

A photograph of a waterfall cascading over rocks in a lush, green forest. The water is white and frothy as it falls. The background is filled with dense foliage and trees. The image is framed by a large, stylized graphic on the left side consisting of overlapping curved bands in shades of teal, blue, and brown, with a gold-colored border.

Year-to-Date - 1st Quarter 2022 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 2022 financial and budget performance through the first quarter and provides a projection for the full year. More detailed explanations are covered on the following pages.

Highlights

TOTAL REVENUES: As shown on the graphs to the right, revenues through the first quarter were below budget. Water Operations & Maintenance (O&M) Charges, Capital Charges, and Interest Income were lower than budget. Central Arizona Groundwater Replenishment District (CAGRD) Revenues, Basin Development Fund (BDF) Revenues and Other Revenues exceeded budget.

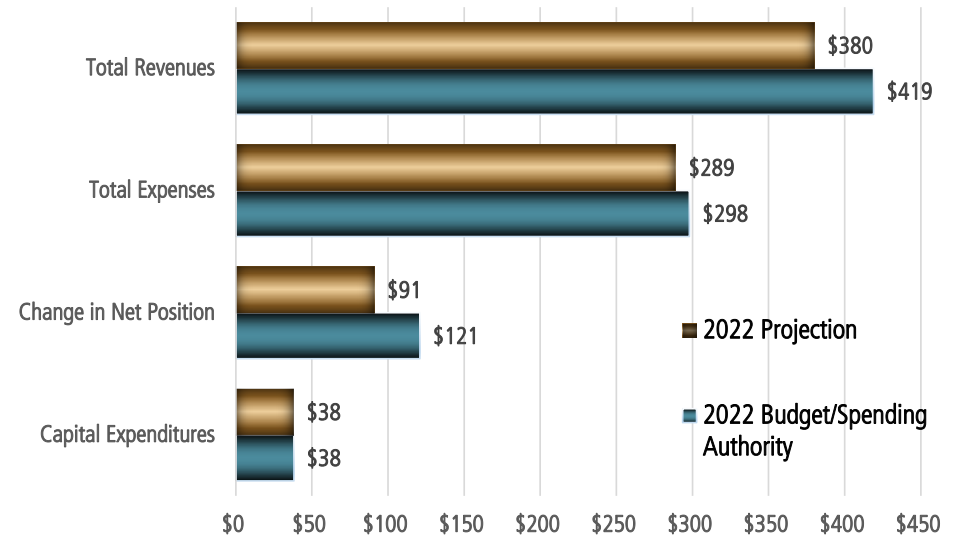
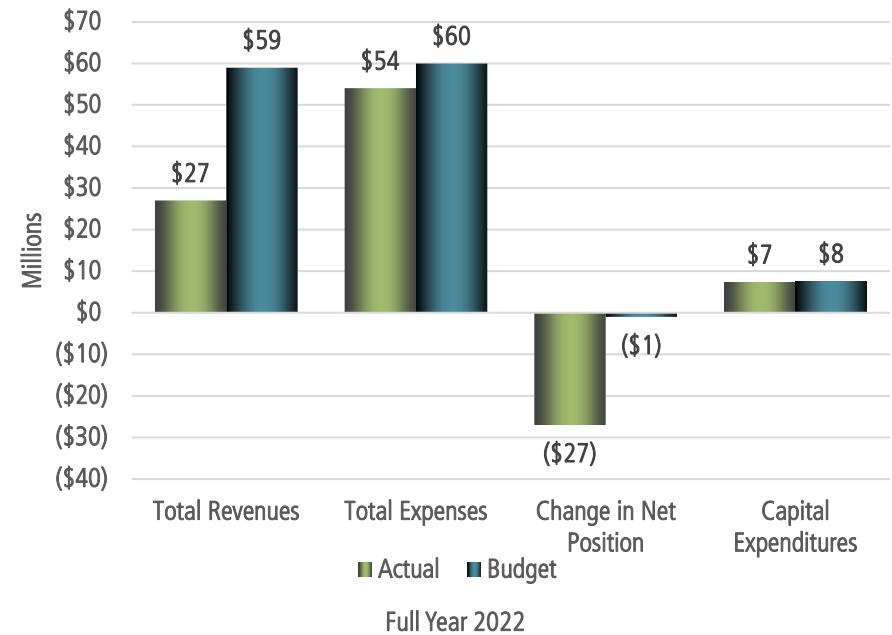
Full year revenues for 2022 are projected to be \$39 million lower than budget. Water O&M Charges are expected to be \$23 million lower than budget primarily due to reductions in deliveries related to the drought mitigation and conservation programs. Interest income and fair value adjustments are projected to be \$20 million lower than budget as a result of unfavorable market conditions. CAGRD Revenues are projected to be \$4 million higher than budget due to higher activation revenues, increased obligations and higher rates. BDF revenues, Capital Charges, Captive Revenue, and Property Taxes are expected to be close to budget.

TOTAL EXPENSES: Expenses through the first quarter were below budget and are projected to remain below budget for the full year. Full year projections for pumping energy, salaries, depreciation, and disbursement to AWBA are all expected to be below budget; they are slightly offset by higher transmission, outside services, water for underground storage, and materials and supplies costs.

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

CAPITAL EXPENDITURES: The Project Steering Committee (PSC) oversees the capital budget. Expenditures for capital projects through the first quarter are in line with the budget, and are projected to remain this way for the full year. Capital expenditures are further detailed in the Capital Expenditures section starting on page 55. The PSC will continue to review capital projects for the year, to evaluate the ongoing impacts of the pandemic and potential mitigating opportunities.

1st Quarter 2022 - Actual vs Budget



Statements of Net Position

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets and deferred outflows are projected to increase by \$9 million at the end of 2022, as compared to the 2021 year-end balances.

CURRENT ASSETS: The largest component of the District's current assets is water inventory which represents long term storage credits (LTSCs) and lake inventories. Water inventory will decrease by \$5 million in 2022 primarily due to reductions in the lake inventory.

Cash and cash equivalents are projected to increase by \$3 million. Total receivables are expected to increase by \$14 million, with the majority of this increase attributable to receivables from water customers. Funds held by the federal government, which represents accounts receivable for the Basin Development Fund, will decrease by \$1 million primarily related to transmission. Other assets are expected to remain relatively flat.

NONCURRENT ASSETS: The largest component of the District's capital assets is the net permanent service right (PSR). The PSR represents the District's right to operate the Central Arizona Project (CAP) system and collect revenues from operations, for which the District has incurred a repayment obligation to the United States. Amortization of the PSR is currently approximately \$23 million per year. For 2022, the net PSR will decrease from \$1.02 billion to \$1.00 billion. Net capital operating assets, which grow as a result of ongoing capital projects, are projected to increase by \$16 million.

Investments and restricted assets are expected to increase by 8 million due to shifting funds from short term to longer term.

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

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

<i>(Dollars in millions)</i>	2022	2021	Change	
Current Assets				
Cash and cash equivalents	\$ 104	\$ 101	\$ 3	3.0%
Funds held by federal gov't	8	9	(1)	(11.1%)
Water inventory	216	221	(5)	(2.3%)
Other current assets	78	63	15	23.4%
	<u>406</u>	<u>394</u>	<u>12</u>	<u>3.0%</u>
Noncurrent Assets				
Investments and restricted assets	664	656	8	1.3%
Agricultural water rights	48	48	-	0.0%
Capital assets - operating, net	340	324	16	4.9%
Capital assets - PSR, net	997	1,020	(23)	(2.3%)
Other assets	9	13	(4)	(30.8%)
	<u>2,058</u>	<u>2,061</u>	<u>(3)</u>	<u>(0.1%)</u>
Deferred Outflows of Resources				
Pension & OPEB valuation and Upfront Payments	18	18	-	0.0%
	<u>18</u>	<u>18</u>	<u>-</u>	<u>0.0%</u>
Total Assets & Deferred Outflows	\$ 2,482	\$ 2,473	\$ 9	0.4%

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

CURRENT LIABILITIES: Current liabilities include payables, accrued interest and current principal obligations. Overall, current liabilities are projected to decrease in 2022 by \$37 million, due to some decrease in accounts payable, a reconciliation refund of \$18 million that is paid in April and a decrease of \$13 million in the current portion of asset retirement obligations. Offsetting these decreases is a combined increase of \$4 million in water operations, capital charges, and unearned revenue.

NONCURRENT LIABILITIES: Overall, noncurrent liabilities will decrease by a total of \$44 million, with the largest component of this change being the federal repayment obligation, which decreases by \$40 million. Additionally, contract revenue bonds are expected to decrease by \$6 million. To offset these amounts, the long term portion of the asset retirement obligation is projected to increase by \$3 million due to the delay in the NGS decommissioning activities being pushed out into the future. Other liabilities should remain flat in 2022.

DEFERRED INFLOW: Deferred inflows include customer deposits and upfront payments, deferred inflow OPEB and pension valuation. Deferred inflows of resources are expected to decrease by \$2 million in 2022.

NET POSITION: Net Position, the difference between Assets and Deferred Outflows, and Liabilities and Deferred Inflows is expected to increase \$92 million from the 2021 ending balance.

<i>(Dollars in millions)</i>	2022	2021	Change	
Current Liabilities	\$ 135	\$ 172	(37)	(21.5%)
Noncurrent Liabilities				
Repayment obligation, net	\$ 897	\$ 938	\$ (41)	(4.4%)
Contract revenue bonds	45	51	(6)	(11.8%)
Ag water right debt	89	89	-	0.0%
Asset retirement obligation	27	24	3	12.5%
Other	73	73	-	0.0%
Noncurrent Liabilities	<u>1,131</u>	<u>1,175</u>	<u>(44)</u>	<u>(3.7%)</u>
Total Liabilities	<u>\$ 1,266</u>	<u>\$ 1,347</u>	<u>\$ (81)</u>	<u>(6.0%)</u>
Deferred Inflows of Resources				
Customer Deposits and Upfront Payments	55	57	(2)	(3.5%)
Deferred Inflow OPEB	21	21	-	
Pension valuation	17	17	-	0.0%
Total Deferred Inflows of Resources	<u>\$ 93</u>	<u>\$ 95</u>	<u>\$ (2)</u>	<u>(2.1%)</u>
Net Position				
Investments in Capital Assets	\$ 348	\$ 309	39	12.6%
Restricted, net	90	93	(3)	(3.2%)
Unrestricted, net	685	629	56	8.9%
Net Position	<u>\$ 1,123</u>	<u>\$ 1,031</u>	<u>92</u>	<u>8.9%</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 2,482</u>	<u>\$ 2,473</u>	<u>9</u>	<u>0.4%</u>

Statements of Revenues, Expenses & Changes in Net Position

Net position decreased by \$28 million compared to a budgeted decrease of \$1 million through Q1, and is projected to increase by \$91 million for the year. The factors influencing the full-year net position changes are discussed in the sections that follow.

TOTAL REVENUES

1ST QUARTER 2022 BUDGET PERFORMANCE: Revenues were \$28 million compared to a budget of \$59 million. The negative variance of \$31 million was the result of the following key factors:

- Water O&M revenues were \$10 million lower due to lower deliveries related to mitigation efforts by the GRIC
- Capital charge revenues were on budget
- Basin Development Fund (BDF) revenues were on budget
- Other operating revenues were on budget
- Interest was \$21 million lower than budget due to fair value adjustments on investments and lower interest income

FULL YEAR 2022 BUDGET PERFORMANCE:

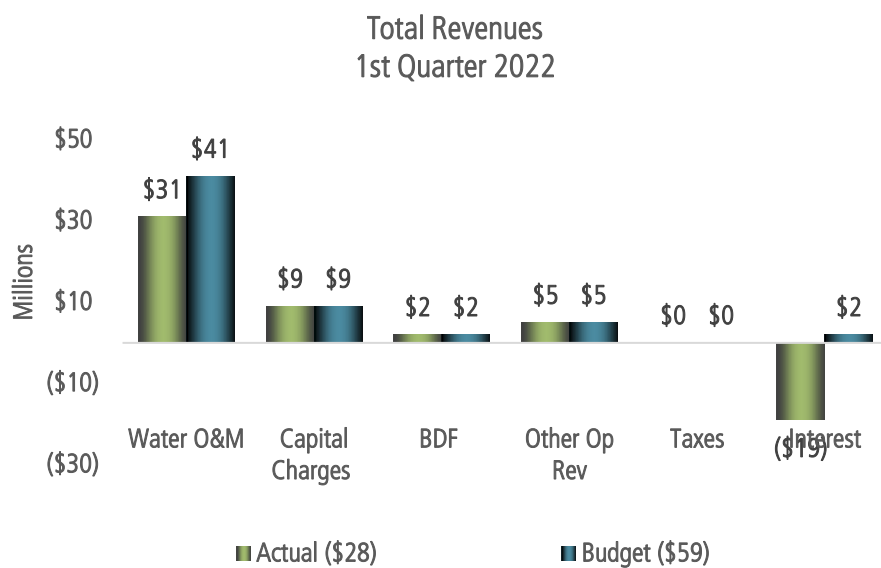
By year-end, total revenues are anticipated to be \$39 million under budget.

Operating Revenues are projected to be \$18 million lower than budget.

- Water O&M charges are projected to be \$23 million lower due to a lower volume of water deliveries as a result of the drought mitigation programs
- Capital charges are expected to be a close to budget
- BDF revenues are projected to be close to budget
- Other revenues are expected to be \$5 million higher mostly related to CAGR activation fees and activation volumes being projected to be higher than budget

Non-Operating Revenues are expected to be \$21 million lower than budget.

