrued interest payable	21,269	20,136
Repayment obligation, due within one year	32,929	40,456
Contract revenue bonds, due within one year	5,245	5,365
Total Current Liabilities	159,548	172,431
Non-current Liabilities:		
Repayment obligation, due after one year	977,992	937,536
Contract revenue bonds, due after one year, net	57,532	51,484
Non-Indian agricultural 9(d) debt	88,719	88,719
Asset retirement obligation due after one year	36,545	24,448
Other non-current liabilities	106,073	72,845
Subtotal Non-current Liabilities	1,266,861	1,175,032
Total Liabilities	1,426,409	1,347,463
DEFERRED INFLOWS OF RESOURCES		
Customer Deposits	52,079	56,686
Deferred Inflow OPEB	2,694	20,636
Pension Valuation	7,713	17,261
Total Deferred Inflows of Resources	62,486	94,583
NET POSITION		
Net investment in capital assets	272,995	308,615
Restricted	75,554	93,533
Unrestricted	541,837	628,925
Total Net Position	890,386	1,031,073
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,379,281	\$ 2,473,119

Statement of Net Position by Fund

(Dollars in Thousands)

	As of 12/31/2021	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 101,039	\$ -	\$ 66,181	\$ -	\$ 25,790	\$ 9,068
Receivables	60,506	(6,838)	54,253	-	13,091	-
Water inventory	220,945	-	24,330	-	196,615	-
Funds held by / advanced to federal government	8,878	-	8,878	-	-	-
Other	3,026	(793)	2,611	-	1,198	10
Total Current Assets	394,394	(7,631)	156,253	-	236,694	9,078
Non-current Assets						
Investments and restricted assets	656,359	(2,350)	597,854	9,164	49,441	2,250
Agriculture water rights	47,692	-	47,692	-	-	-
Capital assets, less accumulated depreciation	323,621	-	297,182	-	26,439	-
Permanent service right, less accumulated amortization	1,019,835	-	1,019,835	-	-	-
Other assets, less accumulated amortization	13,697	(21,445)	35,142	-	-	-
Bond issuance costs, net of accumulated amortization	-	-	-	-	-	-
Total Non-current Assets	2,061,204	(23,795)	1,997,705	9,164	75,880	2,250
Total Assets	2,455,598	(31,426)	2,153,958	9,164	312,574	11,328
Deferred Outflows of Resources						
	17,521	-	17,521	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 2,473,119	(31,426)	2,171,479	9,164	312,574	11,328
LIABILITIES						
Current Liabilities						
Accounts payable / accrued payroll	\$ 53,791	\$ (6,997)	\$ 40,797	\$ -	\$ 16,596	\$ 3,395
Water operations and capital charges deferred revenue	34,623	-	34,623	-	-	-
Accrued Decommissioning - Current	18,060	-	18,060	-	-	-
Other current liabilities	65,957	(634)	62,803	-	3,788	-
Total Current Liabilities	172,431	(7,631)	156,283	-	20,384	3,395
Non-current Liabilities						
A 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	72,845	(21,445)	72,845	-	21,445	-
Total Non-current Liabilities	1,175,032	(21,445)	1,163,677	-	32,800	-
Total Liabilities	1,347,463	(29,076)	1,319,960	-	53,184	3,395
DEFERRED INFLOWS OF RESOURCES						
Customer Deposits and Upfront Payments	56,686	-	56,686	-	-	-
Deferred Inflow OPEB	20,636	-	20,636	-	-	-
Pension Valuation	17,261	-	17,261	-	-	-
Total Deferred inflows of Resources	94,583	-	94,583	-	-	-
NET POSITION						
Net Investment in capital assets	308,615	-	297,136	-	11,479	-
Restricted	93,533	-	55,272	9,164	26,847	2,250
Unrestricted	628,925	(2,350)	404,528	-	221,064	5,683
Total Net Position	1,031,073	(2,350)	756,936	9,164	259,390	7,933
Total Liabilities, Deferred Inflow and Net Position	\$ 2,473,119	(31,426)	2,171,479	9,164	312,574	11,328



Spending Authority Full Year 2021

(Dollars in Thousands)

	General Fund Operating*	General Fund Non Operating	CAGR Account Operating **	Captive Insurance Fund	Capital Budget
Board Approved Budget	158,562	20,759	3,097	9,385	33,813
<u>Additional Board Authorized Spending</u>					
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				
<u>Accounting Changes & Adjustments</u>					
NIA Reallocation write-down		11,414			
NIA Reallocation-Water rights purchase-eliminated at District level			23,577		
Adjusted Budget/Spending Authority	163,062	41,946	26,674	9,788	33,813
Actual	146,153	34,003	26,141	8,544	28,311
Variance (\$) Fav/(Unfav)	16,909	7,943	533	1,244	5,502
Variance (%)	10.4%	18.9%	2.0%	12.7%	16.3%

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
		Actual	Budget		
Sources of Funds					
Navajo-related revenues					
SRP premium	\$ -	\$ -	\$ -	\$ -	
Other NGS net revenues	6,437	-	-	-	
Shaping & Displacement	-	-	-	-	
Net revenues - NGS	6,437	-	-	-	
Net line rental revenue	2,433	3,044	510	2,534	A
Hoover 4.5 mil surcharge	3,015	3,232	3,000	232	
Parker-Davis	2,895	2,816	2,700	116	
Net CAP transmission revenues including line losses	(1,112)	(1,050)	788	(1,838)	B
Land-related revenues:					
Land use (net)	2,411	714	800	(86)	
Land sales (net)	-	-	-	-	
Interest on deposits	349	122	320	(198)	
Total Credits Toward Repayment	\$ 16,428	\$ 8,878	\$ 8,118	\$ 760	
Uses of Funds					
Principal	\$ 32,929	\$ 40,456	\$ 40,456	\$ -	
Interest	20,101	19,021	19,021	-	
Gross Payment <i>(Due Jan. 20th following year-end)</i>	\$ 53,030	\$ 59,477	\$ 59,477	\$ -	
(Net Due) / Excess Funds for Repayment	\$ (36,602)	\$ (50,599)	\$ (51,359)	\$ 760	
CAP NGS Energy & Navajo Transmission Reconciliation	\$ -	\$ -	\$ -	\$ -	
Net funds (due to)/from Federal Government	\$ (36,602)	\$ (50,599)	\$ (51,359)	\$ 760	

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)

	2020	2021		Variance	
		Actual	Budget	FTEs	% (*)
Management Council	12.0	11.7	13.0	1.3	9.8%
AGM - Finance & Admin Group					
Finance and Administration					
Analytics & Info Management	-	5.2	6.0	0.8	12.5%
Finance & Accounting	18.8	19.0	19.0	0.0	0.2%
Information Technology	32.2	31.3	34.0	2.7	7.8%
Risk Management	6.3	0.2	2.0	1.8	91.5%
Supply Chain & Facilities	26.0	26.4	28.0	1.6	5.8%
Total Finance and Administration	83.3	82.1	89.0	6.9	7.7%
Employee Services					
Cent Learning & Development	5.2	5.5	6.0	0.5	9.0%
Environment, Health & Safety	9.4	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%
Total Employee Services	29.6	29.9	33.5	3.6	10.6%
AGM - Water Policy Group					
Water Policy					
CAGR D	8.8	9.0	9.0	-	0.0%
Water Policy	8.0	7.7	8.0	0.3	3.4%
Total Water Policy	16.8	16.7	17.0	0.3	1.6%
General Counsel	5.0	5.0	5.0	-	0.0%
Public Affairs	16.1	16.3	16.0	(0.3)	(2.1%)
AGM - Ops & Engineering Group					
Centralized Maint & Reliability					
Centralized Maintenance	63.0	66.8	72.0	5.2	7.3%
Maintenance Control	38.1	37.2	39.0	1.8	4.5%
Total Centralized Maint & Reliability	101.1	104.0	111.0	7.0	6.3%
Field Maintenance					
Operational Technology	41.7	35.6	38.0	2.4	6.4%
South Area Maintenance	43.4	44.5	46.0	1.5	3.3%
West Area Maintenance	44.1	43.4	45.0	1.6	3.6%
Total Field Maintenance	129.2	123.5	129.0	5.5	4.3%
Operations and Engineering					
Engineering	59.0	61.2	64.0	2.8	4.4%
Power Program Admin	3.0	2.5	3.0	0.5	15.3%
Water Operations	21.3	22.3	22.0	(0.3)	(1.5%)
Total Operations and Engineering	83.3	86.0	89.0	3.0	3.4%
Vacancy/Salary Savings Equivalent	-	-	(15.0)	(15.0)	100.0%
Total FTE	476.4	475.2	487.5	12.3	2.5%

General Fund

The General Fund ended 2021 with a net gain (or increase in net position) of \$118 million, compared to a budgeted net gain of \$57 million. Revenues were higher than budget by \$23 million and expenses were under budget by \$38 million.

The following discussion summarizes the General Fund 2021 budget performance, and the comparison of year-over-year variances.