- Property taxes are forecasted to be on budget
- Interest income & other revenues are anticipated to be \$21 million lower than budget as a result of lower fair value adjustments and lower interest income as a result of lower than expected interest rates



Full Year 2022

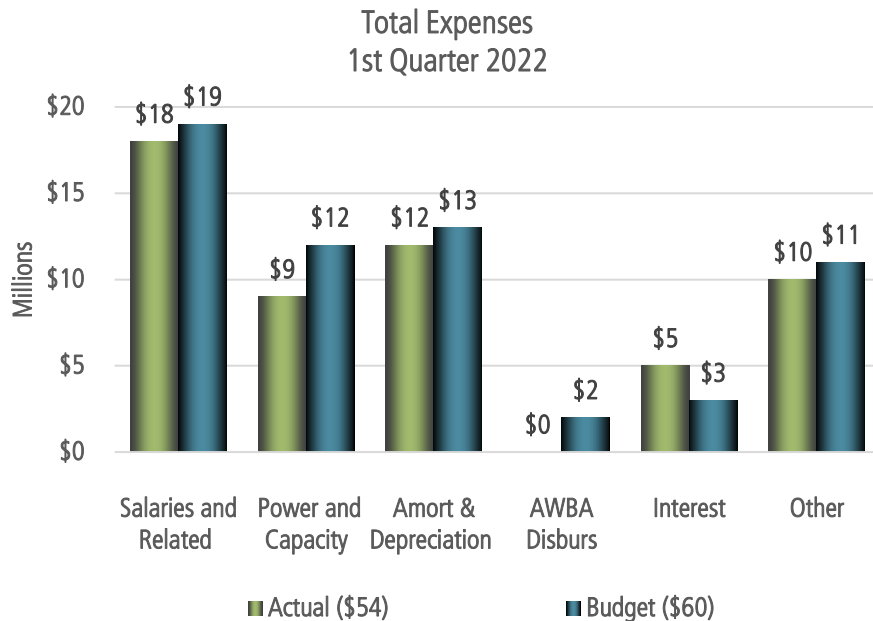
(Dollars in millions)

	Projected	Budget	Change	
Operating Revenues				
Water O&M charges	\$ 197	\$ 220	\$ (23)	(10.5%)
Water service capital charges	35	35	-	0.0%
BDF revenues	8	8	-	0.0%
Other revenues	61	56	5	8.9%
	<u>\$ 301</u>	<u>\$ 319</u>	<u>\$ (18)</u>	<u>(5.6%)</u>
Non-operating Revenues				
Property taxes	\$ 92	\$ 92	\$ -	0.0%
Interest income & other	(13)	8	(21)	(262.5%)
	<u>\$ 79</u>	<u>\$ 100</u>	<u>\$ (21)</u>	<u>(21.0%)</u>
Total Revenues	<u>\$ 380</u>	<u>\$ 419</u>	<u>\$ (39)</u>	<u>(9.3%)</u>

TOTAL EXPENSES

1ST QUARTER 2022 BUDGET PERFORMANCE: Through March 2022, total expenses were \$6 million below budget. The key factors were:

- Salaries and Related Costs were \$1 million lower than budget
- Pumping Power and Capacity Charges were \$3 million lower than budget as a result of lower deliveries
- Depreciation and Amortization costs were on budget
- AWBA Disbursements were \$2 million lower than projected due to timing as the AWBA has not utilized the amount of the transfer approved by the board
- Interest Expense was \$1 million higher than budget due to timing issues
- Other Operating Expenses were \$1 million under budget, primarily due to lower than expected outside services



FULL YEAR 2022 BUDGET PERFORMANCE: Total expenses are anticipated to be \$289 million which is \$9 million below budget. The key factors include:

Operating Expenses are projected to be \$5 million below budget.

- Salaries and Related Costs are expected to remain \$1 million under budget due to vacancies
- Pumping Power and Capacity Charges are projected to end the year \$13 million under budget as a combined result of the shortage and 500+ reductions; this creates the opportunity for greater shaping, as all six Mark Wilmer pumping plant units will be available in off peak periods
- Amortization and Depreciation should remain \$1 million under budget for 2022
- Other Expenses are projected to be \$10 million over budget, primarily due to additional \$4 million underground water storage costs related to CAGR and \$5 million in additional transmission costs as there was an unbudgeted increase in the El Paso Electric transmission rates

Non-Operating Expenses are expected to be \$3 million lower than budget.

- AWBA Disbursements are projected to be \$3 million lower than budget as it is anticipated the AWBA will not utilize the full amount of the transfer approved by the board
- Interest expense is forecasted to be slightly under budget

<i>(Dollars in millions)</i>	Full Year 2022		
	Projected	Spending Authority	Change
Operating Expenses			
Salaries & related costs	\$ 75	\$ 76	(1) (1.3%)
Power and capacity	52	65	(13) (20.0%)
Amortization & depreciation	49	50	(1) (2.0%)
Other	89	79	10 12.7%
	<u>\$ 265</u>	<u>\$ 270</u>	<u>\$ (5) (1.9%)</u>
Non-operating Expenses			
AWBA Disbursements	\$ 5	\$ 8	(3) (37.5%)
Interest Expense	19	20	(1) (5.0%)
	<u>24</u>	<u>28</u>	<u>(4) (14.3%)</u>
Total Expenses	<u>\$ 289</u>	<u>\$ 298</u>	<u>\$ (9) (3.0%)</u>

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

(Dollars in Millions)

	1st Quarter 2022			Full Year 2022		
	Actual	Budget	Variance	Projection	Spending Authority	Variance
Operating Revenues/Expenses						
Revenues	\$ 46.9	\$ 56.7	\$ (9.8)	\$ 300.7	\$ 319.7	\$ (19.0)
Expenses	(49.8)	(54.6)	4.8	(264.3)	(269.2)	4.9
Operating Income/Loss	\$ (2.9)	\$ 2.1	\$ (5.0)	\$ 36.4	\$ 50.5	\$ (14.1)
Non-operating Revenues/Expenses						
Revenues	(18.5)	2.1	(20.6)	79.0	100.5	(21.5)
Expenses	(4.9)	(5.1)	0.2	(23.6)	(27.3)	3.7
Non-operating Income/(Loss)	\$ (23.4)	\$ (3.0)	\$ (20.4)	\$ 55.4	\$ 73.2	(17.8)
Change in Net Position	<u>\$ (26.3)</u>	<u>\$ (0.9)</u>	<u>\$ (25.4)</u>	<u>\$ 91.8</u>	<u>\$ 123.7</u>	<u>\$ (31.9)</u>
Variance Analysis:						
General Fund	(30.8)	(4.3)	(26.5)	52.8	85.2	(32.4)
CAGR D	3.6	3.2	0.4	38.3	37.7	0.6
Other	0.9	0.2	0.7	0.7	0.8	(0.1)
	<u>\$ (26.3)</u>	<u>\$ (0.9)</u>	<u>\$ (25.4)</u>	<u>\$ 91.8</u>	<u>\$ 123.7</u>	<u>\$ (31.9)</u>

General Fund

(Dollars in Millions)

	1st Quarter 2022			Full Year 2022		
	Actual	Budget	Variance	Projection	Spending Authority	Variance
Water Deliveries (000 AF)	174	225	(51)	1,062	1,223	(161)
Revenues	\$ 27.0	\$ 57.4	\$ (30.4)	\$ 337.4	\$ 381.2	\$ (43.8)
Expenses	(57.8)	(61.7)	3.9	(284.6)	(296.0)	11.4
Change in Net Position	\$ (30.8)	\$ (4.3)	\$ (26.5)	\$ 52.8	\$ 85.2	\$ (32.4)
Variance Analysis:						
Water O&M Charges	\$ 32.8	\$ 43.9	\$ (11.1)	\$ 211.5	\$ 234.5	\$ (23.0)
Capital Charges	8.9	9.2	(0.3)	36.4	36.7	(0.3)
Power & BDF Revenues	2.4	1.7	0.7	8.0	8.0	-
Property Taxes	-	-	-	91.9	92.1	(0.2)
Interest and Other Income	(17.1)	2.5	(19.6)	(10.4)	10.0	(20.4)
Pumping Power	(9.2)	(11.7)	2.5	(52.1)	(65.0)	12.9
Amortization/Depreciation	(12.1)	(12.4)	0.3	(48.8)	(49.6)	0.8
Disbursements to AWBA	(0.1)	(1.7)	1.6	(4.5)	(7.5)	3.0
Interest expense and other	(4.7)	(3.2)	(1.5)	(18.8)	(18.8)	-
Other	(31.7)	(32.6)	0.9	(160.4)	(155.2)	(5.2)
	\$ (30.8)	\$ (4.3)	\$ (26.5)	\$ 52.8	\$ 85.2	\$ (32.4)

Central Arizona Groundwater Replenishment District (CAGR) Account

(Dollars in Millions)

	1st Quarter 2022			Full Year 2022		
	Actual	Budget	Variance	Projection	Spending Authority	Variance
Revenues	\$ 4.4	\$ 4.3	\$ 0.1	\$ 58.8	\$ 55.4	\$ 3.4
Expenses	(0.8)	(1.1)	0.3	(20.5)	(17.7)	(2.8)
Change in Net Position	\$ 3.6	\$ 3.2	\$ 0.4	\$ 38.3	\$ 37.7	\$ 0.6

Variance Analysis:

Revenue-Rates	-	-	-	26.8	26.0	0.8
Revenue-Fees	5.1	4.2	0.9	20.8	18.7	2.1
Revenue-Dues	-	-	-	11.5	10.4	1.1
Interest Income	(0.7)	0.1	(0.8)	(0.3)	0.3	(0.6)
Expense -Water For Recharge	-	-	-	(16.1)	(13.2)	(2.9)
Expense - All Other	(0.8)	(1.1)	0.3	(4.4)	(4.5)	0.1
	\$ 3.6	\$ 3.2	\$ 0.4	\$ 38.3	\$ 37.7	\$ 0.6

Statement of Revenues, Expenses and Change in Net Position

All Funds/Accounts

(Dollars in Thousands)

	1st Quarter 2022				Full Year 2022					
	Actual	Budget	Variance		Projection	Budget	Additional Spending Authority*	Total Spending Authority	Variance	
			(\$)	(%)					(\$)	(%)
Operating Revenues										
Water O&M charges	\$ 30,478	\$ 41,437	\$ (10,959)	(26.4%)	\$ 196,786	\$ 220,056	\$ -	\$ 220,056	\$ (23,270)	(10.6%)
Water service capital charges	8,598	8,925	(327)	(3.7%)	35,260	35,361	-	35,361	(101)	(0.3%)
Power and other Basin Fund revenues	2,433	1,704	729	42.8%	8,008	8,040	-	8,040	(32)	(0.4%)
Other revenues	5,392	4,588	804	17.5%	60,622	56,234	-	56,234	4,388	7.8%
Total Operating Revenues	\$ 46,901	\$ 56,654	\$ (9,753)	(17.2%)	\$ 300,676	\$ 319,691	\$ -	\$ 319,691	\$ (19,015)	(5.9%)
Operating Expenses										
Salaries and related costs	\$ (18,494)	\$ (18,674)	\$ 180	1.0%	\$ (74,833)	\$ (75,652)	\$ -	\$ (75,652)	\$ 819	1.1%
Pumping power & capacity charges	(9,188)	(11,746)	2,558	21.8%	(52,053)	(64,957)	-	(64,957)	12,904	19.9%
Transmission	(5,064)	(3,977)	(1,087)	(27.3%)	(20,838)	(16,037)	-	(16,037)	(4,801)	(29.9%)
Amortization	(5,750)	(5,750)	0	0.0%	(23,001)	(23,002)	-	(23,002)	1	0.0%
Depreciation	(6,387)	(6,668)	281	4.2%	(25,846)	(26,673)	-	(26,673)	827	3.1%
Other Operating Costs:										
Outside services	(5,154)	(7,299)	2,145	29.4%	(52,574)	(51,289)	-	(51,289)	(1,285)	(2.5%)
Materials and supplies	(2,600)	(2,044)	(556)	(27.2%)	(9,427)	(8,912)	-	(8,912)	(515)	(5.8%)
Water for underground storage	2,695	2,821	(126)	(4.5%)	(221)	2,742	-	2,742	(2,963)	(108.1%)
Overhead	1,139	1,081	58	5.4%	4,240	4,352	-	4,352	(112)	(2.6%)
Other expenses	(967)	(2,359)	1,392	59.0%	(9,754)	(9,743)	-	(9,743)	(11)	(0.1%)
Subtotal other costs	(4,887)	(7,800)	2,913	37.3%	(67,736)	(62,850)	-	(62,850)	(4,886)	(7.8%)
Total Operating Expenses	(49,770)	(54,615)	4,845	8.9%	(264,307)	(269,171)	-	(269,171)	4,864	1.8%
Operating Income/(Loss)	\$ (2,869)	\$ 2,039	\$ (4,908)	(240.7%)	\$ 36,369	\$ 50,520	\$ -	\$ 50,520	\$ (14,151)	(28.0%)
Non-operating Revenues/(Expenses)										
Property taxes	\$ 1	\$ -	\$ 1		\$ 91,884	\$ 92,079	\$ -	\$ 92,079	\$ (195)	(0.2%)
Interest income and other	(18,532)	2,103	(20,635)	(981.2%)	(12,919)	8,439	-	8,439	(21,358)	(253.1%)
Disbursements to AWBA	(136)	(1,668)	1,532	91.8%	(4,542)	(7,545)	-	(7,545)	3,003	39.8%
Interest expense and other	(4,781)	(3,423)	(1,358)	(39.7%)	(19,121)	(19,756)	-	(19,756)	635	3.2%
Total Non-operating Revenues/(Expenses)	(23,448)	(2,988)	(20,460)	(684.7%)	55,302	73,217	-	73,217	(17,915)	(24.5%)
Change in Net Position	(26,317)	(949)	(25,368)	(2,673.1%)	91,671	123,737	-	123,737	(32,066)	(25.9%)
Net position at beginning of period	1,031,073	1,024,771	6,302	0.6%	1,031,073	1,024,771	-	1,024,771	6,302	0.6%
Net position at end of period	\$ 1,004,756	\$ 1,023,822	\$ (19,066)	(1.9%)	\$ 1,122,744	\$ 1,148,508	\$ -	\$ 1,148,508	\$ (25,764)	(2.2%)

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

(Dollars in Thousands)

	1st Quarter 2022	Elimination	General Fund	Supplemental Water	CAGR D Account	Captive Insurance Fund
Operating Revenues						
Water O&M charges	\$ 30,478	\$ (2,287)	\$ 32,765	\$ -	\$ -	\$ -
Water service capital charges	8,598	(308)	8,906	-	-	-
Power and Basin Development Fund revenues	2,433	-	2,433	-	-	-
Other revenues	5,392	(3,019)	444	-	5,048	2,919
Total Operating Revenues	\$ 46,901	\$ (5,614)	\$ 44,548	\$ -	\$ 5,048	\$ 2,919
Operating Expenses						
Salaries and related costs	\$ (18,494)	\$ -	\$ (18,205)	\$ -	\$ (289)	\$ -
Pumping power & capacity charges	(9,188)	-	(9,188)	-	-	-
Transmission	(5,064)	-	(5,064)	-	-	-
Amortization	(5,750)	-	(5,750)	-	-	-
Depreciation	(6,387)	-	(6,372)	-	(15)	-
Other operating costs:						
Outside services	(5,154)	-	(4,971)	-	(119)	(64)
Materials and supplies	(2,600)	-	(2,600)	-	-	-
Water for recharge	2,695	2,695	-	-	-	-
Overhead	1,139	-	1,462	-	(323)	-
Other expenses	(967)	2,919	(2,225)	-	(17)	(1,644)
Subtotal other costs	(4,887)	5,614	(8,334)	-	(459)	(1,708)
Total Operating Expenses	(49,770)	5,614	(52,913)	-	(763)	(1,708)
Operating Income/(Loss)	\$ (2,869)	\$ -	\$ (8,365)	\$ -	\$ 4,285	\$ 1,211
Non-operating Revenues/(Expenses)						
Property taxes	\$ 1	\$ -	\$ 1	\$ -	\$ -	\$ -
Interest income and other	(18,532)	-	(17,561)	(288)	(685)	2
Disbursements to AWBA	(136)	-	(136)	-	-	-
Interest expense and other	(4,781)	-	(4,711)	-	(70)	-
Total Non-operating Revenues/(Expenses)	(23,448)	-	(22,407)	(288)	(755)	2
Change in Net Position	(26,317)	-	(30,772)	(288)	3,530	1,213
Net position at beginning of period	1,031,074	(2,350)	756,936	9,164	259,391	7,933
Net position at end of period	\$ 1,004,757	\$ (2,350)	\$ 726,164	\$ 8,876	\$ 262,921	\$ 9,146