2021 Budget Performance

<i>(Dollars in thousands)</i>	Actuals	Spending Authority	Change	
Revenues	\$ 379,917	\$ 357,228	\$ 22,689	6.4%
Expenses	(262,417)	(300,363)	37,946	12.6%
Change in Net Position	\$ 117,500	\$ 56,865	\$ 60,635	
Beginning Net Position	639,437	645,322	(5,885)	
Ending Net Position	\$ 756,937	\$ 702,187	\$ 54,750	

Year-Over-Year Comparison

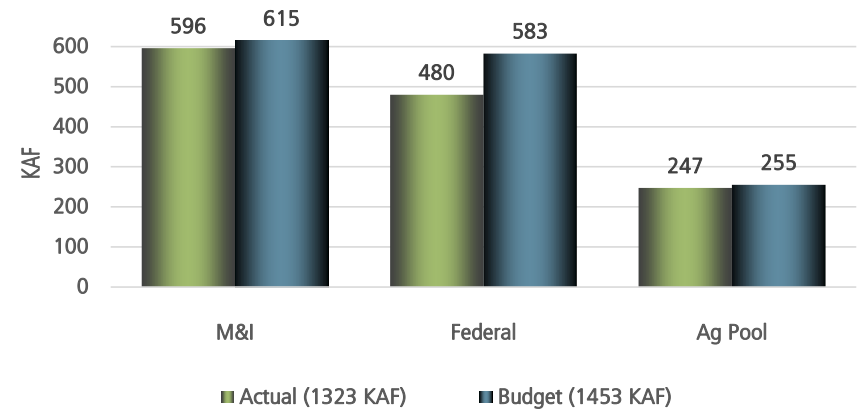
<i>(Dollars in thousands)</i>	2021	2020	Change	
Revenues	\$ 379,917	\$ 330,298	\$ 49,619	15.0%
Expenses	(262,417)	(257,033)	(5,384)	(2.1%)
Change in Net Position	\$ 117,500	\$ 73,265	\$ 44,235	
Beginning Net Position	639,437	566,172	73,265	
Ending Net Position	\$ 756,937	\$ 639,437	\$ 117,500	

Water Deliveries

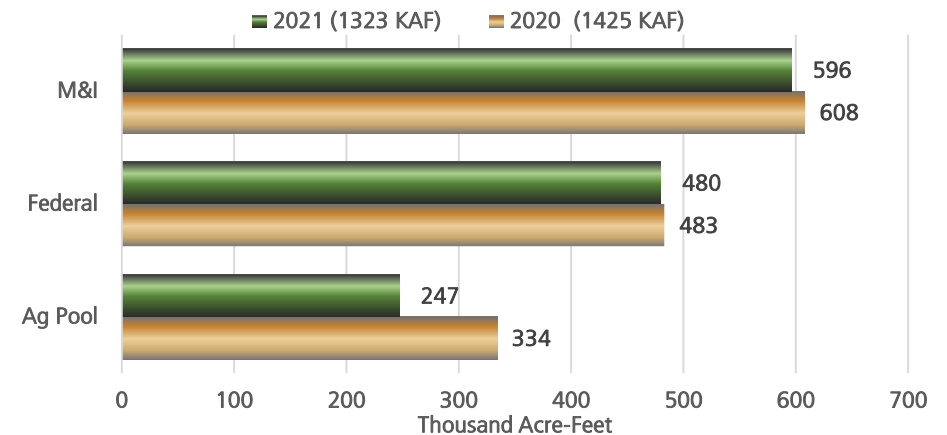
During 2021, water deliveries were 1,323 KAF, which was 130 KAF lower than budget, excluding credits and adjustments. This variance to budget was primarily due to federal deliveries.

Full year deliveries decreased 102 KAF from 2020. This variance from last year was a result of lower federal, M&I subcontract, and Ag Settlement Pool deliveries. See page 28 for additional details.

Water Deliveries 2021



Water Deliveries - Year-Over-Year Comparison



Total Revenues

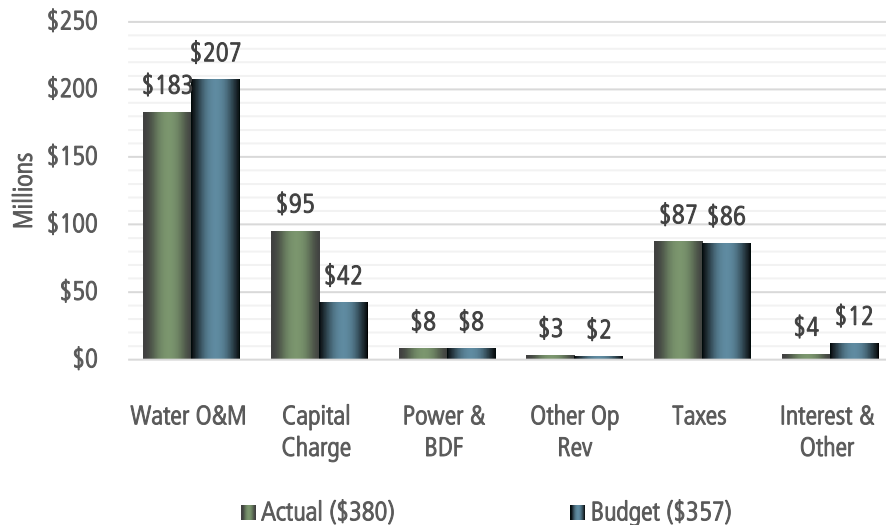
2021 BUDGET PERFORMANCE: For the year ending 2021, total General Fund revenues were \$380 million compared to a budget of \$357 million, a variance of \$23 million. Key impacts were:

- Water O&M revenue was \$24 million below budget due to lower reconciled delivery rates, and 40 KAF of Tribal ICS that decreased revenue as associated payment was for future delivery of ICS
- Capital charges were \$53 million higher than expected due to unbudgeted 44,530 AF of NIA reallocation back capital charges and carrying costs (interest)
- Taxes were \$1 million higher due to higher property valuations
- Interest and other non-operating revenue was \$7 million under budget due to lower Fair Value adjustments and lower interest income. The lower interest rate environment also negatively affected Fair Value on Pool 12 bond investments

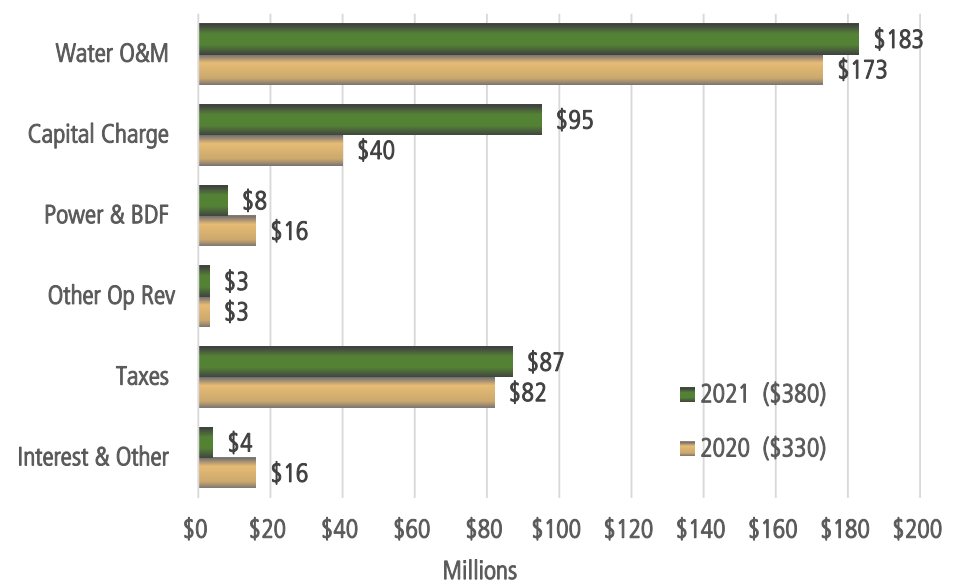
YEAR-OVER-YEAR 2021 2021 total revenues were \$380 million, compared to 2020 revenues of \$330 million, a \$50 million increase. The major items influencing this increase were:

- Water O&M increased \$10 million, primarily due to a decrease in Arizona Water Bank Authority (AWBA) purchases in 2021 that are paid for by taxes and are not recorded as water delivery revenue
- Capital charges increased \$55 million as a result of an increase in the capital charge rates of \$3/AF, and the reallocation of 44,530 AF of NIA water creating revenue from back capital charges and related interest
- Power and BDF revenue decreased by \$8 million due to the closure of NGS in 2019, and the resulting loss of surplus power sales
- Taxes increased by \$5 million as a result of increased property valuation
- Interest income and other decreased \$12 million primarily due to a decrease in interest rates, and fair value adjustments

General Fund Revenues
2021 Budget Performance



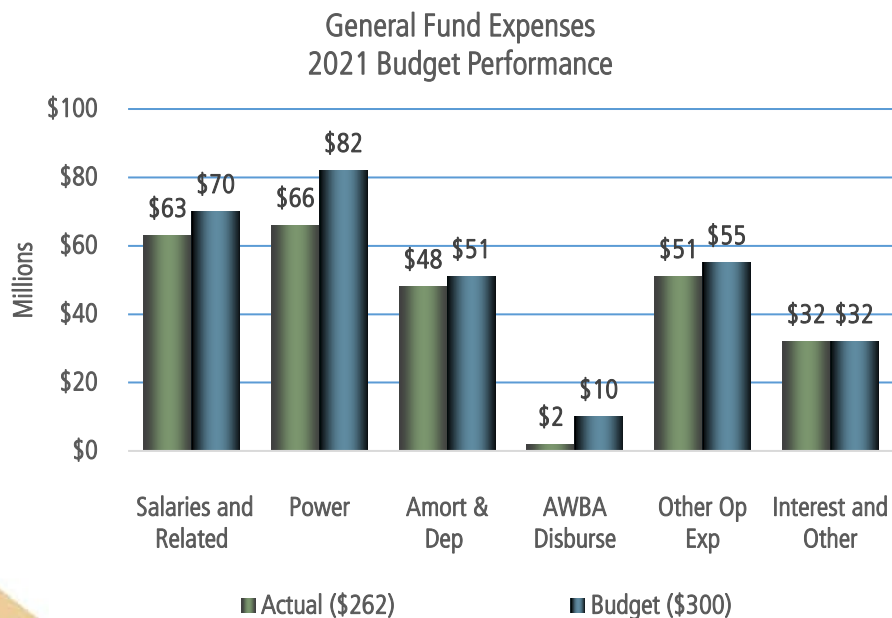
General Fund Revenues
Year-Over-Year



Total Expenses

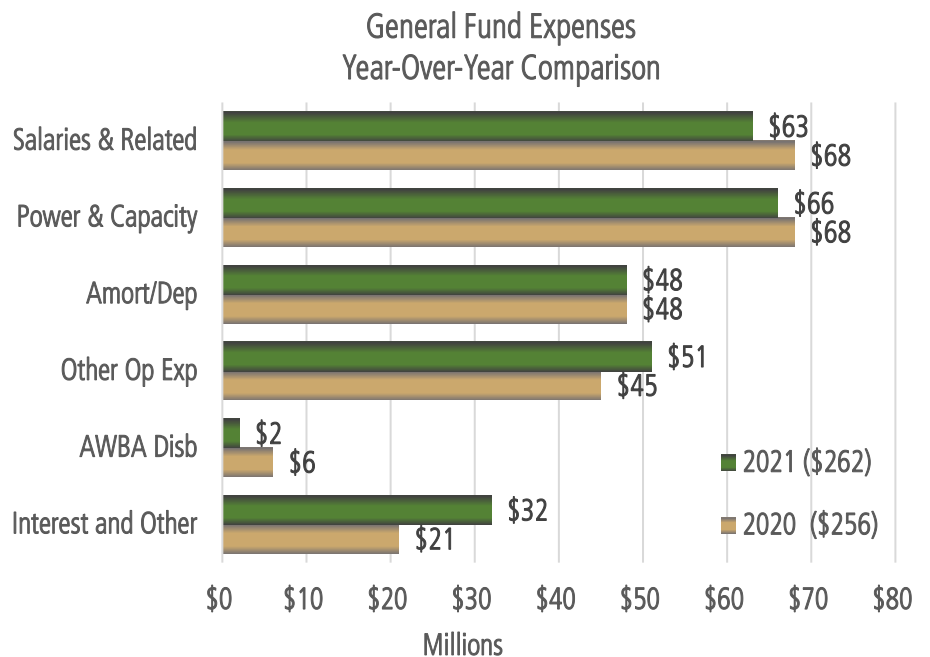
2021 BUDGET PERFORMANCE: Total General Fund expenses for 2021 were \$38 million lower than budget/spending authority. This variance was due to:

- Salaries and related costs were \$7 million under budget mainly due to other post employment benefits and pension valuation reductions
- Pumping power and capacity charges were \$16 million under budget due to lower energy and capacity costs, as a result of lower energy purchases and fewer deliveries, as well as the recent move of transmission losses to transmission costs
- \$8 million lower AWBA disbursements for long term storage credits
- Depreciation is lower due to delays in capital projects in 2020 and 2021
- Other operating expenses were under \$4 million mainly as a result of lower spending on Outside services due to delays in consulting projects and \$1 million lower than anticipated costs for the Pool 34 repairs.



YEAR-OVER-YEAR COMPARISON: Total expenses for 2021 were \$262 million, compared to the 2020 total of \$256 million, an increase of \$6 million. This variance was a result of:

- Pumping energy, including Hoover capacity charges, decreased \$2 million. This was due to a \$4 million decrease in Lake Pleasant and Lake Roosevelt deviation, offset by an increase of \$2 million in pumping energy contracts, energy market purchases and energy scheduling services
- Transmission expense increased by \$1 million
- Salaries and related costs decreased \$5 million, due mainly to valuations for pension and post employment benefits
- Other operating costs, which include outside services, materials and supplies, and overhead, increased by \$5 million, as pandemic related restrictions lessened
- Nonoperating expenses increased by a total of \$7 million. The majority of this amount was due to the recorded loss on the NIA asset.



Strategic 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 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.

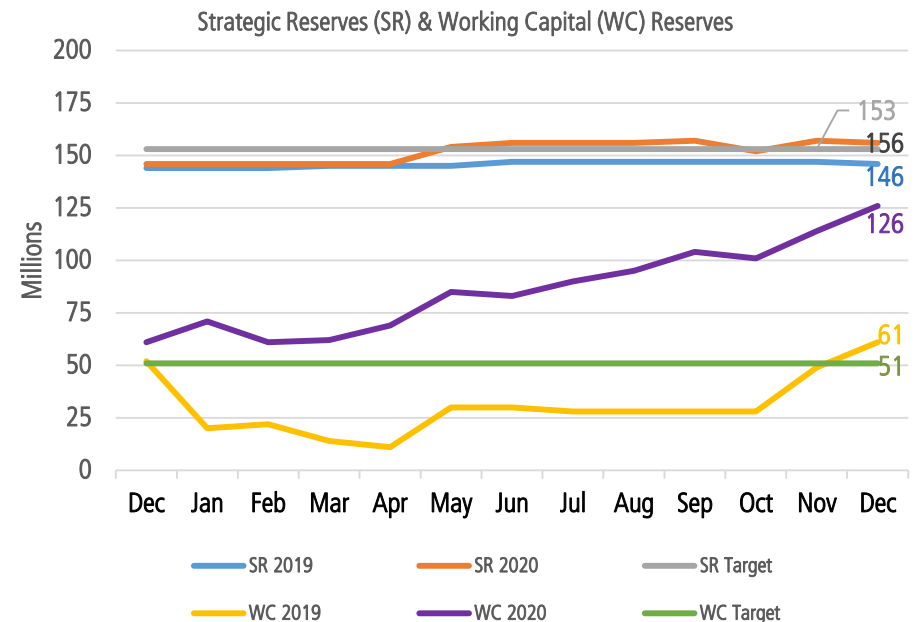
Strategic Reserves & Working Capital Targets

(Dollars in Millions)

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

At the end of 2021, strategic reserves were \$155 million, higher than target by \$2 million due to a higher market value adjustment related to lower interest rate environment.

Working Capital will fluctuate depending on operational needs of the District and capital spending. At the end of 2020, Working Capital was at \$126 million. As of December 2021, working capital was at \$175 million, an increase of \$49 million over 2020. The NIA reallocation provided \$29 million in back capital charges and related interest. Excluding the Federal Debt payment due January 2022 of \$51 million, rate reconciliation payments due to customers of \$9 million in April 2022, and \$20 million in delayed capital projects the actual working capital at December 2021 reduces from \$175 million to \$95 million compared to the target of \$51 million.



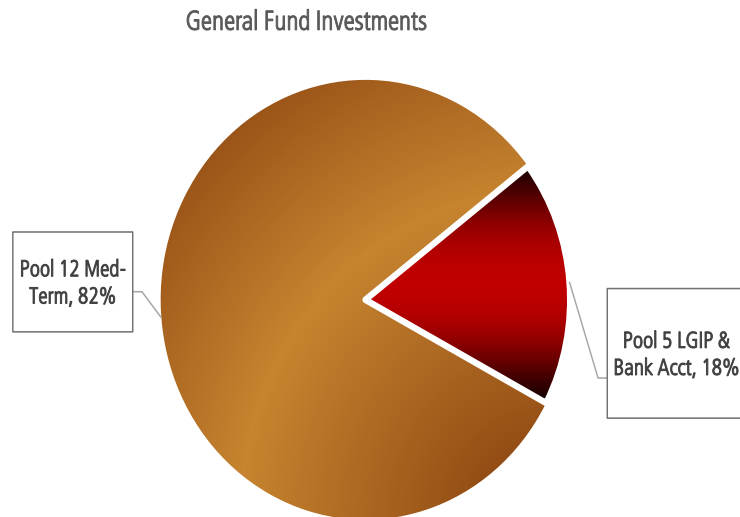
General Fund Cash and Investments

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

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

The average investment yields for funds invested with the State Treasurer through December 2021 was 0.99% 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	
	12/31/21	12/31/20
Strategic Reserves		
Restricted Reserves		
Major Repair & Replacement Reserve	7	12
Assigned Reserves		
Capital Reserve	64	59
Operating Reserve	76	77
Contingency Reserve	8	8
Total Strategic Reserves	155	156
Working Capital		
Unrestricted Reserves		
Cash (BoFA)	4	13
AZ State Treasure LGIP investments	171	113
Total Working Capital	\$ 175	\$ 126
Other Reserves		
Navajo Decommissioning	\$ 37	\$ 47
9(d) Debt Reserve	15	-
Repayment Reserve	41	41
Emergency OM&R Reserve	7	7
System Use Reserve	4	5
Tribal ICS Reserve	24	20
Rate Stabilization	30	30
Voluntary Rate Stabilization	7	7
Bond Reserve	6	6
Recovery Reserve	11	11
Recharge O & M	8	7
Extraordinary Cost	42	20
Water Storage Tax	99	81
Total Other Reserves	331	282
Total Reserves	\$ 661	\$ 564

Statement of Revenues, Expenses and Change in Net Position

General Fund

(Dollars in Thousands)

	Full Year 2021						
	2020 Actual	Actual	Budget	Budget Adjustments	Total Spending Authority	Variance	
						(\$)	(%)
Water Deliveries (acre-feet in thousands)	1,425	1,323	1,453	-	1,453	(129)	(8.9%)
Operating Revenues							
Water O&M charges	\$ 172,740	\$ 182,966	\$ 207,196	\$ -	\$ 207,196	\$ (24,230)	(11.7%) A
Water service capital charges	39,904	94,827	42,173	-	42,173	52,654	124.9% B
Power and Basin Development Fund revenues	16,079	8,478	7,798	-	7,798	680	8.7% C
Other revenues	3,049	2,234	2,014	-	2,014	220	10.9% D
Total Operating Revenues	\$ 231,772	\$ 288,505	\$ 259,181	-	\$ 259,181	\$ 29,324	11.3%
Operating Expenses							
Salaries and related costs	\$ (67,655)	\$ (63,401)	\$ (69,700)	\$ -	\$ (69,700)	\$ 6,299	9.0% E
Pumping power and capacity charges	(68,157)	(66,386)	(81,989)	-	(81,989)	15,603	19.0% F
Transmission	(14,578)	(15,876)	(13,366)	-	(13,366)	(2,510)	(18.8%) G
Amortization of Permanent Service Right	(23,001)	(23,000)	(23,000)	-	(23,000)	-	0.0%
Depreciation and Amortization	(24,991)	(25,140)	(28,016)	-	(28,016)	2,876	10.3% H
Other operating costs:							
Outside services	(19,321)	(22,553)	(24,975)	(4,500)	(29,475)	6,922	23.5% I
Materials and supplies	(8,120)	(8,498)	(8,361)	-	(8,361)	(137)	(1.6%) J
Overhead	4,611	4,719	5,247	-	5,247	(528)	(10.1%)
Other expenses	(8,165)	(8,280)	(9,757)	-	(9,757)	1,477	15.1% K
Subtotal	(30,995)	(34,612)	(37,846)	(4,500)	(42,346)	7,734	18.3%
Total Operating Expenses	(229,377)	(228,415)	(253,917)	(4,500)	(258,417)	30,002	11.6%
Operating Income/(Loss)	\$ 2,395	\$ 60,090	\$ 5,264	\$ (4,500)	\$ 764	\$ 59,326	7765.2%
Non-Operating Revenues/(Expenses)							
Property taxes	82,233	\$ 86,997	\$ 86,483	-	86,483	514	0.6% L
Interest income and other	16,293	4,415	11,564	-	11,564	(7,149)	(61.8%) M
Disbursements to AWBA	(6,361)	(2,378)	(540)	(9,773)	(10,313)	7,935	76.9% N
Interest expense and other	(21,295)	(31,625)	(20,219)	(11,414)	(31,633)	8	0.0% O
Net Non-operating Income/(Loss)	70,870	57,409	77,288	(21,187)	56,101	1,308	2.3%
Change in Net Position	73,265	117,499	82,552	(25,687)	56,865	60,634	106.6%