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

(Dollars in Thousands)

	Full Year 2022	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance Fund
Operating Revenues						
Water O&M charges	\$ 196,786	\$ (14,671)	\$ 211,457	\$ -	\$ -	\$ -
Water service capital charges	35,260	(1,097)	36,357	-	-	-
Power and Basin Development Fund revenues	8,008	-	8,008	-	-	-
Other revenues	60,622	(11,792)	1,602	-	59,165	11,647
Total Operating Revenues	\$ 300,676	\$ (27,560)	\$ 257,424	\$ -	\$ 59,165	\$ 11,647
Operating Expenses						
Salaries and related costs	\$ (74,833)	\$ -	\$ (73,513)	\$ -	\$ (1,320)	\$ -
Pumping power & capacity charges	(52,053)	-	(52,053)	-	-	-
Transmission	(20,838)	-	(20,838)	-	-	-
Amortization	(23,001)	-	(23,001)	-	-	-
Depreciation	(25,846)	-	(25,785)	-	(61)	-
Other operating costs:						
Outside services	(52,574)	-	(51,677)	-	(683)	(214)
Materials and supplies	(9,427)	-	(9,426)	-	(1)	-
Water for recharge	(221)	15,912	-	-	(16,133)	-
Overhead	4,240	-	5,680	-	(1,440)	-
Other expenses	(9,754)	11,648	(10,552)	-	(53)	(10,797)
Subtotal other costs	(67,736)	27,560	(65,975)	-	(18,310)	(11,011)
Total Operating Expenses	(264,307)	27,560	(261,165)	-	(19,691)	(11,011)
Operating Income/(Loss)	\$ 36,369	\$ -	\$ (3,741)	\$ -	\$ 39,474	\$ 636
Non-operating Revenues/(Expenses)						
Property taxes	\$ 91,884	\$ -	\$ 91,884	\$ -	\$ -	\$ -
Interest income and other	(12,919)	(551)	(11,869)	(189)	(332)	22
Disbursements to AWBA	(4,542)	-	(4,542)	-	-	-
Interest expense and other	(19,121)	551	(18,843)	-	(829)	-
Total Non-operating Revenues/(Expenses)	55,302	-	56,630	(189)	(1,161)	22
Change in Net Position	91,671	-	52,889	(189)	38,313	658
Net position at beginning of period	1,031,074	(2,350)	756,936	9,164	259,391	7,933
Net position at end of period	\$ 1,122,745	\$ (2,350)	\$ 809,825	\$ 8,975	\$ 297,704	\$ 8,591

Statement of Net Position

(Dollars in Thousands)

	2021	As of 03/31/2022	As of 12/31/2022
ASSETS			
Current Assets			
Cash	\$ 13,207	\$ 18,978	\$ 14,537
Cash Equivalents	87,832	84,011	89,313
Total cash and cash equivalents	101,039	102,989	103,850
Receivables			
Due from water customers	273	13,220	10,507
Due from property taxes, less allowance for doubtful accounts	42,072	32,818	44,517
Other Receivables	18,161	7,391	19,671
Water inventory	220,945	228,239	215,727
Funds held by federal government	8,878	2,443	8,230
Other assets	3,026	14,504	3,389
Total Current Assets	394,394	401,604	405,891
Non-current Assets			
Investments	542,690	487,644	555,567
Restricted assets	113,669	107,089	108,811
Agriculture water rights	47,692	47,692	47,692
Capital assets, less accumulated depreciation	323,621	324,670	339,717
Permanent service right, less accumulated amortization	1,019,835	1,014,085	996,834
Other assets	13,697	13,698	9,860
Total Non-current Assets	2,061,204	1,994,878	2,058,481
Total Assets	\$ 2,455,598	\$ 2,396,482	\$ 2,464,372
DEFERRED OUTFLOWS OF RESOURCES			
Pension & OPEB Valuation and Upfront Payments	\$ 17,521	\$ 17,548	\$ 17,548
Total Deferred Outflows of Resources	17,521	17,548	17,548
Total Assets and Deferred Outflows of Resources	\$ 2,473,119	\$ 2,414,030	\$ 2,481,920

Statement of Net Position

(Dollars in Thousands)

	2021	As of 03/31/2022	As of 12/31/2022
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 44,213	\$ 34,416	\$ 20,833
Accrued payroll, payroll taxes and other accrued expenses	9,578	9,077	6,636
Water operations, capital charges, and unearned revenue	34,623	75,440	38,308
Asset retirement obligation due within one year	18,060	18,060	4,562
Current liabilities payable from restricted assets, advances to federal government, and other Non-current assets:			
Accrued interest payable	20,136	4,936	18,688
Repayment obligation, due within one year	40,456	40,456	40,456
Contract revenue bonds, due within one year	5,365	5,540	5,540
Total Current Liabilities	172,431	187,925	135,023
Non-current Liabilities:			
Repayment obligation, due after one year	937,536	897,079	897,080
Contract revenue bonds, due after one year, net	51,484	45,789	45,323
Non-Indian agricultural 9(d) debt	88,719	88,719	88,719
Asset retirement obligation due after one year	24,448	24,448	27,178
Other non-current liabilities	72,845	72,846	72,844
Subtotal Non-current Liabilities	1,175,032	1,128,881	1,131,144
Total Liabilities	1,347,463	1,316,806	1,266,167
DEFERRED INFLOWS OF RESOURCES			
Customer Deposits	56,686	54,570	55,110
Deferred Inflow OPEB	20,636	20,636	20,636
Pension Valuation	17,261	17,261	17,262
Total Deferred Inflows of Resources	94,583	92,467	93,008
NET POSITION			
Net investment in capital assets	308,615	349,890	348,153
Restricted	93,533	102,153	90,123
Unrestricted	628,925	552,714	684,469
Total Net Position	1,031,073	1,004,757	1,122,745
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,473,119	\$ 2,414,030	\$ 2,481,920

Statement of Net Position by Fund

(Dollars in Thousands)

	As of 12/31/2022	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 103,850	\$ -	\$ 67,603	\$ -	\$ 25,790	\$ 10,457
Receivables	74,695	(6,986)	68,283	-	13,398	-
Water inventory	215,727	-	19,112	-	196,615	-
Funds held by / advanced to federal government	8,230	-	8,230	-	-	-
Other assets	3,389	(634)	2,815	-	1,198	10
Total Current Assets	405,891	(7,620)	166,043	-	237,001	10,467
Non-current Assets						
Investments and restricted assets	664,378	(2,350)	583,912	8,975	71,591	2,250
Agriculture water rights	47,692	-	47,692	-	-	-
Capital assets, less accumulated depreciation	339,717	-	313,173	-	26,544	-
Permanent service right, less accumulated amortization	996,834	-	996,834	-	-	-
Other assets, less accumulated amortization	9,860	(14,410)	24,270	-	-	-
Bond issuance costs, net of accumulated amortization	-	-	-	-	-	-
Total Non-current Assets	2,058,481	(16,760)	1,965,881	8,975	98,135	2,250
Total Assets	2,464,372	(24,380)	2,131,924	8,975	335,136	12,717
Deferred Outflows of Resources	17,548	-	17,548	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 2,481,920	(24,380)	2,149,472	8,975	335,136	12,717

Statement of Net Position by Fund

(Dollars in Thousands)

	As of 12/31/2022	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance
Current Liabilities						
Accounts payable / accrued payroll	\$ 27,469	\$ (7,620)	\$ 19,407	\$ -	\$ 11,556	\$ 4,126
Water operations, capital charges, and unearned revenue	38,308	-	38,308	-	-	-
Asset retirement obligation due within one year	4,562	-	4,562	-	-	-
Other current liabilities	64,684	-	60,878	-	3,806	-
Total Current Liabilities	135,023	(7,620)	123,155	-	15,362	4,126
Non-current Liabilities						
Asset retirement obligation due after one year	27,178	-	27,178	-	-	-
Repayment obligation, due after one year	897,080	-	897,080	-	-	-
Contract revenue bonds, due after one year, net	45,323	-	37,663	-	7,660	-
Non-Indian agricultural 9(d) debt	88,719	-	88,719	-	-	-
Other non-current liabilities	72,844	(14,410)	72,844	-	14,410	-
Total Non-current Liabilities	1,131,144	(14,410)	1,123,484	-	22,070	-
Total Liabilities	1,266,167	(22,030)	1,246,639	-	37,432	4,126
DEFERRED INFLOWS OF RESOURCES						
Customer Deposits and Upfront Payments	55,110	-	55,110	-	-	-
Deferred Inflow OPEB	20,636	-	20,636	-	-	-
Pension Valuation	17,262	-	17,262	-	-	-
Total Deferred inflows of Resources	93,008	-	93,008	-	-	-
NET POSITION						
Net Investment in capital assets	348,153	-	332,964	-	15,189	-
Restricted	90,123	-	51,978	8,975	26,920	2,250
Unrestricted	684,469	(2,350)	424,883	-	255,595	6,341
Total Net Position	1,122,745	(2,350)	809,825	8,975	297,704	8,591
Total Liabilities, Deferred Inflows and Net Position	\$ 2,481,920	(24,380)	2,149,472	8,975	335,136	12,717

Spending Authority Full Year 2022

	General Fund Operating*+	General Fund Non Operating	CAGR Account Operating **	CAGR Account Non Operating	Captive Insurance Fund	Capital Budget
Board Approved Budget	\$ 188,661	\$ 26,388	\$ 3,566	\$ 913	\$ 11,034	\$ 38,117
Additional Board Authorized Spending:						
Accounting Changes & Adjustments:						
Adjusted Spending Authority	\$ 188,661	\$ 26,388	\$ 3,566	\$ 913	\$ 11,034	\$ 38,117
Projected	\$ 188,274	\$ 23,385	\$ 3,558	\$ 829	\$ 11,011	\$ 38,051
Variance (\$) Fav/(Unfav)	\$ 387	\$ 3,003	\$ 8	\$ 84	\$ 23	\$ 66
Variance (%)	0.2%	11.4%	0.2%	9.2%	0.2%	0.2%

BUDGETARY CONTROLS

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

NOTES:

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

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

+ Board authorized additional \$10M for 2022-23; 2022 currently forecasted within current budget of \$5M

Annual Repayment Obligation

Master Repayment Contract (Accrual Basis)

(Dollars in Thousands)

	2021 Actual	2022		Variance (\$)	Notes
		Projection	Budget		
Sources of Funds					
Net line rental revenue	3,044	2,134	2,160	(26)	
Hoover 4.5 mil surcharge	3,232	3,119	3,150	(31)	
Parker-Davis	2,816	2,885	2,900	(15)	
Net CAP transmission revenues including line losses	(1,050)	(930)	(1,000)	70	A
Land-related revenues:	-	-		-	
Land use (net)	714	800	830	(30)	
Land sales (net)	-	-	-	-	
Interest on deposits	122	222	260	(38)	B
Total Credits Toward Repayment	\$ 8,878	\$ 8,230	\$ 8,300	\$ (70)	
Uses of Funds					
Principal	\$ 40,456	\$ 40,456	\$ 40,456	\$ -	
Interest	19,021	17,689	17,689	-	
Gross Payment <i>(Due Jan. 20th following year-end)</i>	\$ 59,477	\$ 58,145	\$ 58,145	\$ -	
(Net Due) / Excess Funds for Repayment	\$ (50,599)	\$ (49,915)	\$ (49,845)	\$ (70)	
CAP NGS Energy & Navajo Transmission Reconciliation	\$ -	\$ -	\$ -	\$ -	
Net funds (due to)/from Federal Government	\$ (50,599)	\$ (49,915)	\$ (49,845)	\$ (70)	

::

Represents net CAP transmission revenues and includes oversight costs and line losses. The line losses are from 2021, and were included in the budget

Interest will be slightly under budget due to timing of balances earning interest in the BDF

Staffing - Average Full Time Equivalent (FTE)

	2021	1st Quarter	2022		Variance	
		2022	Projection	Budget	FTEs	% (*)
Management Council	11.7	12.0	12.0	12.0	-	0.0%
AGM - Finance & Admin Group						
Finance and Administration						
Analytics & Info Management	5.2	6.6	7.8	4.0	(3.8)	(95.3%)
Finance & Accounting	19.2	19.7	20.4	21.0	0.6	2.7%
Information Technology	31.3	27.7	27.9	36.0	8.1	22.4%
Supply Chain & Facilities	26.4	26.9	27.0	27.0	0.0	0.1%
Total Finance and Administration	82.1	80.9	83.1	88.0	4.9	5.5%
Employee Services						
Cent Learning & Development	5.5	6.0	6.0	6.0	-	0.0%
Environment, Health & Safety	9.4	10.9	10.7	11.0	0.3	2.5%
Human Resources	6.0	6.0	7.5	7.5	-	0.0%
Enterprise Security	9.0	8.9	11.0	9.0	(2.0)	(22.5%)
Total Employee Services	29.9	31.8	35.2	33.5	(1.7)	(4.9%)
AGM - Water Policy Group						
Water Policy						
CAGR	9.0	9.0	9.0	9.0	-	0.0%
Water Policy	7.7	7.7	7.9	8.0	0.1	0.9%
Total Water Policy	16.7	16.7	16.9	17.0	0.1	0.4%
General Counsel	5.0	5.0	5.0	5.0	-	0.0%
Public Affairs	16.3	16.1	16.8	17.0	0.2	1.3%
AGM - Ops & Engineering Group						
Centralized Maint & Reliability						
Centralized Maintenance	66.8	67.0	70.3	72.0	1.7	2.4%
Maintenance Control	37.2	36.7	39.4	42.0	2.6	6.1%
Total Centralized Maint & Reliability	104.0	103.7	109.7	114.0	4.3	3.8%
Field Maintenance						
Operational Technology	35.6	36.8	37.4	38.0	0.6	1.7%
South Area Maintenance	44.5	42.1	43.9	46.0	2.1	4.7%
West Area Maintenance	43.4	44.8	45.3	45.0	(0.3)	(0.6%)
Total Field Maintenance	123.5	123.7	126.6	129.0	2.4	1.9%
Operations and Engineering						
Engineering	61.2	61.5	62.6	63.0	0.4	0.6%
Power Program Admin	2.5	2.0	2.0	2.0	-	0.0%
Water Operations	22.3	23.0	23.6	24.0	0.4	1.8%
Total Operations and Engineering	86.0	86.5	88.2	89.0	0.8	0.9%
Vacancy/Salary Savings Equivalent	-	-	(9.0)	(15.0)	(6.0)	40.1%
Total FTE	475.2	476.4	484.5	489.5	5.0	1.0%

General Fund

The General Fund ended the first quarter of 2022 with a net position decrease of \$31 million compared to a budgeted net position decrease of \$4 million. It is anticipated that the General Fund will end the year with a net gain of \$53 million.