Statement of Revenues, Expenses and Change in Net Position

General Fund

Notes

- A **Water O&M Charges:** Water deliveries for 2021 were 129 thousand acre-feet lower than budget. Water O&M revenue for 2021 was \$24 million less than budget due in part to a reduction in the year end reconciled rate when compared to the published rate and a lower deliveries as a result of Tribal ICS creation.
- B **Water Service Capital Charges:** Capital charges were \$52.7 million higher than budget, mostly due to nearly \$58 million in back capital charges and related interest collected on NIA water; however, this was offset by a \$13/AF reduction in the capital charge rate versus budget. There was also \$2.5 million in revenue over budget due to an additional 47 thousand acre-feet for the M&I subcontract customers, related to the Hohokum CDR allocations, that were not budgeted. □
- C **Power and Other Basin Fund Revenues:** Revenue was \$680 thousand over budget as a result of higher than expected Net Navajo Miscellaneous Revenue, with net line rental revenue accounting for the majority of this positive variance. Net transmission revenues, including transmission line losses, were lower than budget, moderately offsetting this overage.
- D **Other Revenues:** Positive variance of \$220 thousand was due to \$487 thousand more in recharge lease revenues resulting from an increase in recharge deliveries to CAWCD recharge sites. This was offset by \$267 thousand less in revenue from miscellaneous income, asset disposals, and land use.
- E **Salaries and Related Costs:** Salaries and related costs were under budget mainly due to unfilled positions, a net OPEB valuation reduction, and ASRS expenses valuation reduction.
- F **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.
- G **Transmission:** Losses were previously included in energy costs, but separated in 2020 and are now reflected in Transmission.
- H **Depreciation and Amortization:** Full year positive variance is due primarily to continued impacts and delays from COVID-19, and supply chain challenges.
- I **Outside Services:** Positive variance of \$6.9 million is due in part to \$2.7 million savings from the AIM and IT consulting project relating to 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.
- J **Materials and Supplies:** Negative variance of \$137 thousand is attributal in part to increased costs related to material supplies/licenses/fees and permits as catch up expenses, subsequent to the COVID-19 work from home policy.
- K **Other Expenses:** Full year positive variance of \$1.5 million is due mostly to \$1.4 million savings in related employee in and out of state travel/training expenses due to COVID-19 travel restrictions, and \$265 thousand in MSCP fees reduction in 2021 partly due to catchup payment from AZ Game & Fish from 2020.
- L **Property Taxes:** Property Tax Revenue for year 2021-22 was recorded in September 2021 based on tax levy. Actual levy was slightly higher than budget.
- M **Interest Income and Other:** Full year negative variance due to lower Fair Value adjustment and lower interest income. Lower interest rate environment negatively affected Fair Value on Pool 12 bond investments.
- N **Disbursements to AWBA:** The AWBA did not utilize the full amount of transfer approved by the Board for 2021.
- O **Interest Expense and Other:** No material variance as budget was adjusted to account for \$11.4M write-down of NIA Reallocation.

Water Deliveries & Volumes

(in Acre-Feet)

	2020 Actual	Full Year 2021				Notes
		Actual	Budget	Variance		
				(A/F)	(%)	
Municipal & Industrial Water Subcontract	608,116	596,419	615,173	(18,754)	(3.0%)	A
Federal Contract						
On-reservation	119,686	120,702	206,098	(85,396)	(41.4%)	
Off-reservation	362,763	359,517	377,019	(17,502)	(4.6%)	
Subtotal Federal Contract	482,449	480,219	583,117	(102,898)	(17.6%)	B
Excess						
Ag Settlement Pool (includes Ag Forbearance)	255,415	246,083	253,854	(7,771)	(3.1%)	C
CAGR D Obligation	-	-	-	-	-	
CAGR D Obligation @ Scottsdale IWDS	850	-	-	-	-	D
AWBA	59,543	-	-	-	-	E
AWBA Interstate Banking Water	-	-	-	-	-	
USBR Firming	6,695	-	-	-	-	F
CAGR D Replenishment Reserve	11,332	-	-	-	-	G
Temporary water use permits	441	731	625	106	17.0%	
Full Cost Excess (Unscheduled overruns)	-	-	-	-	-	
Subtotal Excess	334,276	246,814	254,479	(7,665)	(3.0%)	
Total Water Deliveries	1,424,841	1,323,452	1,452,769	(129,317)	(8.9%)	
Transfer of credits to CAGR D	5,049	21,743	15,209	6,534	43.0%	
Take or Pay/Adjustment	11,379	20,017	6,000	14,017	233.6%	
Billed Fixed OM&R Water Volumes	1,441,269	1,365,212	1,473,978	(108,766)	(7.4%)	

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 deliveries are 19K acre-feet less than budget due to an overall decrease in M&I water orders and daily customer needs.□
- B **Federal:** 2021 deliveries are 103K 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:** 2021 deliveries are 8K acre-feet less than budget due to customer needs.
- 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 (M&I Subcontractors):** Full year capital charge for 2021 is \$52.2 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 (M&I Non-Subcontractors):** The positive variance is due in part to an increase on the LTSC credit purchases from CAWCD and offset by capital charge rate which lowers the LTSC credit charges.
- J **Underground Storage Facility Use:** Variance is due to a 21 thousand acre feet 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)

	2020 Actual	Full Year 2021				Notes
		Actual	Budget	Variance		
				(\$)	(%)	
WATER REVENUES						
Municipal & Industrial Water Subcontract	\$ 87,656	\$ 91,490	97,265	(5,775)	-6%	A
Federal Contract						
On-reservation	\$ 13,364	\$ 15,521	32,586	(17,065)	(52.4%)	
Off-reservation	56,576	58,109	59,610	(1,501)	(2.5%)	
Subtotal Federal Contract	69,940	73,630	92,196	(18,566)	(20.1%)	B
Excess						
Ag Settlement Pool (includes Ag Forbearance)	14,303	13,781	14,470	(689)	(4.8%)	C
CAGR D Obligation	-	-	-	-	-	
CAGR D Obligation @ Scottsdale IWDS	132	-	-	-	-	D
AWBA	9,229	-	-	-	-	E
AWBA Interstate Banking Water	-	-	-	-	-	
USBR Firming	1,038	-	-	-	-	F
CAGR D Replenishment Reserve	1,756	-	-	-	-	G
Water Revenues Contra WSTA	(12,285)	-	-	-	-	H
Temporary water use permits	215	586	277	309	111.6%	
Full Cost Excess (Unscheduled overruns)	-	-	-	-	-	
Subtotal Excess	14,388	14,367	14,747	(380)	(2.6%)	
Total Water Deliveries	171,984	179,487	204,208	(24,721)	(12.1%)	
Misc. Adjustments	(27)	-	-	-	-	
Transfer of credits to CAGR D	783	3,479	2,388	1,091	45.7%	
Take/Pay Adj.	-	-	600	(600)	(100.0%)	
Total Water O&M Charges	\$ 172,740	\$ 182,966	207,196	\$ (24,230)	(11.7%)	
CAPITAL & FACILITY USE CHARGES						
M&I subcontractors	\$ 34,707	\$ 93,137	40,966	\$ 52,171	127.4%	H
M&I non-subcontract	4,675	1,152	1,004	148	14.7%	I
Capital Charges - Pima (Interstate)	60	18	-	18	-	
Underground storage facilities	462	520	203	317	156.2%	J
Total Capital & Facility Use Charges	\$ 39,904	\$ 94,827	42,173	\$ 52,654	124.9%	

Notes explaining the variances are shown on page 29.

Energy

	2020 Actuals	Full Year 2021				Notes
		Actual	Budget	Variance		
				(Amount)	(%)	
ENERGY (MWH)						
Waddell	46,371	37,647	37,891	244	0.6%	
Hoover	133,666	133,306	135,546	2,240	1.7%	
Long-term contracts	304,864	298,854	382,160	83,306	21.8%	
Market Purchases	1,975,157	1,939,388	2,165,572	226,184	10.4%	
Total MWH	2,460,058	2,409,195	2,721,169	311,974	11.5%	
ENERGY RATE (\$/MWH)						
Waddell		\$ -	\$ -	\$ -	n.a.	
Hoover	\$ 39.56	39.38	39.06	(0.33)	(0.8%)	A
Long-term contracts	36.38	48.61	36.06	(12.55)	(34.8%)	A
Market Purchases	22.49	22.51	27.42	4.91	17.9%	
Grand Weighted Average \$/MWH	\$ 25.19	\$ 26.74	28.83	\$ 2.09	7.2%	
ENERGY COSTS (\$000)						
Waddell		-	\$ -	\$ -	n.a.	
Hoover	\$ 5,288	5,250	5,294	44	0.8%	
Long-term contracts	11,091	14,527	13,781	(746)	(5.4%)	A
Market Purchases	44,418	43,646	59,379	15,733	26.5%	B
Gross Energy Costs (\$000)	\$ 60,797	\$ 63,423	\$ 78,454	\$ 15,031	19.2%	
Energy Scheduling Services	\$ 1,256	\$ 1,053	\$ 1,366	\$ 313	23%	
MWD Agreement Expense	58	59	70	11	16%	
Lake Pleasant Adjustment	6,315	1,332	2,098	766	37%	C
Lake Roosevelt Adjustment	(269)	519	-	(519)	n.a.	C
Energy and Related Costs (\$000)	\$ 68,157	\$ 66,386	\$ 81,988	\$ 15,602	19.0%	
POWER TRANSMISSION						
Elec Trans-Losses	3,236	\$ 4,326	\$ -	\$ (4,326)	n.a.	D
Elec Trans-SRP SALT GILA	509	310	700	390	56%	D
Elec Trans-Brady/Pichacho/RR	366	505	500	(5)	-1%	D
Elec Trans-WECC Trans	244	181	298	117	39%	D
Total Pumping Costs (\$000)	\$ 72,512	\$ 71,708	\$ 83,486	\$ 11,778	14.1%	

Notes explaining the variances are shown on page 33.

Pumping Power

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
- D Transmission costs that are variable in nature are included in Pumping Energy costs.

Underground Storage Operations and Maintenance

(Dollars in Thousands)

	2020 Actual	Full Year 2021				Notes
		Actual	Budget	Variance (\$)	(%)	
Water Deliveries (000 acre-feet)	204	129	93	36	38.7%	
Revenues						
Other revenues	2,772	1,780	1,293	487	37.7%	
Total Revenues	\$ 2,772	\$ 1,780	\$ 1,293	\$ 487	37.7%	
Expenses						
Salaries and related costs	\$ (220)	\$ (76)	\$ (213)	\$ 137	64.3%	
Other operating costs:						
Outside services	(541)	(297)	(180)	(116)	(64.4%)	
Materials and supplies	(87)	(56)	(72)	16	22.2%	
Other expenses	(886)	(764)	(698)	(67)	(9.5%)	
Subtotal	(1,514)	(1,117)	(950)	(167)	(17.5%)	
Total Expenses	\$ (1,734)	\$ (1,193)	\$ (1,162)	\$ (30)	(2.6%)	
Change in Net Position	1,038	587	131	457	(349.5%)	
Net position at beginning of period	\$ 6,152	7,190	4,485	2,705	60.3%	
Net position at end of period	\$ 7,190	\$ 7,777	\$ 4,616	\$ 3,162	68.5%	
Expense Summary						
Aqua Fria	\$ (81)	\$ (55)	\$ (101)	\$ 46	45.5%	A
Hieroglyphic Mountains	(266)	(237)	(218)	(19)	(8.7%)	B
Lower Santa Cruz	(476)	(499)	(415)	(84)	(20.2%)	C
Pima Mine Road	(155)	(99)	(142)	43	30.3%	D
Superstition Mountain	(316)	(245)	(223)	(22)	(9.9%)	E
Tonopah Desert	(440)	(58)	(63)	5	7.9%	F
Total	\$ (1,734)	\$ (1,193)	\$ (1,162)	\$ (31)	(2.7%)	

Notes explaining the variances are shown on the next page.

Underground Storage Operations and Maintenance

Notes

- A **Agua Fria:** 2021 deliveries were 8 thousand acre feet more than budget, resulting in \$98 thousand more in revenues. Total project costs were \$46 thousand under budget, due in part to salaries/wages (\$22 thousand) and associated overhead charges (\$33 thousand). This variance was reduced by \$25 thousand, due to unbudgeted re-permitting license fees.
- B **Hieroglyphic Mountains:** 2021 deliveries were 14 thousand acre feet more than budget, resulting in \$181 thousand additional revenue. Total project costs were \$19 thousand more than budget, due in part to increased energy costs and regularly planned maintenance expenses coming in higher than expected (shift of maintenance cost from LSCR). This overall variance was offset by lower than expected overhead expenses.
- C **Lower Santa Cruz:** 2021 deliveries were 9 thousand acre feet, or 41%, higher than budget. Total costs were \$84 thousand higher than budget, due mostly to an increase in wheeling fees, resulting from an increase in deliveries and an unbudgeted ADWR licensing permit expense. This variance was offset by a reduction in salaries/wages, and associated overhead expenses.
- D **Pima Mine Rd:** 2021 deliveries were close to target. Total expenses were \$43 thousand less than budget, due in part to a reduction in salaries/wages, and the corresponding overhead, charged to this project. The overall positive variance was reduced by an increase in costs related to regularly planned maintenance.
- E **Superstition Mountain:** 2021 deliveries were 2 thousand acre feet higher than budget. Total costs were \$22 thousand more than budget, due in part to \$41 thousand in consulting services and \$15 thousand licensing fees (permit modification from ADWR) which weren't included in the budget. The overall negative variance was offset by lower than budgeted salaries/wages and associated overhead expenses.
- F **Tonopah Desert:** There were no planned deliveries to Tonopah this year; however, regularly planned maintenance was still performed. Total costs were \$5 thousand less than budget, due mostly to a decrease in material supplies.

2021 Rate Reconciliation

(Dollars in Thousands)

	Actual	Published	Budget
General Fund Operating Expenses	\$ 228,415	\$ 257,284	\$ 253,917
Adjustments for O&M Expenses			
Depreciation & Amortization	(48,140)	(51,017)	(51,017)
Pumping energy and capacity charges	(66,386)	(80,597)	(81,989)
Transmission Adjustment	(5,322)	(1,498)	(1,504)
Underground storage site O&M	(1,193)	(1,161)	(1,161)
Extraordinary Maintenance	(3,633)	(3,870)	-
Other income	(454)	(722)	(511)
Fixed O&M payment on tribal ICS (40,000 AF)	(3,120)	-	-
Conservation Initiative - PVID Fallowing	(842)	-	-
Wheeling Capacity Improvement Study	(358)	(500)	(500)
DCP Mitigation Cost Adjustment	(361)	(406)	(406)
Recovery Expenses	-	(3,000)	(3,000)
Total Adjustments	(129,809)	(142,771)	(140,088)
Fixed O&M Expenses	\$ 98,606	\$ 114,513	\$ 113,829
Pumping Energy & Hoover capacity charges			
Pumping energy and capacity charges	\$ 66,386	\$ 80,597	\$ 81,989
Transmission Adjustment	5,322	1,498	1,504
Total Pumping Energy & Hoover capacity charges	\$ 71,708	\$ 82,095	\$ 83,493

Calculation of Reconciled Water Rates

Subcontract / Federal Rates	Actual	Published	Budget	Variance	
				Published vs Actual	Bdgt vs Actual
Water Delivery Costs (Thousands)					
Fixed O&M Expenses	\$ 98,606	\$ 114,513	\$ 113,829	\$ 15,907	\$ 15,223
Total Pumping Energy Expenses	\$ 71,708	\$ 82,095	\$ 83,493	\$ 10,387	\$ 11,785
Water Delivery (Acre-Feet)					
Total water deliveries with credits	1,345,195	1,474,000	1,467,978	128,805	122,783
Take or Pay adjustment	20,017	6,000	6,000	(14,017)	(14,017)
Billed Fixed OM&R Water Volume	1,365,212	1,480,000	1,473,978	114,788	108,766
Pumping Energy Rate 1 Water Volume	1,345,195	1,474,000	1,467,978	128,805	122,783
Water Delivery Rate (\$/AF)					
Calculated Fixed O&M Rate	\$ 72.23	\$ 78.00	\$ 77.23	\$ 5.77	\$ 5.00
Capital Replacement Component ("Big R")	26.00	26.00	24.00	-	(2.00)
Total Fixed OM&R	98.23	104.00	101.23	5.77	3.00
Calculated Pumping Energy Rate	53.31	56.00	56.88	2.69	3.57
Total Pumping Energy Rate 1	53.31	56.00	56.88	2.69	3.57
Total Delivery Rate	\$ 151.54	\$ 160.00	\$ 158.11	\$ 8.46	\$ 6.57

Long Term Contract reconciliation-Fixed OM&R (\$000)- (refund)/bill	\$ (6,328)
Long Term Contract reconciliation-Energy (\$000)- (refund)/bill	\$ (2,896)
Total Long Term Contract reconciliation (\$000)- (refund)/bill	\$ (9,224)

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
Fort McDowell Yavapai Nation (FMYN) System Conservation	2020	FMYN and BOR	Conserve 10,000 AF	Fixed O&M increase of \$0.53/af	10,000
GRIC System Conservation	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)

	2020	Full Year 2021						Notes
	Actual	Actual	Budget	Budget Adjustment	Total Authority	Variance (\$)	Variance (%)	
Expenses								
Salaries and related costs	\$ 16	\$ (163)	\$ -	\$ -	\$ -	\$ (163)	100.0%	
Other operating costs:								
Outside services	(10)	(3,296)	-	(4,500)	(4,500)	1,204	(36.5%)	
Materials and supplies	-	(7)	-	-	-	(7)	100.0%	
Other expenses/overhead	-	(167)	-	-	-	(167)	100.0%	
Subtotal	(10)	(3,470)	-	(4,500)	(4,500)	(3,470)	-	
Total Expenses	\$ 6	\$ (3,633)	\$ -	\$ (4,500)	\$ (4,500)	\$ (3,633)	-	

Total Project Costs

	Through 2020	2021 Actual	Balance Remaining	Total Project				Variance		
				Projected	Budget	Budget Adjustment	Total Authority	(\$)	(%)	
EM-Storm Damage Repairs Pool 34	-	(3,547)	(4,166)	(7,713)	-	(4,500)	(4,500)	(3,213)	-	A
EM-MWP Suction Tubes & BSH Right Manifold Reline	-	(86)	(6,741)	(6,826)	-	-	-	(6,826)	-	B
Total	\$ -	\$ (3,633)	\$ (10,906)	\$ (14,540)	\$ -	\$ (4,500)	\$ (4,500)	\$ (10,040)	-	

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>	Actual	Spending Authority	Change	
Revenues	\$ 65,425	\$ 59,344	\$ 6,081	10%
Expenses	(44,962)	(44,370)	(592)	(1%)
Change in Net Position	20,463	14,974	5,489	37%
Beginning Net Position	238,928	242,810	(3,882)	
Ending Net Position	\$ 259,391	\$ 257,784	\$ 1,607	

Total Revenues

Total revenues were \$65 million in 2021, which was \$6 million higher than budget. Revenue from rates was lower than budget by \$4 million due to lower replenishment obligation acre-feet, revenue from dues was \$4 million under budget due to lower rates, and revenue from fees was \$9 million higher than budget due to high enrollments and activations. Non-operating revenue was \$5 million over budget, as CAGRDR recognized a gain on the NIA reallocation of \$4.7 million; this was partially offset by lower interest income, due to unfavorable fair value adjustments.

Total Expenses

Total expenses were \$0.6 million above total spending authority for 2021. Operating expenses were a total of \$0.4 million over budget/spending authority, with salaries and overhead \$0.3 million below budget, outside services \$0.2 million below budget, and water for underground storage \$1.0 million over budget. CAGRDR had \$24 million in other expenses for the purchase the NIA water right, for which it had additional spending authority .

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 obtained an 18,500 acre-foot 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.