The following discussion summarizes the General Fund's 2022 budget performance through the first quarter and for the full year projection.

GENERAL FUND Budget Performance - 1st Quarter 2022 YTD

<i>(Dollars in thousands)</i>	Actuals	Budget	Change	
Revenues	\$ 26,988	\$ 57,434	\$ (30,446)	(53.0%)
Expenses	(57,760)	(61,721)	3,961	6.4%
Change in Net Position	\$ (30,772)	\$ (4,287)	\$ (26,485)	
Beginning Net Position	756,936	745,496	11,440	
Ending Net Position	\$ 726,164	\$ 741,209	\$ (15,045)	

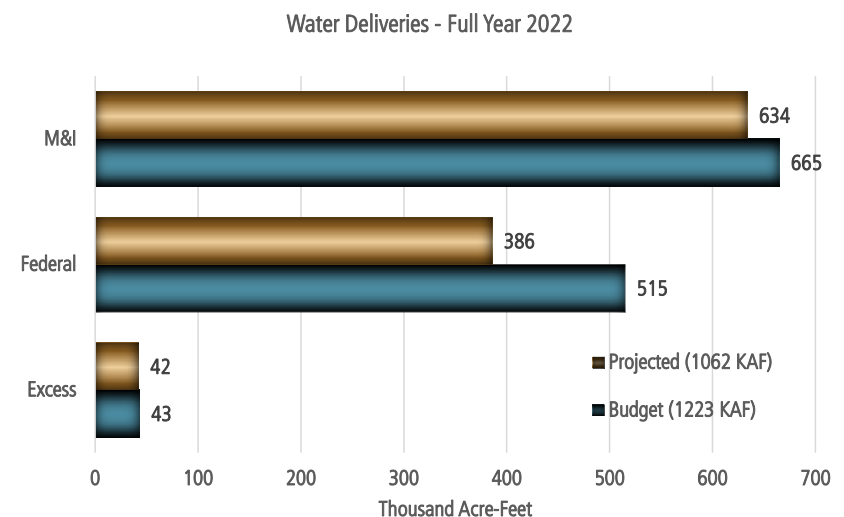
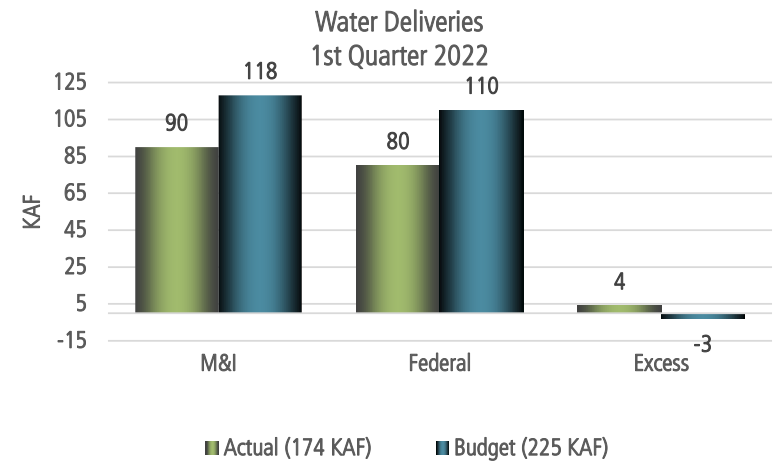
GENERAL FUND Budget Performance - Full Year 2022

<i>(Dollars in thousands)</i>	Projected	Spending Authority	Change	
Revenues	\$ 337,439	\$ 381,218	\$ (43,779)	(11.5%)
Expenses	(284,550)	(296,043)	11,493	3.9%
Change in Net Position	\$ 52,889	\$ 85,175	\$ (32,286)	
Beginning Net Position	756,936	745,496	11,440	
Ending Net Position	\$ 809,825	\$ 830,671	\$ (20,846)	

Water Deliveries

Through March 2022, water deliveries were 51 KAF lower than budget due to lower federal and M&I deliveries.

Full year deliveries are projected to be 161 KAF lower than budget. M&I is expected to be 32 KAF lower than budget due to new delivery and diversion targets. Federal deliveries are expected to be 129 KAF lower due to additional compensation. See page 28 for additional detail.



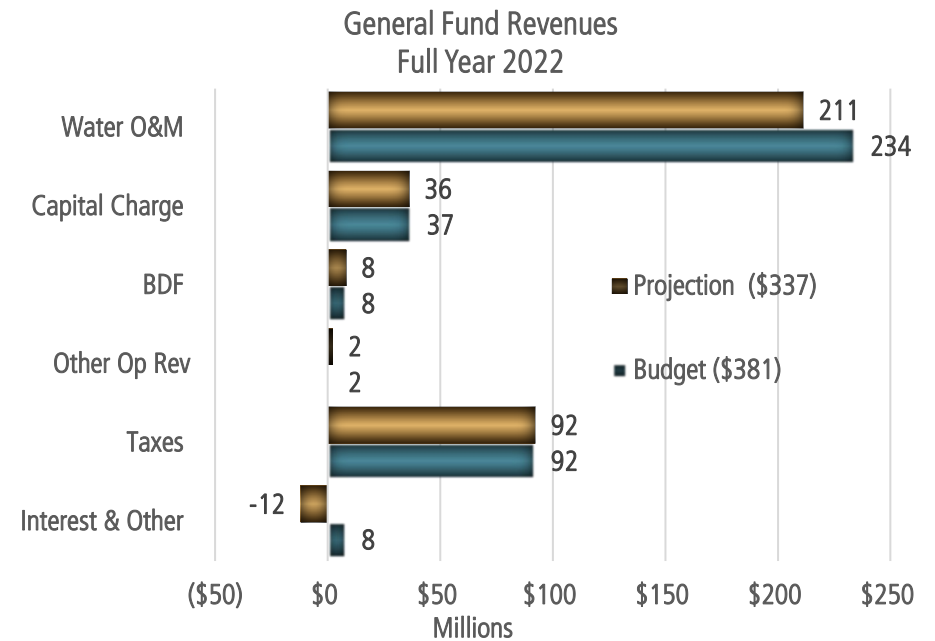
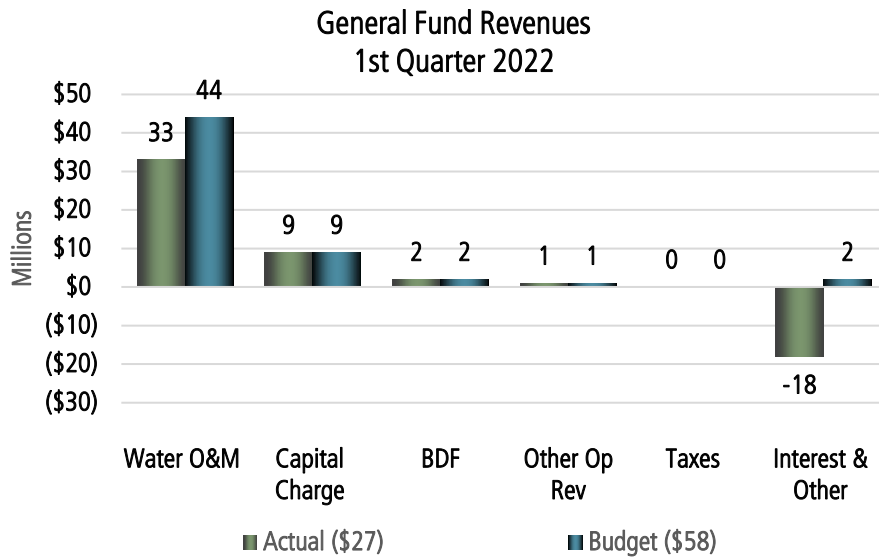
Total Revenues

1ST QUARTER 2022 BUDGET PERFORMANCE: Through March 2022, total General Fund revenues were \$27 million compared to a budget of \$58 million. Key impacts were:

- Water O&M charges were lower than budget by \$11 million due to lower deliveries related to conservation efforts
- Capital charges were on budget
- BDF revenues were on budget
- Interest and other non-operating revenue was below budget by \$20 million due to fair value decreases

FULL YEAR 2022 BUDGET PERFORMANCE: The full year is projected to be \$337 million compared to a budget of \$381 million, which is a negative variance of \$44 million. The major items influencing the variance are:

- Water O&M charges are projected to be \$23 million lower than budget due to shortage mitigation efforts resulting in projected deliveries being well below the budgeted level (mostly related to lower energy billings).
- Capital charges are projected to be slightly lower than budget
- BDF revenues are expected to be on budget
- Other Revenue are expected to be on budget
- Property taxes are projected to be in line with budgeted amount
- Interest income is expected to remain \$20 million under budget due to decreases in the fair value, as a rising interest rate environment is negatively affecting fair value on Pool 12 bond investments



Total Expenses

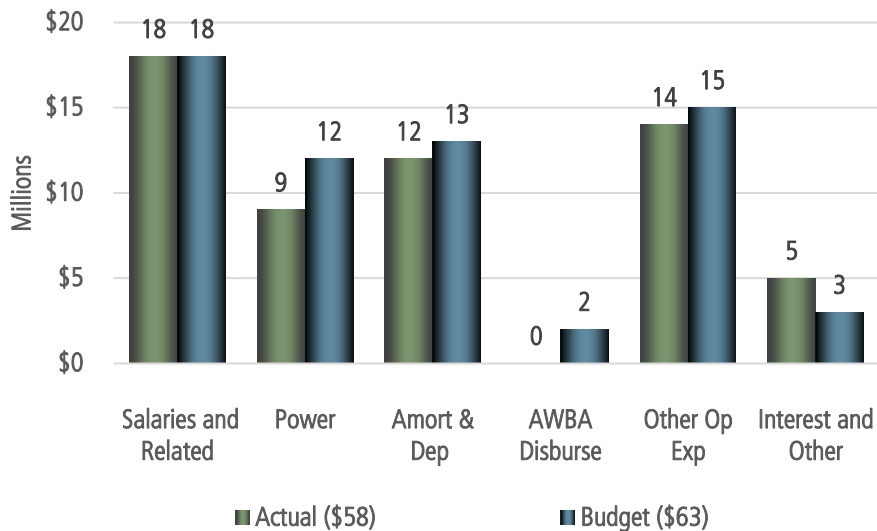
FIRST QUARTER BUDGET PERFORMANCE: Total General Fund expenses through March 2022 were \$5 million lower than budget. This variance was due to:

- Salaries and related costs were on budget
- Pumping power and capacity charges were \$3 million lower than budget due to the reduced water deliveries
- Amortization and depreciation expenses were on budget
- Other operating costs were \$1 million under budget mainly due to several outside services expenses shifting until later in the year
- Interest and Other costs were under mainly due to delays in AWBA transfers for LTSC purchases

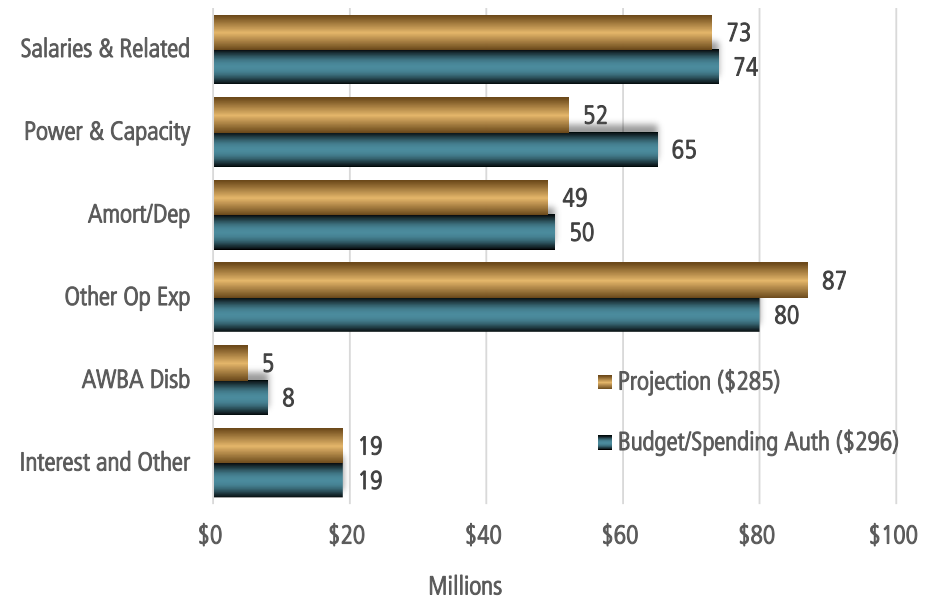
FULL YEAR 2022 BUDGET PERFORMANCE: Total expenses for 2022 are anticipated to be \$285 million compared to a budget of \$296 million.

- Salaries and related expenses are projected to be about \$1 million lower than budget due to vacancy savings and a decrease in benefit costs
- Pumping power and capacity expense are anticipated to end the year \$13 million under budget as a result of the conservation efforts; this creates the opportunity for greater shaping, as all six Mark Wilmer pumping plant units will be available
- Amortization and depreciation costs are projected to be \$1 million below budget due to previous supply chain issues as a result of the covid pandemic
- Other operating expenses are projected to be \$7 million over budget primarily due to transmission costs, as there was an unexpected increase in the El Paso Electric transmission rates
- AWBA is expected to be \$3 million lower than spending authority as AWBA does not anticipate being able to utilize the full amount authorized by the board

**General Fund Expenses
1st Quarter 2022**



**General Fund Expenses
Full Year 2022**



General Fund Reserves

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

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

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

Known planned 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 these reserves.