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)

	2020 Actual	Full Year 2021					Variance		Notes
		Actual	Budget	Budget Adjustments	Total Spending Authority				
						(\$)	(%)		
Operating Other Revenues									
Revenue-Rates	\$ 22,127	\$ 26,167	\$ 29,797		\$ 29,797	\$ (3,630)	(12.2%)		
Revenue-Fees	12,751	24,985	15,540		15,540	9,445	60.8%		
Revenue-Dues	9,016	9,402	13,375		13,375	\$ (3,973)	(29.7%)		
Total Operating Other Revenues	43,894	\$ 60,554	\$ 58,712		\$ 58,712	\$ 1,842	3.1%	A	
Operating Expenses									
Salaries and related costs	\$ (1,089)	\$ (1,107)	\$ (1,251)		\$ (1,251)	\$ 144	11.5%		
Depreciation	\$ (61)	(61)	(61)		(61)	-	0.0%		
Other operating costs:									
Outside services	(2,843)	(220)	(450)	-	(450)	230	51.1%	B	
Water for underground storage	(12,061)	(18,296)	(17,329)		(17,329)	(967)	(5.6%)	C	
Materials and supplies	(1)	(1)	(1)		(1)	-	0.0%		
Overhead	(1,121)	(1,153)	(1,304)		(1,304)	151	11.6%		
Other expenses	(10)	(23,599)	(30)	(23,577)	(23,607)	8	26.7%	D	
Subtotal	(16,036)	(43,269)	(19,114)	(23,577)	(42,691)	(578)	(3.0%)		
Total Operating Expenses	(17,186)	\$ (44,437)	\$ (20,426)	\$ (23,577)	\$ (44,003)	\$ (434)	(2.1%)		
Net Operating Income/(loss)	\$ 26,708	\$ 16,117	38,286	\$ (23,577)	\$ 14,709	\$ 1,408	3.7%		
Non-operating Revenues/(Expenses)									
Interest and other nonoperating revenue	\$ 560	\$ 4,871	\$ 632		\$ 632	\$ 4,239	670.7%	E	
Interest and other nonoperating expense	(453)	(525)	(367)	-	(367)	\$ (158)	(43.1%)		
Net Non-operating Income/(Loss)	107	\$ 4,346	\$ 265	\$ -	\$ 265	\$ 4,081	1540.0%		
Change in Net assets	\$ 26,815	\$ 20,463	\$ 38,551	\$ (23,577)	\$ 14,974	\$ 5,489	14.2%		

NOTES:

- A Other Operating Revenues:** Full year revenue for 2021 exceeded budget by \$1.8 million. Revenue from rates was \$3.6 million lower than budget due to lower obligation acre feet and lower rates than budgeted. Revenue from dues was \$4.0 million under budget due to lower rates. Revenue from fees was \$9.4 million higher than budget due to higenrollments and activations.
- B Outside Services:** Lower than budget due to lower A1 services, and the Westwater contract.
- 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.
- D Other Expenses:** Due to the NIA reallocation, CAGR D incurred \$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. These costs were not budgeted as the NIA reallocation was uncertain at the time of budget development. The CAWCD Board approved the NIA reallocation for CAGR D on August 5, 2021.
- E Interest and other nonoperating revenue:** CAGR D recognized a gain on the NIA reallocation of \$4.7 million (due to being a related party, the asset was transferred to CAGR D from CAWCD at the carrying cost of the asset), 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 AMAs
2021				
Outstanding Obligation - Year Ending	26,378	899	2,476	29,753
Prior year Obligations adjustment (prev est less CDAR)	5,224	(588)	443	5,079
Obligation Estimate for current year	33,329	1,228	2,756	37,313
Less CAWCD Deliveries to meet Obligation (CDA)	(31,602)	-	(2,000)	(33,602)
Less CAWCD LTSC purchased to meet Obligation	-	(311)	-	(311)
Less I&WR LTSC purchased to meet Obligation	-	-	(919)	(919)
Outstanding Obligations at end of 2021	33,329	1,228	2,756	37,313

CAGRD Reserve Balances as of December 31, 2021

(Dollars in Thousands)

Administrative:	
Beginning Fund Balance	\$ 1,405
Revenue / Transfer	1,886
Expense	(1,526)
Interest Income (Expense)	1
Ending Fund Balance	<u>\$ 1,766</u>
Conservation:	
Beginning Fund Balance	\$ 781
Revenue / Transfer	67
Expense	-
Interest Income (Expense)	1
Ending Fund Balance	<u>\$ 849</u>

CAGR Reserve Balances as of December 31, 2021

(Dollars in Thousands)

	Phoenix AMA	Pinal AMA	Tucson AMA	Total
Water and Replenishment:				
Beginning Fund Balance	\$ 5,661	\$ 113	\$ 328	\$ 6,102
Revenue	7,439	106	736	8,281
Water/Credits Purchased	(6,737)	(70)	(622)	(7,429)
	6,363	149	442	6,954
Transfer from Infrastructure	-	-	-	-
Interest Income (Expense)	5	-	1	6
Ending Balance	\$ 6,368	\$ 149	\$ 443	\$ 6,960
Replenishment Reserve:				
Beginning Fund Balance	\$ 1,190	\$ 3	\$ 711	\$ 1,244
Revenue	4,652	87	340	5,079
Water Purchased	-	-	-	-
CAP Credits	(4,476)	(85)	(271)	(4,832)
Other Credits	-	-	-	-
	1,366	5	780	1,491
Interest Income (Expense)	2	-	-	2
Ending Balance	\$ 1,368	\$ 5	\$ 780	\$ 1,493

CAGRD Reserve Balances as of December 31, 2021

(Dollars in Thousands)

Infrastructure and Water Rights:

Beginning Fund Balance	\$	38,788
Proceeds from Inventory Transfer		4,961
Revenue		44,487
Technical Studies and Operating Expense		(1,000)
Debt Service Payments		(3,974)
NIA Reallocation and 9(d) Debt		(7,885)
GRIC and other Lease Considerations		(2,885)
GRIC and other Lease Water Costs		(4,777)
Reimb from Water & Replenishment Account		-
Long Term Storage Credits		(7,882)
Interest Income (Expense)		199
Ending Fund Balance	\$	<u>60,032</u>

CAGRD Enrollment and Activation Summary

Figure 1: Member Land Enrollment

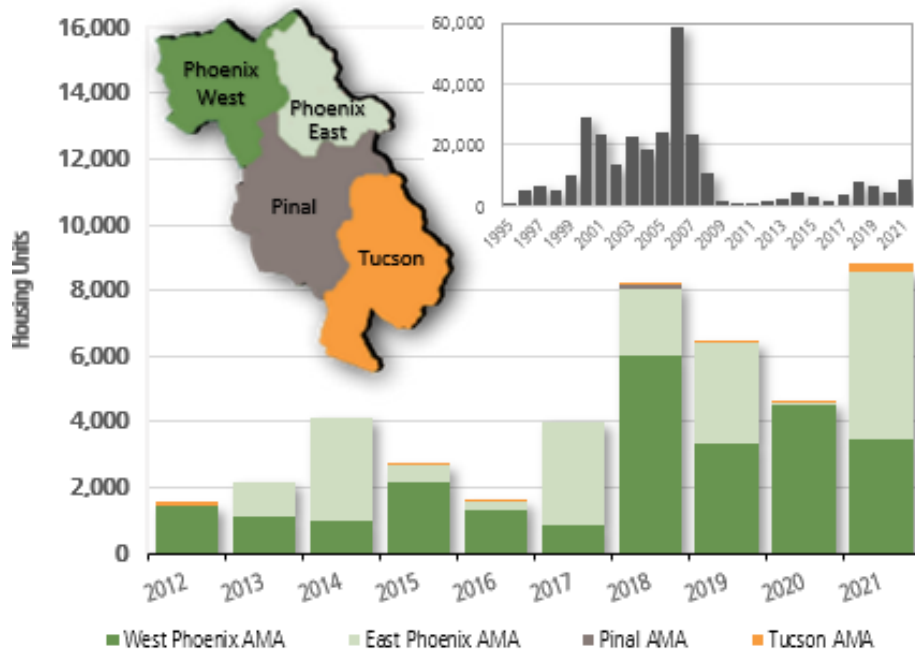


Figure 2: Activation Units

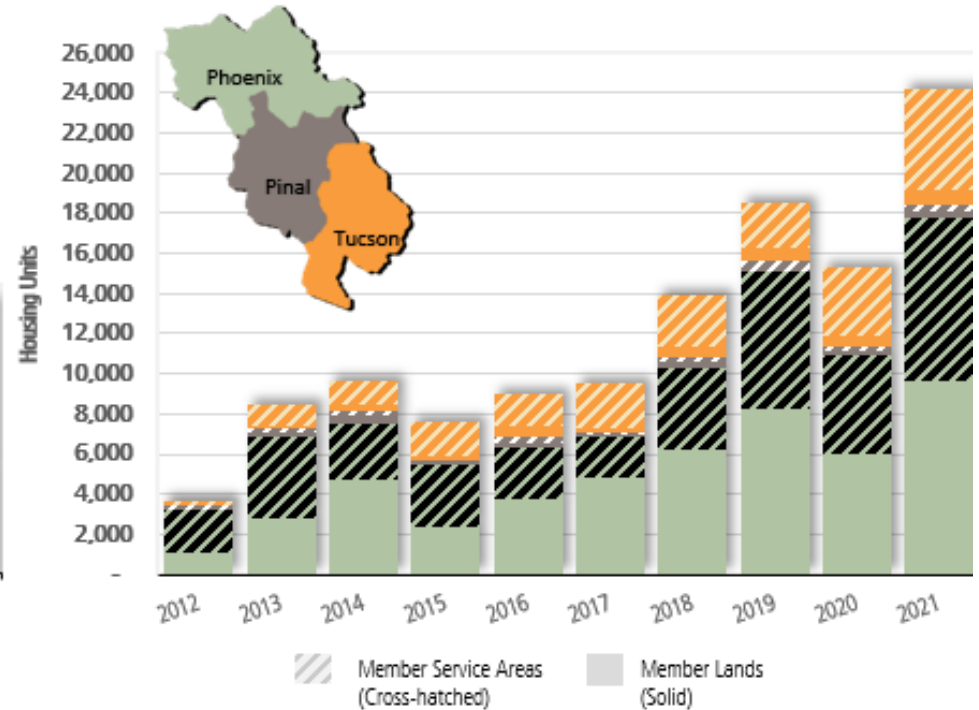


Table 1: Enrollment Units in 2021

AMA	ML Lots	Projected Demand (AF/year)
West Phoenix	3,487	1,709
East Phoenix	5,073	2,752
Pinal	0	0
Tucson	294	81
TOTAL	8,854	4,541

Table 2: Activation Units in 2021

AMA	ML Lots	MSA Lots	Total Lots
Phoenix	9,661	8,125	17,786
Pinal	355	257	612
Tucson	822	4,972	5,794
TOTAL	10,838	13,354	24,192

CAGRDR Enrollment and Activation Summary

Enrollment in 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 2021. **Table 1** provides a breakdown by AMA of member land enrollment activity through 2021. The majority of ML enrollment occurred in the Phoenix AMA and was comprised of 28 new subdivisions with 8,560 lots and with a total projected demand of 4,460 AF/yr. The East Valley had 17 subdivisions enrolled with a total of 5,073 lots with a projected annual demand of 2,752 AF/yr. The West Valley had 11 enrollments with 3,487 lots and with a projected demand of 1,709 AF/yr. Additionally, 3 subdivisions with 294 lots and 81 AF/yr projected demand enrolled in the Tucson AMA. No new subdivisions enrolled within the Pinal AMA in 2021.