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

RESERVE MANAGEMENT GUIDELINES

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

END OF YEAR BALANCE PROJECTIONS

Strategic Reserves and Working Capital are expected to be at target at the end of the year. The Extraordinary Cost Reserve is expected to be at \$188 million.

Board Established Targets

(Dollars in Millions)

Strategic Reserves

Capital Reserve	\$73
Operating Reserve	\$80
Contingency Reserve	\$8

Total Strategic Reserves Target	\$161
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Total Extraordinary Cost Reserves Target	\$281
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Total Working Capital Target	\$89
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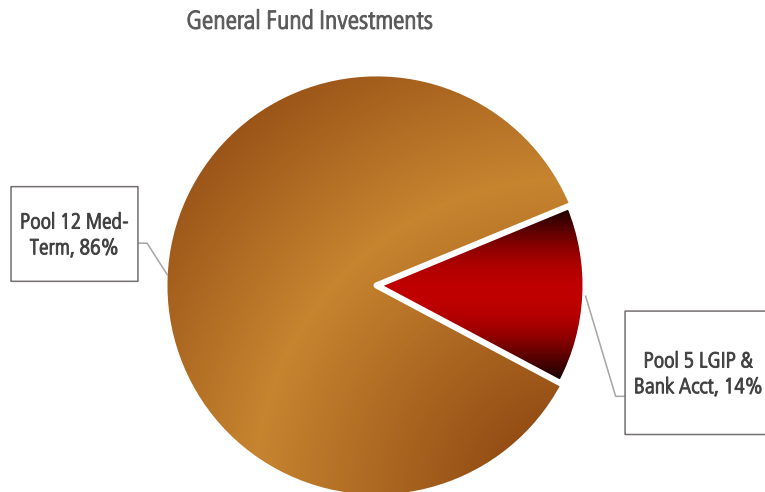
General Fund Cash and Investments

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

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

The average investment yields for funds invested with the State Treasurer through March 2022 was 1.12% for pool 12 and 0.16% for pool 5.

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



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

<i>(Dollars in millions)</i>	Market Value as of	
	3/31/22	12/31/21
Strategic Reserves		
Restricted Reserves		
Major Repair & Replacement Reserve	7	7
Assigned Reserves		
Capital Reserve	62	64
Operating Reserve	73	76
Contingency Reserve	8	8
Total Strategic Reserves	150	155
Working Capital	\$ 132	\$ 175
Extraordinary Cost Reserves	\$ 121	\$ 126
Other Reserves		
Navajo Decommissioning	\$ 36	\$ 37
Repayment Reserve	39	41
Emergency OM&R Reserve	6	7
System Use Reserve	4	4
Tribal ICS Reserve	24	24
Rate Stabilization	29	30
Voluntary Rate Stabilization	7	7
Bond Reserve	5	6
9(d) Debt Reserve	15	15
Recovery Reserve	10	11
Recharge O & M	8	8
Water Storage Tax for AWBA	15	15
Total Other Reserves	198	205
Total Reserves	\$ 480	\$ 535

Statement of Revenues, Expenses and Change in Net Position

General Fund

(Dollars in Thousands)

	1st Quarter 2022				Full Year 2022					
	Actual	Budget	Variance		Projection	Budget	Additional Spending	Total Spending Authority	Variance	
			(\$)	(%)					(\$)	(%)
Water Deliveries (acre-feet in thousands)	174	225	(51)	(22.5%)	1,062	1,223	-	1,223	(161)	(13.2%)
Operating Revenues										
Water O&M charges	\$ 32,765	\$ 43,949	(11,184)	(25.4%)	\$ 211,457	\$ 234,504	\$ -	\$ 234,504	\$ (23,047)	(9.8%) A
Water service capital charges	8,906	9,175	(269)	(2.9%)	36,357	36,698	-	36,698	(341)	(0.9%) B
Power and Basin Development Fund revenues	2,433	1,704	729	42.8%	8,008	8,040	-	8,040	(32)	(0.4%) C
Other revenues	444	609	(165)	(27.1%)	1,602	1,881	-	1,881	(279)	(14.8%) D
Total Operating Revenues	\$ 44,548	\$ 55,437	\$ (10,889)	(19.6%)	\$ 257,424	\$ 281,123	-	\$ 281,123	\$ (23,699)	(8.4%)
Operating Expenses										
Salaries and related costs	\$ (18,205)	\$ (18,361)	\$ 156	0.8%	\$ (73,513)	\$ (74,325)	\$ -	\$ (74,325)	\$ 812	1.1% E
Pumping power and capacity charges	(9,188)	(11,746)	2,558	21.8%	(52,053)	(64,957)	-	(64,957)	12,904	19.9% F
Transmission	(5,064)	(3,977)	(1,087)	(27.3%)	(20,838)	(16,037)	-	(16,037)	(4,801)	(29.9%) G
Amortization of Permanent Service Right	(5,750)	(5,750)	-	0.0%	(23,001)	(23,001)	-	(23,001)	-	0.0%
Depreciation and Amortization	(6,372)	(6,653)	281	4.2%	(25,785)	(26,612)	-	(26,612)	827	3.1% H
Other operating costs:										
Outside services	(4,971)	(7,026)	2,055	29.2%	(51,677)	(50,377)	-	(50,377)	(1,300)	(2.6%) I
Materials and supplies	(2,600)	(2,044)	(556)	(27.2%)	(9,426)	(8,912)	-	(8,912)	(514)	(5.8%) J
Overhead	1,462	1,420	42	3.0%	5,680	5,792	-	5,792	(112)	(1.9%)
Other expenses	(2,225)	(2,737)	512	18.7%	(10,552)	(11,226)	-	(11,226)	674	6.0% K
Subtotal	(8,334)	(10,387)	2,053	19.8%	(65,975)	(64,723)	-	(64,723)	(1,252)	(1.9%)
Total Operating Expenses	(52,913)	(56,874)	3,961	7.0%	(261,165)	(269,655)	-	(269,655)	8,490	3.1%
Operating Income/(Loss)	\$ (8,365)	\$ (1,437)	\$ (6,928)	(482.1%)	\$ (3,741)	\$ 11,468	\$ -	\$ 11,468	\$ (15,209)	(132.6%)
Non-Operating Revenues/(Expenses)										
Property taxes	\$ 1	\$ -	\$ 1		\$ 91,884	\$ 92,079	-	92,079	(195)	(0.2%) L
Interest income and other	(17,561)	1,997	(19,558)	(979.4%)	(11,869)	8,016	-	8,016	(19,885)	(248.1%) M
Disbursements to AWBA	(136)	(1,668)	1,532	91.8%	(4,542)	(7,545)	-	(7,545)	3,003	39.8% N
Interest expense and other	(4,711)	(3,179)	(1,532)	(48.2%)	(18,843)	(18,843)	-	(18,843)	-	0.0% O
Net Non-operating Income/(Loss)	(22,407)	(2,850)	(19,557)	(686.2%)	56,630	73,707	-	73,707	(17,077)	(23.2%)
Change in Net Position	(30,772)	(4,287)	(26,485)	(617.8%)	52,889	85,175	-	85,175	(32,286)	(37.9%)
Net Position at beginning of period	756,936	745,496	11,440	1.5%	756,936	745,496	-	745,496	11,440	1.5%
Net Position at end of period	\$ 726,164	\$ 741,209	\$ (15,045)	(2.0%)	\$ 809,825	\$ 830,671	\$ -	\$ 830,671	\$ (20,846)	(2.5%)

Statement of Revenues, Expenses and Change in Net Position

General Fund

Notes

- A **Water O&M Charges:** 2022 water deliveries are projected to be 161 thousand acre-feet under budget due to DCF mitigation efforts by the GRIC. Water O&M revenues for 2022 are projected to be \$23 million under budget, due mostly to reduced projected deliveries. This variance is partially offset by a higher projected year end reconciled rate, as compared to the published rate.
- B **Water Service Capital Charges:** 2022 capital charges and facility use charges are projected to be on budget. Sources of revenue are 2021 back capital charges, interest collected on NIA water, and funds related to the Hohokum CDR allocations.□
- C **Power and Other Basin Fund Revenues:** Full year revenues are projected to be on budget.
- D **Other Revenues:** 2022 FY Other Income negative variance is \$279 thousand due to \$608 thousand less than budget in recharge lease revenues as a result of decreased recharge deliveries to CAWCD recharge sites, as well as reduced miscellaneous income and asset disposal revenues. This variance is offset by \$329 thousand additional revenue from land use.
- E **Salaries and Related Costs:** Salaries and related costs are under budget due to vacancies and a decrease in benefit costs.
- F **Pumping power and capacity charges:** Due to compensation reductions, there will be fewer diversions and water deliveries than planned. This creates the opportunity for greater shaping, as all six Mark Wilmer Pumping Plant units are now available.
- G **Transmission:** There was a substantial unanticipated rate increase of approximately 600%, or \$3 million, in the El Paso Electric transmission capacity contract. Transmission losses are projected to be over budget by \$1.4 million for the year.
- H **Depreciation and Amortization:** Full year positive variance is primarily due to impacts and delays in the supply chain, as a result of the COVID-19 pandemic.
- I **Outside Services:** 2022 projected negative variance of \$1.3 million is due in part to \$231 thousand for the unbudgeted NDrip research project, \$496 thousand for refresh of the CAP hydrology system, and \$333 thousand more in materials and tools for planned projects.
- J **Materials and Supplies:** the negative variance for 2022 is attributal in part to a \$333 thousand increase in costs related to material supplies/licenses/fees, \$98 thousand in higher than anticipated fuel costs, and \$96 thousand due to inventory obsolescence.
- K **Other Expenses:** Full year positive variance is due in part to reduced expenses in Property & Casualty (\$290 thousand), Licenses/Fees/Permits (\$158 thousand), Employee in/out of state traveling (\$135 thousand), and reduced MSCP shortfall payments (\$112 thousand).
- L **Property Taxes:** Forecast is in align with budget.
- M **Interest Income and Other:** YTD and full year negative variance due to lower Fair Value adjustment in Q1 of \$20 million. Rising interest rate environment is negatively affecting Fair Value on Pool 12 bond investments, which carry a lower interest rate return than current market rates.
- N **Disbursements to AWBA:** The AWBA will not utilize the full Board approved 2022 transfer amounts; approved amounts are \$4 million for the Phoenix AMA and \$3 million for the Tucson AMA.
- O **Interest Expense and Other:** Full year expense should be equal to budgeted amount.

Water Volumes

(in Acre-Feet)

	1st Quarter 2022				Full Year 2022				Notes
	Actual	Budget	Variance		Projection	Budget	Variance		
			(A/F)	(%)			(A/F)	(%)	
Municipal & Industrial Water Subcontract	90,294	117,912	(27,618)	(23.4%)	633,808	665,360	(31,552)	(4.7%)	A
Federal Contract									
On & Off-reservation	80,320	109,941	(29,621)	(26.9%)	386,267	515,268	(129,001)	(25.0%)	
Total Federal Contract	80,320	109,941	(29,621)	(26.9%)	386,267	515,268	(129,001)	(25.0%)	B
Excess									
Ag Settlement Pool (includes Ag Forbearance)	3,529	3,500	29	0.8%	42,000	42,000	-	0.0%	C
CAGR D Obligation	-	-	-	-	-	-	-	-	
CAGR D Obligation @ Scottsdale IWDS	-	-	-	-	-	-	-	-	D
AWBA	-	-	-	-	-	-	-	-	E
AWBA Interstate Banking Water	-	-	-	-	-	-	-	-	
USBR Firming	-	-	-	-	-	-	-	-	F
CAGR D Replenishment Reserve	-	-	-	-	-	-	-	-	G
Temporary water use permits	-	132	(132)	(100.0%)	-	625	(625)	(100.0%)	
Full Cost Excess (Unscheduled overruns)	-	-	-	-	-	-	-	-	
Subtotal Excess	3,529	3,632	(103)	(2.8%)	42,000	42,625	(625)	(1.5%)	
Total Water Deliveries	174,143	231,485	(57,342)	(24.8%)	1,062,075	1,223,253	(161,178)	(13.2%)	
Transfer of credits to CAGR D	-	-	-	-	14,290	15,262	(972)	(6.4%)	
Take or Pay/Adjustment	-	-	-	-	-	6,000	(6,000)	(100.0%)	
Billed Fixed OM&R Water Volumes	174,143	231,485	(57,342)	(24.8%)	1,076,365	1,244,515	(168,150)	(13.5%)	

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:** 2022 deliveries are 32 thousand acre feet less than budget due to new delivery and diversion targets
- B **Federal Customers:** 2022 deliveries are projected to be 129 thousand acre feet less than budget due to diversion to Lake Mead, as well as diversion of GRIC planned deliveries, as part of the drought contingency plan
- C **Ag Settlement Pool:** 2022 deliveries are projected to be on budget
- D **CAGR D Obligation @ Scottsdale IWDS:** There are no planned deliveries in 2022
- E **AWBA:** There are no planned deliveries in 2022
- F **USBR Firming:** There are no planned deliveries in 2022
- G **CAGR D Replenishment Reserve:** There are no planned deliveries in 2022
- H **Capital and Facility Use Charges (M&I Subcontractors):** Full year charges are projected to be on budget
- I **Capital and Facility Use Charges (M&I Non-Subcontractors):** Full year charges are projected to be on budget
- J **Underground Storage Facility Use Charges:** The negative full year variance is because there will be no storage of water by the tribes at our recharge projects, due to planned diversion to Lake Mead this year.