One Member Land de-enrolled in Q4 2021.

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

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

Activation in 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. In 2021, the number of lots activated totaled 24,192 (Member Land lots = 10,838; Member Service Area lots = 13,354). **Table 2** provides a breakdown by AMA of previously enrolled lots that were activated in 2021. By comparison, there were 15,279 units activated in 2020.



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

(Dollars in Thousands)

<i>(\$ in Thousands)</i>	2020 Actual	Full Year 2021					Variance (\$)	Variance (%)	Notes
		Actual	Budget	Budget Adjustments	Total Spending	Total Spending			
Operating Revenues									
Other revenues	\$ 10,549	\$ 11,193	\$ 10,733			\$ 10,733	\$ 460	4.3%	A
Total Operating Revenues	\$ 10,549	\$ 11,193	\$ 10,733	\$ -		\$ 10,733	\$ 460	4.3%	
Operating Expenses									
Other Operating costs:									
Outside services	\$ (229)	\$ (235)	\$ (256)			\$ (256)	\$ 21	8.2%	B
Other expenses	(8,434)	(8,309)	(9,129)	(403)		(9,532)	1,223	12.8%	C
Total Operating Expenses	(8,663)	(8,544)	(9,385)	(403)		(9,788)	1,244	12.7%	
Net Operating Income/(Loss)	\$ 1,886	\$ 2,649	\$ 1,348	\$ (403)		\$ 945	\$ 1,704	(180%)	
Non-operating Revenues/(Expenses)									
Interest income and other	\$ 29	\$ 24	\$ 9			\$ 9	\$ 15	166.7%	
Net Non-operating Income/(Loss)	29	24	9	-		9	15	166.7%	
Change in Net Position	1,915	2,673	1,357	(403)		954	1,719	(180.2%)	
Net position at beginning of period	3,344	5,259	2,878			2,878	2,381	82.7%	
Net position at end of period	\$ 5,259	\$ 7,932	\$ 4,235	\$ (403)		\$ 3,832	\$ 4,100	107.0%	

Notes:

- A **Reimbursements and other revenues:** 2021 positive variance of \$460 thousand was due in part to an accounting adjustment of Casualty insurance and an increase in health insurance (higher number of covered enrollees).
- B **Outside Services:** 2021 positive variance of \$21 thousand was a result in part to a reduction in audit fees and meeting expenses due to the pandemic; additionally, letters of credit expenses from Bank of America came in lower than expected. These expenses were offset by higher than expected actuarial and legal fees.
- C **Other Expenses:** 2021 underwriting expenses were lower than budget due in part to a reduced number of claims filed as a result of COVID stay at home restrictions. The CAWCD Board approved \$403 thousand additional spending authority due to the uncertainty of COVID; however, these funds were ultimately not needed. □



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

(Dollars in Thousands)

	2020 Actual	Full Year 2021				Notes
		Actual	Total Spending Authority	Variance		
				(\$)	(%)	
Operating Expenses						
Outside services	\$ -	\$ -	\$ -	\$ -	N/A	
Total Operating Expenses	-	-	-	-	N/A	
Non-operating Revenues/(Expenses)						
Interest income / FV Adj	\$ 297	\$ 52	\$ 240	\$ (188)	(78.3%)	A
Interest expenses and other		-	-	-	N/A	
Total Non-operating Revenues/(Expenses)	297	52	240	(188)	(78.3%)	
Change in Net Position	297	52	240	(188)	(78.3%)	
Net position at beginning of period	8,815	9,112	9,133	(21)	(0.2%)	
Net position at end of period	<u>\$ 9,112</u>	<u>\$ 9,164</u>	<u>\$ 9,373</u>	<u>\$ (209)</u>	<u>(2.2%)</u>	

Notes:

A. 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.

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.

2021 CAWCD CAPITAL EXPENDITURES

(Dollars in Thousands)	2021		Variance
	2021 Actual	Total Spending Authority	
Capital Equipment	\$ 2,244	\$ 2,446	\$ 202
Capital Projects (by Absolute Variance)			
Fire Protctn Sys Upgrd MWP	540	3,687	3,147
PLC-5 Replacement Wad	720	3,102	2,382
Backup Power Sys Replacement-Checks & TOs	751	2,684	1,933
Elevator System Replacement Phase 2	645	2,453	1,808
HVAC Replacement MWP	2,970	1,448	(1,522)
Swthchyrd Bus Duct Repl WAD	1,628	365	(1,263)
Flowmeter Replacmnt 34 TOs	384	1,532	1,148
Potable H2O Skid Replcemnt	18	1,000	982
Coffer Dam Desgn & Fabricate	(6)	811	817
Condition-Based Monitoring	101	820	719
All Other Capital Projects	18,316	13,465	(4,851)
Subtotal - Capital Projects	\$ 26,067	\$ 31,367	\$ 5,300
Total CAWCD Capital Expenditures	\$ 28,311	\$ 33,813	\$ 5,502

(Dollars in Thousands)

Capital Projects - Ten Largest

	Projected	Budget	Variance
SCADA Replcmnt/Cntrl Cntr	\$ 16,170	\$ 10,271	\$ (5,899)
Motor Exciters BSH/LH/SGL/HSY	14,647	15,034	387
Backup Power Sys Replacement-Checks & TOs	12,039	10,676	(1,363)
Fire Protection South Plants	11,410	11,400	(10)
Condition-Based Monitoring	11,168	10,697	(471)
Transformer Replacement McCullough	9,966	8,159	(1,807)
Electro Mech Relay Phase 2	8,677	11,952	3,275
Fire Protctn Sys Upgrd MWP	8,593	4,745	(3,848)
Elevator System Replacement Phase 2	8,278	7,561	(717)
Circuit Breakers & Compr Air Sys Repl MWP	6,847	6,435	(412)



2021 Capital Expenditures Variance Summary

(Dollars in Thousands)

	2020 Actual	Full Year 2021			
		Actual	Total Spending Authority	Variance	
				(\$)	(%)
SUMMARY					
Capital & Cost-Shared Expenditures					
Salaries and related costs	(3,366)	(3,433)	\$ (3,784)	\$ (351)	9.3%
Equipment and structures	(20,484)	(17,897)	(23,639)	(5,742)	24.3%
Capitalized interest	-	-	-	-	N/A
Other expenses:					
Outside services	(5,419)	(2,990)	(2,160)	830	(38.4%)
Materials and supplies & other expenses	(273)	(425)	(287)	138	(48.1%)
Overhead expenses	(3,490)	(3,566)	(3,943)	(377)	9.6%
Subtotal Other Expenses	(9,182)	(6,981)	(6,390)	591	(9.2%)
Total Capital	\$ (33,032)	\$ (28,311)	\$ (33,813)	\$ (5,502)	16.3%

2021 CAWCD Capital Expenditures Variance Detail

(Dollars in Thousands)

Projects	Full Year 2021				Notes
	Actual	Total Spending Authority	Variance (\$)	Variance (%)	
CAPITAL EQUIPMENT					
Furniture & Office Equipment	\$ -	\$ 35	\$ 35	100.0%	
Vehicles	261	518	257	49.5%	
Field & Other Equipment	1,982	1,893	(89)	(4.7%)	
Capital Equipment Total	\$ 2,244	\$ 2,446	\$ 202	8.3%	
<u>2020-2021 Budgeted Projects</u>					
Backup Power Sys Replacement-Checks & TOs	\$ 751	\$ 2,684	\$ 1,933	72.0%	A
Circuit Breakers & Compr Air Sys Repl MWP	-	24	24	100.0%	
Coffer Dam Desgn & Fabricate	(6)	811	817	100.7%	
Condition-Based Monitoring	101	820	719	87.7%	B
Discharge Valves West Plants	881	843	(38)	(4.5%)	
Electro Mech Relay Phase 2	2,014	2,615	601	23.0%	
Elevator System Replacement Phase 2	645	2,453	1,808	73.7%	C
Fire Protctn Sys Upgrd MWP	540	3,687	3,147	85.4%	D
Flowmeter Replacmnt 34 TOs	384	1,532	1,148	74.9%	E
HVAC Replacement MWP	2,970	1,448	(1,522)	(105.1%)	F
Microwave System Replacement	615	804	189	23.5%	
Motor Exciters BSH/LH/SGL/HSY	5,481	4,982	(499)	(10.0%)	
Motor Exciters/Controls Repl BDY,PIC,RED	252	219	(33)	(15.1%)	
Multi-Site Covered Vehicle Parking	166	428	262	61.2%	
MWP Unit 6 Rewind	-	20	20	100.0%	
Network Refresh 2021	351	350	(1)	(0.3%)	
PLC-5 Replacement Wad	720	3,102	2,382	76.8%	G
Potable H2O Skid Replcmnt	18	1,000	982	98.2%	H
SCADA Replcmnt/Cntrl Cntr	528	686	158	23.0%	
Sewage System Repl MWP	-	171	171	100.0%	
Sump Pump Water Level Controls All PPs	108	553	445	80.5%	
Swchyd Scurity Hardning Delaney	-	482	482	100.0%	
Swtchyrd Bus Duct Repl WAD	1,628	365	(1,263)	(346.0%)	I
Transformer Replacement McCullough	782	1,063	281	26.4%	
Windows Server Refresh 2021	256	225	(31)	(13.8%)	
Totals - 2020-2021 Budgeted Projects	\$ 19,185	\$ 31,367	\$ 12,182	38.8%	