Water Revenues and Capital Charges

(Dollars in Thousands)

	1st Quarter 2022				Full Year 2022				Notes
	Actual	Budget	Variance		Projection	Budget	Variance		
			(\$)	(%)			(\$)	(%)	
WATER REVENUES									
Municipal & Industrial Water Subcontract	\$ 17,336	\$ 22,795	(5,459)	-24%	\$ 128,219	128,627	(408)	0%	A
Federal Contract									
On & Off-reservation	\$ 15,421	\$ 20,877	\$ (5,456)	(26.1%)	\$ 78,142	99,612	(21,470)	(21.6%)	
Subtotal Federal Contract	\$ 15,421	\$ 20,877	(5,456)	(26.1%)	78,142	99,612	(21,470)	(21.6%)	B
Excess									
Ag Settlement Pool (includes Ag Forbearance)	198	195	3	1.5%	2,352	2,352	-	0.0%	C
CAGR D Obligation	-	-	-	-	-	-	-	-	
CAGR D Obligation @ Scottsdale IWDS	-	-	-	-	-	-	-	-	D
AWBA	-	-	-	-	-	-	-	-	E
AWBA Interstate Banking Water	-	-	-	-	-	-	-	-	
USBR Firming	-	-	-	-	-	-	-	-	F
CAGR D Replenishment Reserve	-	-	-	-	-	-	-	-	G
Water Revenues Contra WSTA	-	-	-	-	-	-	-	-	H
Temporary water use permits	(190)	82	(272)	(3)	-	389	(389)	(100.0%)	
Full Cost Excess (Unscheduled overruns)	-	-	-	-	-	-	-	-	
Subtotal Excess	8	277	(269)	(1)	2,352	2,741	(389)	(14.2%)	
Total Water Deliveries	32,765	43,949	(11,184)	(0)	208,713	230,980	(22,267)	(9.6%)	
Misc. Adjustments	-	-	-	-	-	-	-	-	
Transfer of credits to CAGR D	-	-	-	-	2,744	2,930	(186)	(6.3%)	
Take/Pay Adj.	-	-	-	-	-	594	(594)	(100.0%)	
Total Water O&M Charges	\$ 32,765	\$ 43,949	\$ (11,184)	(25.4%)	\$ 211,457	234,504	\$ (23,047)	(9.8%)	
CAPITAL & FACILITY USE CHARGES									
M&I subcontractors	\$ 8,906	\$ 8,933	\$ (27)	(0.3%)	\$ 35,624	35,732	\$ (108)	(0.3%)	H
M&I non-subcontract	-	191	(191)	(100.0%)	715	763	(48)	(6.3%)	I
Capital Charges - Pima (Interstate)	-	-	-	-	18	-	18	-	
Underground storage facilities	-	51	(51)	-100%	0	203	(203)	(100.0%)	J
Total Capital & Facility Use Charges	\$ 8,906	\$ 9,175	\$ (269)	(2.9%)	\$ 36,357	36,698	\$ (341)	(0.9%)	

Notes explaining the variances are shown on page 29.

Energy

	1st Quarter 2022				Full Year 2022				Notes
	Actual	Budget	Variance		Projection	Budget	Variance		
			(\$)	(%)			(Amount)	(%)	
ENERGY (MWH)									
Waddell	-	-	-	n.a.	35,916	34,295	(1,621)	(4.7%)	
Hoover	31,655	31,813	158	0.5%	134,246	134,756	510	0.4%	
Long-term contracts	53,057	94,590	41,533	43.9%	352,223	396,013	43,790	11.1%	
Market Purchases	469,872	524,917	55,045	10.5%	1,388,762	1,619,878	231,116	14.3%	
Total MWH	554,584	651,320	96,736	14.9%	1,911,147	2,184,942	273,795	12.5%	
ENERGY RATE (\$/MWH)									
Waddell	\$ -	\$ -	\$ -	n.a.	\$ -	\$ -	\$ -	n.a.	
Hoover	43.09	45.26	2.17	4.8%	41.14	43.32	2.17	5.0%	
Long-term contracts	56.49	42.21	(14.28)	(33.8%)	45.26	38.58	(6.67)	(17.3%)	A
Market Purchases	23.76	25.30	1.54	6.1%	17.10	25.11	8.01	31.9%	
Grand Weighted Average \$/MWH	\$ 28.00	\$ 28.73	\$ 0.73	2.5%	\$ 24.11	\$ 28.73	\$ 4.62	16.1%	
ENERGY COSTS (\$000)									
Waddell	\$ -	\$ -	\$ -	n.a.	\$ -	\$ -	\$ -	n.a.	
Hoover	1,364	1,440	76	5.3%	5,523	5,837	314	5.4%	
Long-term contracts	2,997	3,992	995	24.9%	15,940	15,279	(661)	(4.3%)	A
Market Purchases	11,165	13,279	2,114	15.9%	23,750	40,672	16,922	41.6%	B
Gross Energy Costs (\$000)	\$ 15,526	\$ 18,711	\$ 3,185	17.0%	\$ 45,213	\$ 61,788	\$ 16,575	26.8%	
Energy Scheduling Services	\$ 294	\$ 276	\$ (18)	(6.5%)	\$ 1,061	\$ 1,106	\$ 45	4.1%	
MWD Agreement Expense	-	-	-	n.a.	85	85	-	0.0%	
Lake Pleasant Adjustment	(6,667)	(7,188)	(521)	(7.2%)	5,218	1,572	(3,646)	(231.9%)	C
Lake Roosevelt Adjustment	35	(54)	(89)	(164.8%)	475	406	(69)	(17.0%)	C
Energy and Related Costs (\$000)	\$ 9,188	\$ 11,745	\$ 2,557	21.8%	\$ 52,052	\$ 64,957	\$ 12,905	19.9%	
POWER TRANSMISSION									
Elec Trans-Losses	\$ 934	\$ 739	\$ (195)	(26.4%)	\$ 4,373	\$ 2,955	\$ (1,418)	(48.0%)	D
Elec Trans-SRP SALT GILA	68	105	37	35.2%	353	420	67	16.0%	D
Elec Trans-Brady/Pichacho/RR	92	97	5	5.2%	542	389	(153)	(39.3%)	D
Elec Trans-WECC Trans	74	33	(41)	(124.2%)	201	246	45	18.3%	D
Total Pumping Costs (\$000)	\$ 10,356	\$ 12,719	\$ 2,363	18.6%	\$ 57,521	\$ 68,967	\$ 11,446	16.6%	

Notes explaining the variances are shown on page 33.

Energy

Notes

- A As part of the CAP power portfolio, two long-term contracts were solidified at the end of 2019. The first is a 20 year power purchase agreement at a fixed contract energy price from a solar facility, and the second is a 5 year power purchase agreement from Salt River Project (SRP), in which the contracted energy price is tied to a natural gas index, and is therefore variable in nature.
- B Due to the shortage and 500+ reductions, this will result in lower diversions and lower water deliveries than planned, creating the opportunity for greater shaping, as all six Mark Wilmer Pumping Plant units are available.
- C The Lake Pleasant & Lake Roosevelt variances are the net impact of storing (negative number) and releasing (positive number) water. The energy cost to store water in the lakes is held as inventory, rather than being expensed. When used, the inventory amount is added to the energy cost. Due to the shortage and 500+ reductions, a larger volume of Lake Pleasant water will be released to fulfill water delivery orders.
- D Transmission costs, which are variable in nature, are included in energy costs; transmission losses are contractually assessed to the affected transmission systems.

Underground Storage Operations and Maintenance

(Dollars in Thousands)

	1st Quarter 2022				Full Year 2022				Notes
	Actual	Budget	Variance (\$)	Variance (%)	Projection	Budget	Variance (\$)	Variance (%)	
Water Deliveries (000 acre-feet)	19	34	(15)	(44.1%)	62	96	(34)	(35.4%)	
Revenues									
Other revenues	270	477	(207)	(43.4%)	883	1,354	(471)	(34.8%)	
Total Revenues	\$ 270	\$ 477	\$ (207)	(43.4%)	\$ 883	\$ 1,354	\$ (471)	(34.8%)	
Expenses									
Salaries and related costs	\$ (44)	\$ (61)	\$ 17	27.9%	\$ (137)	\$ (253)	\$ 116	45.8%	
Other operating costs:									
Outside services	(10)	(54)	44	81.5%	(214)	(216)	3	1.3%	
Materials and supplies	(22)	(25)	3	12.0%	(102)	(102)	(1)	(0.5%)	
Other expenses	(135)	(188)	53	28.2%	(388)	(748)	360	48.1%	
Subtotal	(167)	(267)	100	37.5%	(704)	(1,066)	363	34.0%	
Total Expenses	\$ (211)	\$ (328)	\$ 117	35.7%	\$ (841)	\$ (1,319)	\$ 479	36.3%	
Change in Net Position	59	149	(90)	(60.4%)	42	35	8	(21.5%)	
Net position at beginning of period	\$ 7,777	4,485	3,292	73.4%	7,777	4,485	3,292	73.4%	
Net position at end of period	\$ 7,836	\$ 4,634	\$ 3,202	69.1%	\$ 7,819	\$ 4,520	\$ 3,300	73.0%	
Expense Summary									
Aqua Fria	\$ (15)	\$ (26)	\$ 11	42.3%	\$ (40)	\$ (105)	\$ 65	61.9%	A
Hieroglyphic Mountains	(74)	(43)	(31)	(72.1%)	(159)	(172)	13	7.6%	B
Lower Santa Cruz	(50)	(118)	68	57.6%	(283)	(473)	190	40.2%	C
Pima Mine Road	(6)	(52)	46	88.5%	(131)	(209)	78	37.3%	D
Superstition Mountain	(29)	(57)	28	49.1%	(90)	(230)	140	60.9%	E
Tonopah Desert	(37)	(32)	(5)	(15.6%)	(138)	(130)	(8)	(6.2%)	F
Total	\$ (211)	\$ (328)	\$ 117	35.7%	\$ (841)	\$ (1,319)	\$ 478	36.2%	

Notes explaining the variances are shown on the next page.

Underground Storage Operations and Maintenance

Notes

- A **Agua Fria:** 2022 deliveries are projected to be 10 thousand acre feet less than budget, resulting in \$130 thousand less in revenues when compared to budget. Total project costs are projected to be \$65 thousand less than budget, although expenses of \$18 thousand in salaries/wages and overhead will still be charged to this recharge site.
- B **Hieroglyphic Mountains:** 2022 deliveries are projected to be 3 thousand acre feet more than budget, resulting in \$43 thousand more in revenues than budget. Total project costs are projected to be \$13 thousand less than budget due in part to a decrease in salaries and wages charged to this site.
- C **Lower Santa Cruz:** YTD deliveries are 6 thousand acre feet, or 57%, lower than budget, while the full year forecast is 16 thousand acre feet, or 50%, less than budget. YTD revenues are under budget by \$91 thousand, and are projected to decrease further by \$233 thousand by year end, when compared to budget. Total costs are projected to be under budget by \$190 thousand, due mostly to a decrease in wheeling fees, as a result of decreased deliveries.
- D **Pima Mine Rd:** YTD deliveries are on target, while full year is projected to be lower than budget by 2 thousand acre feet. Total expenses are projected to be under budget by \$78 thousand, due in part to a reduction in costs spent on this project.
- E **Superstition Mountain:** Full year deliveries are projected to be 14 thousand acre-feet lower than budget. FY total costs are projected to be \$140 thousand less than budget, due in part to a decrease of \$100 thousand in energy related costs, as a result of reduced deliveries to this site.
- F **Tonopah Desert:** There are no planned deliveries to Tonopah this year; however, regularly planned maintenance will still be performed. Total costs are projected to be \$8 thousand more than budget, due mostly to an increase in material supplies for planned regular maintenance.

2022 Rate Reconciliation

(Dollars in Thousands)

	Projection	Published	Budget
General Fund Operating Expenses	\$ 261,165	\$ 244,386	\$ 269,654
Adjustments for O&M Expenses			
Depreciation & Amortization	(48,786)	(52,136)	(49,613)
Pumping energy and capacity charges	(52,053)	(60,705)	(64,956)
Transmission to be Included in Energy	(5,469)	(1,229)	(4,010)
Underground storage site O&M	(841)	(1,735)	(1,319)
Extraordinary Maintenance (when part of "Big R")	(3,402)	(10,860)	(4,204)
Other income	(720)	(669)	(524)
Conservation Programs Funded by Extraordinary Cost Reserve	(2,161)	-	(2,460)
Compensated Mitigation Funded by 'Big R'	(3,778)	-	(3,748)
Regional Recycled with MWD Funded by Water Storage Reserve	(1,000)	-	(1,000)
Wheeling Costs Funded by System Use Reserve	(171)	(800)	(95)
DCP Mitigation Cost Adjustment - prior year (Metro)	732	(444)	732
Recovery Expenses Funded by Recovery Reserve	(3,065)	(1,500)	(3,230)
500+ Plan Funded by Extraordinary Cost Reserve	(4,980)	-	(5,000)
500+ Plan "Stranded O&M" Funded at 50% by Water Storage Reserve	(5,000)	-	-
Storm Damage Repair Pool 34 Funded from Extraordinary Cost Reserve	(5,766)	-	-
Total Adjustments	(136,460)	(130,078)	(139,427)
Fixed O&M Expenses	\$ 124,705	\$ 114,308	\$ 130,227
Pumping Energy & Hoover capacity charges			
Pumping energy and capacity charges	\$ 52,053	\$ 60,705	\$ 64,956
Transmission Adjustment	5,469	1,229	4,010
Total Pumping Energy & Hoover capacity charges	\$ 57,522	\$ 61,934	\$ 68,966

2022 Rate Reconciliation

(Dollars in Thousands)

Calculation of Reconciled Water Rates

	Projection	Published	Budget	Variance Publ vs Proj	Variance Bdgt vs Proj
Water Delivery Costs (Thousands)					
Fixed O&M Expenses	\$ 124,705	\$ 114,308	\$ 130,227	\$ (10,397)	\$ 5,522
Total Pumping Energy Expenses	\$ 57,522	\$ 61,934	\$ 68,966	\$ 4,412	\$ 11,444
Water Delivery (Acre-Feet)					
Total water deliveries with credits	1,076,365	1,105,050	1,238,515	28,685	162,150
Take or Pay adjustment	-	6,000	6,000	6,000	6,000
Billed Fixed OM&R Water Volume	1,076,365	1,111,050	1,244,515	34,685	168,150
Pumping Energy Rate 1 Water Volume	1,076,365	1,105,050	1,238,515	28,685	162,150
Water Delivery Rate (\$/AF)					
Calculated Fixed O&M Rate	\$ 115.86	\$ 103.00	\$ 104.64	\$ (12.86)	\$ (11.22)
Capital Replacement Component ("Big R")	33.00	33.00	33.00	-	-
Total Fixed OM&R	148.86	136.00	137.64	(12.86)	(11.22)
Calculated Pumping Energy Rate	53.44	56.00	55.68	2.56	2.24
Total Pumping Energy Rate 1	53.44	56.00	55.68	2.56	2.24
Total Delivery Rate	\$ 202.30	\$ 192.00	\$ 193.32	\$ (10.30)	\$ (8.98)
Full Rate Stabilization	\$ (13.00)	\$ (13.00)	\$ (13.00)	-	-
Net Delivery Rate	\$ 189.30	\$ 179.00	\$ 180.32	\$ (10.30)	\$ (8.98)

Long Term Contract reconciliation-Fixed OM&R (\$000)- (refund)/bill	\$ 13,118
Long Term Contract reconciliation-Energy (\$000)- (refund)/bill	\$ (2,611)
Total Long Term Contract reconciliation (\$000)- (refund)/bill	\$ 10,507

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 Projects

(Dollars in Thousands)

	1st Quarter 2022				Full Year 2022				
	Actual	Budget	Variance		Projection	Budget	Total Spending Authority	Variance	
			(\$)	(%)				(\$)	(%)
Expenses									
Salaries and related costs	\$ (38)	\$ (45)	\$ 7	15.6%	\$ (476)	\$ (490)	\$ (490)	\$ 14	2.9%
Other operating costs:									
Outside services	-	-	-	-	(8,078)	(3,098)	(3,098)	(4,980)	(160.7%)
Materials and supplies	-	-	-	-	(13)	(23)	(23)	10	43.5%
Other expenses/overhead	(44)	(48)	4	8.3%	(601)	(593)	(593)	(8)	(1.3%)
Subtotal	(44)	(48)	4	8.3%	(8,692)	(3,714)	(3,714)	(4,978)	(134.0%)
Total Expenses	\$ (82)	\$ (93)	\$ 11	11.8%	\$ (9,168)	\$ (4,204)	\$ (4,204)	\$ (4,964)	(118.1%)

Total Project Costs										
	Through 2021	2022 Forecast	Balance Remaining	Projected	Budget	Additional Spending	Total Spending Authority	Variance		Notes
								(\$)	(%)	
EM-Storm Damage Repairs Pool 34	(3,547)	\$ (5,766)	\$ (5,792)	\$ (15,105)	\$ -	\$ (4,500)	\$ (4,500)	\$ (10,605)	(235.7%)	A
EM-MWP Suction Tubes & BSH Right Manifold Reline	(86)	(3,402)	(2,596)	(6,084)	(6,776)	-	(6,776)	692	10.2%	B
Total	(3,633)	(9,168)	(8,388)	\$ (21,189)	\$ (6,776)	\$ (4,500)	\$ (11,276)	\$ (9,913)	(87.9%)	

Notes:

- A Funded through Extraordinary Cost Reserves and not part of Fixed O&M Rate. On September 2, 2021, the Board approved additional spending authority in the amount of \$4.5 million for 2021 expenses related to the repair of Pool 34
- B Funded through "Big R"



Central Arizona Groundwater Replenishment District (CAGRDR) Account

BUDGET PERFORMANCE - Full Year 2022

(Dollars in Thousands)

	Projection	Spending Authority	Change	
Revenues	\$ 58,833	\$ 55,384	\$ 3,449	6%
Expenses	(20,520)	(17,658)	(2,862)	(16%)
Change in Net Position	38,313	37,726	587	2%
Beginning Net Position	259,391	265,973	(6,582)	
Ending Net Position	\$ 297,704	\$ 303,699	\$ (5,995)	

Total Revenues

Total revenues are projected to be \$59 million in 2022, which is \$3.4 million higher than budget. Operating revenue is projected to exceed budget by \$4.0 million: revenues from rates are expected to be \$0.9 million higher than budget due to higher obligation estimates; revenues from dues are projected to be \$1.1 million higher than budget due to higher rates; and, revenues from fees are projected to be \$2.1 million higher than budget due to continued increased volumes of activations. Non-operating income is projected to be \$0.6 million under budget due to the significant changes in the stock market, which impact fair values.

Total Expenses

Expenses are projected to be \$2.9 million higher than budget. This is primarily due to \$3.0 million lower water expense. The expense for water represents an estimate of 2022 pumping and any 2022 long term storage credit purchases from CAP. The reason for the variance is primarily related to the increase in the CAWCD delivery cost. Non-operating expenses are projected to be on budget for the year.

Reserves

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

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

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

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

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

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



Statement of Revenues, Expenses and Change in Net Position

CAGRD

(Dollars in Thousands)

	1st Quarter 2022				Full Year 2022					Notes
	Variance				Total Spending Authority					
	Actual	Budget	(\$)	(%)	Projection	Budget	Total Spending Authority	(\$)	(%)	
Operating Other Revenues										
Revenue-Rates	\$ -	\$ -	\$ -		\$ 26,838	\$ 25,978	\$ 25,978	\$ 860	3.3%	
Revenue-Fees	5,048	4,212	836	19.8%	20,812	18,737	18,737	2,075	11.1%	
Revenue-Dues	-	-	-		11,515	10,411	10,411	\$ 1,104	10.6%	
Total Operating Other Revenues	\$ 5,048	\$ 4,212	\$ 836	\$ 0	\$ 59,165	\$ 55,126	\$ 55,126	\$ 4,039	7.3%	A
Operating Expenses										
Salaries and related costs	\$ (289)	\$ (313)	\$ 24	7.7%	\$ (1,320)	\$ (1,327)	\$ (1,327)	\$ 7	0.5%	
Depreciation	(15)	(15)	-	0.0%	(61)	(61)	(61)	-	0.0%	
Other operating costs:										
Outside services	(119)	(215)	96	44.7%	(683)	(683)	(683)	-	0.0%	
Water for underground storage	-	-	-		(16,133)	(13,179)	(13,179)	(2,954)	(22.4%)	B
Materials and supplies	-	-	-		(1)	(1)	(1)	-	0.0%	
Overhead	(323)	(339)	16	4.7%	(1,440)	(1,440)	(1,440)	-	0.0%	
Other expenses	(17)	(22)	5	22.7%	(53)	(54)	(54)	1	1.9%	
Subtotal	(459)	(576)	117	20.3%	(18,310)	(15,357)	(15,357)	(2,953)	(19.2%)	
Total Operating Expenses	\$ (763)	\$ (904)	\$ 141	\$ 0	\$ (19,691)	\$ (16,745)	\$ (16,745)	\$ (2,946)	(17.6%)	
Net Operating Income/(loss)	\$ 4,285	\$ 3,308	\$ 977	29.5%	\$ 39,474	\$ 38,381	\$ 38,381	\$ 1,093	2.8%	
Non-operating Revenues/(Expenses)										
Interest income and other	\$ (685)	\$ 65	\$ (750)	(1153.8%)	\$ (332)	\$ 259	\$ 259	\$ (591)	(228.2%)	C
Interest expense and other	(70)	(244)	174	71.3%	(829)	(913)	(913)	\$ 84	9.2%	
Net Non-operating Income/(Loss)	\$ (755)	\$ (179)	(576)	(321.8%)	\$ (1,161)	\$ (654)	\$ (654)	\$ (507)	(77.5%)	
Change in Net assets	\$ 3,530	\$ 3,129	\$ 401	12.8%	\$ 38,313	\$ 37,727	\$ 37,727	\$ 586	1.6%	

NOTES:

A Other Operating Revenues: YTD revenue exceeded budget by \$0.8 million due to higher activation, enrollment, and upfront fees. Full year revenue for 2022 is projected to exceed budget by \$4.0 million. Revenues from rates are expected to be \$0.9 million higher than budget due to higher obligation estimates. Revenues from dues are projected to be \$1.1 million higher than budget due to higher rates and revenues from fees are projected to be \$2.1 million higher than budget due to continued increased volumes of activations.

B Water for Underground Storage: The expense for water represents an estimate of 2022 pumping and any 2022 long term storage credit purchases from CAP. The reason for the variance is an increase in the CAWCD delivery cost.

C Interest Income and Other: YTD and full year estimates are lower than budget due to the significant changes in the stock market impacting 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
2022				
Outstanding Obligation - Year Ending	33,328	1,228	2,755	37,311
Prior year Obligations adjustment (prev est less CDAR)	-	-	-	-
Obligation Estimate for current year	31,623	627	2,868	35,118
Less CAWCD Deliveries to meet Obligation (CDA)	(33,328)	-	(2,755)	(36,083)
Less CAWCD LTSC purchased to meet Obligation	-	(1,228)	-	(1,228)
Less I&WR LTSC purchased to meet Obligation	-	-	-	-
Outstanding Obligations at end of 2022	31,623	627	2,868	35,118

CAGR Fund Balances

(Dollars in Thousands)

	2021 Actual	1st Qtr 2022 Actual	2022 Forecast
Administrative:			
Beginning Fund Balance	\$ 1,404	\$ 1,765	\$ 1,765
Administrative Component Revenue	1,863	100	1,638
Transfer from Phoenix Infrastructure	23	-	315
Total Cash Collected	1,886	100	1,953
Administrative (Operating) Expenses	(1,526)	(404)	(2,058)
Interest Income / Expense	1	-	2
Ending Fund Balance	\$ 1,765	\$ 1,461	\$ 1,662
Conservation:			
Beginning Fund Balance	\$ 781	\$ 849	\$ 849
Administrative Component Revenue	\$ 67	\$ 7	\$ 101
Administrative (Operating) Expenses	-	-	(100)
Interest Income / Expense	1	-	-
Ending Fund Balance	\$ 849	\$ 856	\$ 850
Infrastructure and Water Rights:			
Beginning Fund Balance	\$ 38,891	\$ 60,110	\$ 60,110
Revenue	43,341	6,241	40,962
Proceeds from LTSC internal transfers	3,445	-	259
Proceeds from M&I Allocation transfer	-	-	1,204
NIA Reallocation and 9(d) Debt	(7,134)	-	(7,134)
GRIC and other Lease Considerations	(4,985)	(3,009)	(5,235)
Water Costs for LTSC	(986)	(2,271)	(4,122)
LTSC purchases	(7,882)	(1,212)	(7,322)
Technical Studies & Other Operating Expenses	(1,000)	(204)	(1,400)
Debt Service payments	(3,973)	(993)	(3,972)
Interest Income / Expense	393	59	200
Ending Fund Balance	\$ 60,110	\$ 58,721	\$ 73,550

CAGR Fund Balances

(Dollars in Thousands)

	Full Year Forecast 2022			Total
	Phoenix AMA	Pinal AMA	Tucson AMA	
Water and Replenishment:				
Beginning Fund Balance	\$ 6,370	\$ 148	\$ 442	\$ 6,960
Revenue	7,996	172	795	8,963
Water Purchased	(8,265)	-	(683)	(8,949)
CAWCD Credits Purchased	-	(305)	-	(305)
I&WR Credits Purchased	-	-	-	-
Interest Income (Expense)	-	-	-	-
Ending Balance	\$ 6,101	\$ 15	\$ 554	\$ 6,670
Replenishment Reserve:				
Beginning Fund Balance	\$ 1,398	\$ 11	\$ 84	\$ 1,493
Replenishment Reserve Revenue	4,389	154	354	4,897
Water Purchased	-	-	(61)	(61)
CAP Credits	(3,435)	(109)	-	(3,544)
I&WR Credits Purchased	-	-	(259)	(259)
Interest Income / Expense	2	-	-	2
Ending Balance	\$ 2,354	\$ 56	\$ 118	\$ 2,528

CAGRD Fund Balances

(Dollars in Thousands)

	2021 Actual	1st Qtr 2022 Actual	2022 Forecast
Infrastructure and Water Rights:			
Beginning Fund Balance	\$ 38,891	\$ 60,110	\$ 60,110
Revenue	43,341	6,241	40,962
Proceeds from LTSC internal transfers	3,445	-	259
Proceeds from M&I Allocation transfer	-	-	1,204
NIA Reallocation and 9(d) Debt	(7,134)	-	(7,134)
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Technical Studies & Other Operating Expenses	(1,000)	(204)	(1,400)
Debt Service payments	(3,973)	(993)	(3,972)
Interest Income / Expense	393	59	200
Ending Fund Balance	\$ 60,110	\$ 58,721	\$ 73,550

CAGRD Enrollment and Activation Summary

Figure 1: Member Land Enrollment

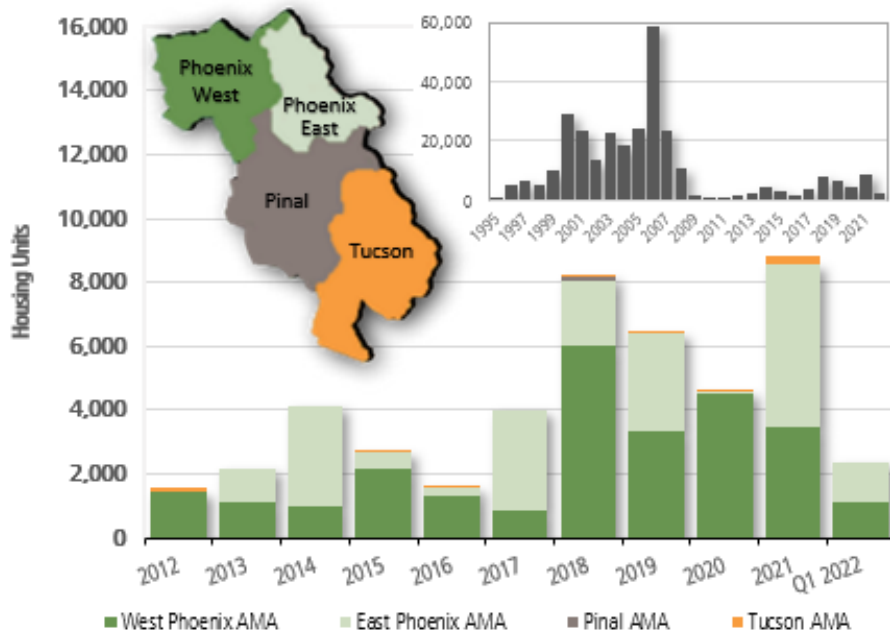


Figure 2: Activation Units

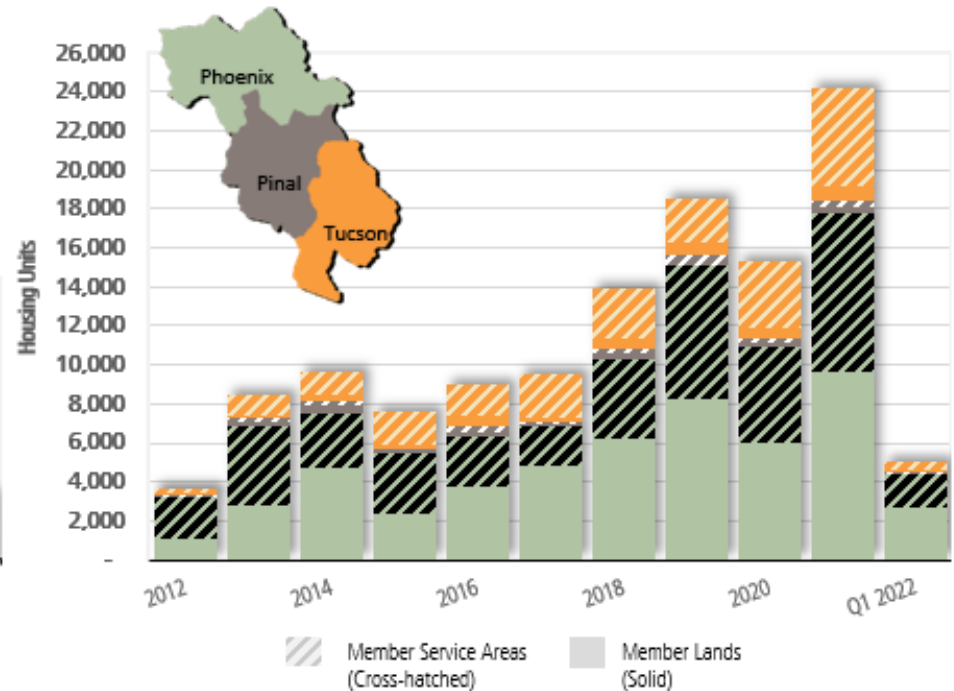


Table 1: Enrollment Units in Q1 2022

AMA	ML Lots	Projected Demand (AF/year)
West Phoenix	1,123	561
East Phoenix	1,232	675
Pinal	0	0
Tucson	0	0
TOTAL	2,355	1,236

Table 2: Activation Units in Q1 2022

AMA	ML Lots	MSA Lots	Total Lots
Phoenix	2,652	1,729	4,381
Pinal	53	30	83
Tucson	118	446	564
TOTAL	2,823	2,205	5,028

CAGRD Enrollment and Activation Summary

Enrollment in Q1 2022

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

Figure 1 illustrates the recent history of CAGRD member land enrollment from 2012 through Q1 2022. **Table 1** provides a breakdown by AMA of member land enrollment activity through Q1 2021. All of Q1 ML enrollment occurred in the Phoenix AMA and was comprised of 13 new subdivisions with 2,355 lots and with a total projected demand of 1,236 AF/yr. The East Valley had 5 subdivisions enrolled with a total of 1,232 lots with a projected annual demand of 675 AF/yr. The West Valley had 8 enrollments with 1,123 lots and with a projected demand of 561 AF/yr. No new subdivisions enrolled within the Pinal and Tucson AMA in Q1 2022.