2021 CAWCD Capital Expenditures Variance Detail

(Dollars in Thousands)

Projects (continued)	Full Year 2021				Notes
	Actual	Total Spending Authority	Variance (\$)	(%)	
Projects Without a Budget in 2021					
Automatic Gate Addition PFO	\$ 341	\$ -	\$ (341)	-	
Cooling Water Treatment MWP	251	-	(251)	-	
Connection at Hassayampa Tap	(782)	-	782	-	
Crane Improvement Machine Shop	34	-	(34)	-	
Discharge Valves BSH/LHQ/HSY	1	-	(1)	-	
Engineering Mini Projects	-	-	-	-	
Engr. Mini: Retaining Wall HSY	92	-	(92)	-	
Fire Hydrant Valves HQ	105	-	(105)	-	
Fire Protection CO2 Modification WAD	393	-	(393)	-	
Fire Protection South Plants	1,794	-	(1,794)	-	
Floor Lift Addition TFO	81	-	(81)	-	
HVAC Safety Upgrade HQ1	(1)	-	1	-	
Isolation Valves BLK/SND	31	-	(31)	-	
Mobile Radio Upgrade	160	-	(160)	-	
Modify Storage Building/Install Jib Crane-RED	267	-	(267)	-	
Monitor Well Aguafría Rechrng	8	-	(8)	-	
Noise Reduction MWP	815	-	(815)	-	
Potable Water System SAN	101	-	(101)	-	
Sand Filter System Replacement HSY	781	-	(781)	-	
Siphon Stop Logs Cunningham/Gila/Santa Cruz	184	-	(184)	-	
Substn Hardening Sunvalley	2,226	-	(2,226)	-	
Totals - Projects Without a Budget in 2021	\$ 6,882	\$ -	\$ (6,882)	-	
NET CAPITAL	\$ 28,311	\$ 33,813	\$ 5,502	16.3%	

2021 CAWCD Capital Expenditures Variance Detail

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 started in 2022 pushing into 2024 due to Engineering Resource Constraints; overall project cost have gone up due to the extended time for work from 2015 now extending into 2024, with the cost of Materials, Labor and Equipment rising. UPS shipping has delayed for Q1 2022 into Q2 2022.
- 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:** Project was moved per PSC to a later date. Moving the start date also moved anticipated costs in to budget cycle 2022-2023.
- E **Flowmeter Replacmnt 34 TOs:** Project work was accelerated in 2020 to purchase all the flowmeters (\$725k) in 2020 rather than spreading the purchase over both 2020 and 2021.
- F **HVAC Replacement MWP:** Project was moved per PSC to a later date. Moving the start date also moved anticipated costs into budget cycle 2022-2023.
- G **PLC-5 Replacement Wad:** Construction was delayed in 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 & Switchvard PLCs will shift to 2024.
- H **Potable H2O Skid Replcemnt:** Variance in project from 2020/2021 budget due to COVID-19, delayed design starting in late 2022.
- I **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 completed by end of 2021.

Total CAWCD Capital Projects Variance Detail

(Dollars in Thousands)

Projects	Through 2020	2021 Actual	Remaining Balance	Total Projected	Total Spending Authority	Variance (\$)	(%)	Notes
2020 - 2021 Budgeted Projects								
Backup Power Sys Replacement-Checks & TOs	\$ 4,977	\$ 751	\$ 6,311	\$ 12,039	\$ 10,676	(1,363)	(12.8%)	A
Circuit Breakers & Compr Air Sys Repl MWP	6,847	-	-	6,847	6,435	(412)	(6.4%)	
Coffer Dam Desgn & Fabricate	6	(6)	2,480	2,480	1,888	(592)	(31.4%)	B
Condition-Based Monitoring	8,508	101	2,559	11,168	10,697	(471)	(4.4%)	
Discharge Valves West Plants	853	881	-	1,734	1,783	49	2.7%	
Electro Mech Relay Phase 2	1,018	2,014	5,645	8,677	11,952	3,275	27.4%	C
Elevator System Replacement Phase 2	1,498	645	6,135	8,278	7,561	(717)	(9.5%)	
Fire Protctn Sys Upgrd MWP	368	540	7,685	8,593	4,745	(3,848)	(81.1%)	D
Flowmeter Replacmnt 34 TOs	1,259	384	40	1,683	2,450	767	31.3%	
HVAC Replacement MWP	408	2,970	1,698	5,076	2,137	(2,939)	(137.5%)	E
Microwave System Replacement	1,396	615	1	2,012	2,064	52	2.5%	
Motor Exciters BSH/LH/SGL/HSY	4,317	5,481	4,849	14,647	15,034	387	2.6%	
Motor Exciters/Controls Repl BDY,PIC,RED	5,171	252	-	5,423	5,413	(10)	(0.2%)	
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	-	351	-	351	350	(1)	(0.3%)	
PLC-5 Replacement Wad	630	720	4,246	5,596	5,457	(139)	(2.5%)	
Potable H2O Skid Replcmnt	3	18	1,330	1,351	1,903	552	29.0%	F
SCADA Replcmnt/Cntrl Cntr	182	528	15,460	16,170	10,271	(5,899)	(57.4%)	G
Sewage System Repl MWP	-	-	-	-	658	658	100.0%	H
Sump Pump Water Level Controls All PPs	686	108	1,272	2,066	2,010	(56)	(2.8%)	
Swchyd Scurity Hardning Delaney	-	-	618	618	482	(136)	(28.2%)	
Swtchyrd Bus Duct Repl WAD	54	1,628	51	1,733	375	(1,358)	(362.1%)	I
Transformer Replacement McCullough	5,684	782	3,500	9,966	8,159	(1,807)	(22.1%)	J
Windows Server Refresh 2021	-	256	-	256	225	(31)	(13.8%)	
Totals - 2020-2021 Budgeted Projects	\$ 49,259	\$ 19,185	\$ 63,880	\$ 132,324	\$ 118,751	\$ (13,573)	(11.4%)	

Total CAWCD Capital Projects Variance Detail

(Dollars in Thousands)

Projects (continued)	Through 2020	2021 Actual	Remaining Balance	Total Projected	Total Spending Authority	Variance (\$)	(%)	Notes
Projects Without a Budget in 2021								
Automatc Gate Addition PFO	\$ 76	\$ 341	\$ -	\$ 417	\$ -	\$ (417)	-	
Cooling Water Treatment MWP	1,862	251	-	2,113	1,920	(193)	(10.1%)	
Connection at Hassayampa Tap	13,014	(782)	-	12,232	-	(12,232)	-	
Crane Improvement Machine Shop	-	34	253	287	-	(287)	-	
Discharge Valves BSH/LHQ/HSY	-	1	2,724	2,725	-	(2,725)	-	
Engineering Mini Projects	-	-	-	-	-	-	-	
Engr. Mini: Retaining Wall HSY	-	92	-	92	-	(92)	-	
Fire Hydrant Valves HQ	-	105	1,131	1,236	-	(1,236)	-	
Fire Protection CO2 Modification WAD	1,342	393	130	1,865	1,715	(150)	(8.7%)	
Fire Protection South Plants	9,616	1,794	-	11,410	11,400	(10)	(0.1%)	
Floor Lift Addition TFO	142	81	-	223	-	(223)	-	
HVAC Safety Upgrade HQ1	1	(1)	-	-	-	-	-	
Isolation Valves BLK/SND	193	31	2,069	2,293	165	(2,128)	(1289.7%)	
Mobile Radio Upgrade	511	160	-	671	-	(671)	-	
Modify Storage Building/Install Jib Crane-RED	245	267	-	512	-	(512)	-	
Monitor Well Aguafria Rechrq	20	8	74	102	-	(102)	-	
Noise Reduction MWP	-	815	-	815	-	(815)	-	
Potable Water System SAN	309	101	401	811	677	(134)	(19.8%)	
Sand Filter System Replacement HSY	543	781	14	1,338	1,203	(135)	(11.2%)	
Siphon Stop Logs Cunningham/Gila/Santa Cruz	2,494	184	-	2,678	2,445	(233)	(9.5%)	
Substn Hardening Sunvalley	214	2,226	-	2,440	-	(2,440)	-	
Totals - Projects Without a Budget in 2021	\$ 30,582	\$ 6,882	\$ 6,796	\$ 44,260	\$ 19,525	\$ (24,735)	(126.7%)	
Totals - Budgeted & Unbudgeted	\$ 79,841	\$ 26,067	\$ 70,676	\$ 176,584	\$ 138,276	\$ (38,308)	(27.7%)	

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:** Backup Power Sys Replacement-Checks & TOs: Work started in 2022 pushing into 2024 due to Engineering Resource Constraints; overall project cost have gone up due to the extended time for work from 2015 now extending into 2024, with the cost of Materials, Labor and Equipment rising. UPS shipping has delayed for Q1 2022 into Q2 2022.
- B **Coffer Dam Desgn & Fabricate:** Project cancelled for re-evaluation by Engineering
- C **Electro Mech Relay Phase 2:** Mark Wilmer phase of the project being brought ahead of the other pumping plants for completion in 2023.
- D **Fire Protctn Sys Upgrd MWP:** Project was moved per PSC to a later date. Moving the start date also moved anticipated costs in to budget cycle 2022-2023.
- E **HVAC Replacement MWP:** Variance in project from 2020/2021 budget due to COVID-19, delayed design starting in late 2022.
- F **Potable H2O Skid Replcmnt:** Variance in project from 2020/2021 budget due to COVID-19, delayed design starting in late 2022.
- G **SCADA Replcmnt/Cntrl Cntr:** Project scoping recently completed, the budget will now reflect the fully defined project requirements.
- H **Sewage System Repl MWP:** The project was canceled / deferred. Deemed not necessary at this time.
- I **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 completed by end of 2021.
- J **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.