No new Member Service Areas (MSAs) enrolled in Q1 2022 and there were no de-enrollments.

Activation in Q1 2022

The Arizona Department of Real Estate issues a public report allowing the sale of lots within subdivisions. Prior to this report being issued for subdivisions within CAGRD MLs and MSAs, an Activation Fee must be paid to CAGRD per residential unit offered for sale. **Figure 2** shows the recent history of activation lots in Member Lands and Member Service Areas by AMA. MSA lots are represented with crosshatching while ML lots are solid colors by AMA. In Q1 2022, the number of lots activated totaled 5,028 (Member Land lots = 2,823; Member Service Area lots = 2,205). **Table 2** provides a breakdown by AMA of previously enrolled lots that were activated in Q1 2022. By comparison, there were 6,174 units activated in Q1 2021.



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

(Dollars in Thousands)

	1st Quarter 2022				Full Year 2022				Notes	
	Actual	Budget	Variance (\$)	Variance (%)	Projection	Budget	Total Spending Authority	Variance (\$)		Variance (%)
Operating Revenues										
Other revenues	\$ 2,919	\$ 2,927	\$ (8)	(0.3%)	\$ 11,647	\$ 11,706	\$ 11,706	\$ (59)	(0.5%)	A
Total Operating Revenues	<u>\$ 2,919</u>	<u>\$ 2,927</u>	<u>\$ (8)</u>	<u>(0.3%)</u>	<u>\$ 11,647</u>	<u>\$ 11,706</u>	<u>\$ 11,706</u>	<u>\$ (59)</u>	<u>(0.5%)</u>	
Operating Expenses										
Other Operating costs:										
Outside services	\$ (64)	\$ (58)	\$ (6)	(10.3%)	\$ (214)	\$ (229)	\$ (229)	\$ 15	6.6%	B
Other expenses	(1,644)	(2,701)	1,057	39.1%	(10,797)	(10,805)	(10,805)	8	0.1%	C
Total Operating Expenses	<u>(1,708)</u>	<u>(2,759)</u>	<u>1,051</u>	<u>38.1%</u>	<u>(11,011)</u>	<u>(11,034)</u>	<u>(11,034)</u>	<u>23</u>	<u>0.2%</u>	
Net Operating Income/(Loss)	<u>\$ 1,211</u>	<u>\$ 168</u>	<u>\$ 1,043</u>	<u>620.8%</u>	<u>\$ 636</u>	<u>\$ 672</u>	<u>\$ 672</u>	<u>\$ (36)</u>	<u>5%</u>	
Non-operating Revenues/(Expenses)										
Interest income and other	\$ 2	\$ 8	\$ (6)	(75.0%)	\$ 22	\$ 32	\$ 32	\$ (10)	(31.3%)	
Net Non-operating Income/(Loss)	<u>2</u>	<u>8</u>	<u>(6)</u>	<u>(75.0%)</u>	<u>22</u>	<u>32</u>	<u>32</u>	<u>(10)</u>	<u>(31.3%)</u>	
Change in Net Position	1,213	176	1,037	(589.2%)	658	704	704	(46)	6.5%	
Net position at beginning of period	7,933	6,542	1,391	21.3%	7,933	6,542	6,542	1,391	21.3%	
Net position at end of period	<u><u>\$ 9,146</u></u>	<u><u>\$ 6,718</u></u>	<u><u>\$ 2,428</u></u>	<u><u>36.1%</u></u>	<u><u>\$ 8,591</u></u>	<u><u>\$ 7,246</u></u>	<u><u>\$ 7,246</u></u>	<u><u>\$ 1,345</u></u>	<u><u>18.6%</u></u>	

Notes:

- A **Reimbursements and other revenues:** 2022 full year projection is expected to be within budget limits.
- B **Outside Services:** 2022 positive variance of \$15 thousand is due in part to a reduction in the cost of letters of credit, and lower than expected insurance expenses.
- C **Other Expenses:** 2022 underwriting expenses are currently anticipated to be within budget limits.



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

(Dollars in Thousands)

	1st Quarter 2022				Full Year 2022				Notes	
	Actual	Budget	Variance		Projection	Total Spending Authority		Variance		
			(\$)	(%)		(\$)	(%)			
Operating Expenses										
Outside services	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	N/A		
Total Operating Expenses	-	-	-	N/A	-	-	-	N/A		
Non-operating Revenues/(Expenses)										
Interest income / FV Adj	(288)	\$ 33	(321)	(972.7%)	\$ (189)	\$ 132	\$(321)	(243.2%)	A	
Interest expenses and other	0	-	0	N/A	-	-	-	N/A		
Total Non-operating Revenues/(Expenses)	(288)	33	(321)	(972.7%)	(189)	132	(321)	(243.2%)		
Change in Net Position	(288)	33	(321)	(972.7%)	(189)	132	(321)	(243.2%)		
Net position at beginning of period	9,164	9,110	54	0.6%	9,164	9,110	54	0.6%		
Net position at end of period	<u>\$ 8,876</u>	<u>\$ 9,143</u>	<u>(267)</u>	<u>(2.9%)</u>	<u>\$ 8,975</u>	<u>\$ 9,242</u>	<u>\$(267)</u>	<u>(2.9%)</u>		

Notes:

A. YTD and full year unfavorable variance in Fair Value adjustment.



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 2022 are listed in the following table.

2022 CAWCD CAPITAL EXPENDITURES

(Dollars in Thousands)	2022 Projection	2022 Total Spending Authority	Variance
Capital Equipment	\$ 5,905	\$ 5,216	\$ (689)
Capital Projects (by Absolute Variance)			
Coffer Dam Design & Fabricate	-	1,304	1,304
SCADA Replacement Control Center	1,241	2,142	901
Sump Pump Water Level Controls at Pumping Plants	383	1,118	735
Motor Exciters & Control Unit Replacements at West Plants	3,749	4,363	614
Potable Water Skid Replacement	1,392	824	(568)
Electromechanical Relay Replacement Phase 2	2,084	2,617	533
Backup Power Systems Replacement at Checks Turnouts & Microwave Sites	3,824	3,300	(524)
Motor Exciters at Twin Peaks, Sandario, Snyder Hill & Black Mountain	1,058	569	(489)
Transformer McCullough	1,125	1,500	375
All Other Capital Projects	17,290	15,164	(2,126)
Subtotal - Capital Projects	\$ 32,146	\$ 32,901	\$ 755
Total CAWCD Capital Expenditures	\$ 38,051	\$ 38,117	\$ 66

TOTAL CAWCD CAPITAL PROJECTS

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

(Dollars in Thousands)

Capital Projects - Ten Largest

	Projection	Budget	Variance
Motor Exciters & Control Unit Replacements at West Plants	\$ 16,188	\$ 14,760	\$ (1,428)
SCADA Replacement Control Center	15,892	19,215	3,323
Backup Power Systems Replacement at Checks Turnouts & Microwave Sites	13,770	12,286	(1,484)
Fire Protection at San Xavier, Twin Peaks, Sandario, Brawley, Tucson Field Office	11,506	11,321	(185)
Condition-Based Monitoring	11,300	11,312	12
Transformer McCullough	9,591	9,184	(407)
Electromechanical Relay Replacement Phase 2	9,057	14,544	5,487
Fire Protection System Upgrade Mark Wilmer Pumping Plant	8,232	7,962	(270)
Elevator System Replacement (Phase 2)	8,199	8,476	277
HVAC Replacement Headquarters Building 2	6,499	6,530	31



2022 Capital Expenditures Variance Summary

(Dollars in Thousands)

	1st Quarter 2022				Full Year 2022			
	Actual	Budget	Variance (\$)	Variance (%)	Projection	Total Spending Authority	Variance (\$)	Variance (%)
SUMMARY								
Capital & Cost-Shared Expenditures								
Salaries and related costs	\$ 1,051	\$ 996	\$ (55)	(5.5%)	3,910	\$ 4,012	\$ 102	2.5%
Equipment and structures	5,026	5,329	303	5.7%	26,738	26,782	44	0.2%
Other expenses:						-		
Outside services	76	207	131	63.4%	2,940	2,792	(148)	(5.3%)
Materials and supplies & other expenses	87	19	(68)	(358.2%)	223	179	(44)	(24.6%)
Overhead expenses	1,139	1,081	(58)	(5.4%)	4,240	4,352	112	2.6%
Subtotal Other Expenses	1,302	1,307	5	0.4%	7,403	7,323	(80)	(1.1%)
Total Capital	\$ 7,379	\$ 7,632	\$ 253	3.3%	\$ 38,051	\$ 38,117	\$ 66	0.2%

2022 CAWCD Capital Expenditures Variance Detail

(Dollars in Thousands)

Projects	1st Quarter 2022				Full Year 2022				Notes
	Actual	Budget	Variance		Projection	Total Spending Authority	Variance		
			(\$)	(%)			(\$)	(%)	
CAPITAL EQUIPMENT									
Buildings & Structures	\$ -	\$ -	\$ -	-	\$ 50	\$ 50	\$ -	0.0%	
Computer Equipment	1,946	450	(1,496)	(332.4%)	1,949	1,800	(149)	(8.3%)	
Vehicles	280	-	(280)	-	1,109	829	(280)	(33.7%)	
Field & Other Equipment	112	135	23	17.2%	2,545	2,240	(305)	(13.6%)	
Communication Equipment	-	117	117	100.0%	252	297	45	15.2%	
Capital Equipment Total	\$ 2,337	\$ 702	\$ (1,635)	(233.0%)	\$ 5,905	\$ 5,216	\$ (689)	(13.2%)	
<u>2022-2023 Budgeted Projects</u>									
Backup Power Systems Replacement at Checks Turnouts & Microwave Sites	\$ 749	\$ 922	\$ 173	18.8%	\$ 3,824	\$ 3,300	\$ (524)	(15.9%)	
Coffer Dam Design & Fabricate	-	390	390	100.0%	-	1,304	1,304	100.0%	A
Condition-Based Monitoring	27	36	9	25.0%	364	308	(56)	(18.2%)	
Discharge Valves at Bouse Hills, Little Harquahala & Hassayampa Pumping Plants	32	17	(15)	(88.2%)	1,005	979	(26)	(2.7%)	
Electromechanical Relay Replacement Phase 2	205	280	75	26.8%	2,084	2,617	533	20.4%	
Elevator System Replacement (Phase 2)	456	917	461	50.3%	2,948	3,216	268	8.3%	
Fire Hydrant Feeder Valves at Headquarters	45	51	6	11.8%	296	180	(116)	(64.4%)	
Fire Protection CO2 Modifications at Waddell Pumping and Generation Plant	78	19	(59)	(310.5%)	78	19	(59)	(310.5%)	
Fire Protection at San Xavier, Twin Peaks, Sandario, Brawley, Tucson Field Office	39	136	97	71.3%	610	930	320	34.4%	
Fire Protection System Upgrade Mark Wilmer Pumping Plant	102	181	79	43.6%	3,955	4,314	359	8.3%	
Flowmeter Replacement at Turnouts	66	69	3	4.3%	66	104	38	36.5%	
HVAC Replacement Headquarters Building 2	42	74	32	43.2%	612	644	32	5.0%	
HVAC Replacement Mark Wilmer Pumping Plant	886	1,126	240	21.3%	1,737	1,685	(52)	(3.1%)	
Isolation Valves at Black Mountain & Snyder Hill (Pilot)	17	19	2	10.5%	104	101	(3)	(3.0%)	
Machine Shop Overhead Crane Improvements	14	29	15	51.7%	318	29	(289)	(996.6%)	
Motor Exciters & Control Unit Replacements at West Plants	999	1,323	324	24.5%	3,749	4,363	614	14.1%	
Motor Exciters at Twin Peaks, Sandario, Snyder Hill & Black Mountain	44	54	10	18.5%	1,058	569	(489)	(85.9%)	
Network Refresh 2022	13	-	(13)	-	125	125	-	0.0%	
Potable Water Skid Replacement	70	-	(70)	-	1,392	824	(568)	(68.9%)	B
Potable Water at Pinal Field Office	14	38	24	63.2%	283	176	(107)	(60.8%)	
Potable Water System Upgrade at Sandario Pumping Plant	17	317	300	94.6%	425	317	(108)	(34.1%)	
Programmable Logic Controller (PLC) Replacement Waddell	723	296	(427)	(144.3%)	2,001	1,836	(165)	(9.0%)	
SCADA Replacement Control Center	209	324	115	35.5%	1,241	2,142	901	42.1%	C
Sump Pump Water Level Controls at Pumping Plants	88	261	173	66.3%	383	1,118	735	65.7%	D
Switchyard Bus Duct Replacement Waddell Pumping Plant	22	51	29	56.9%	22	51	29	56.9%	
Transformer McCullough	-	-	-	-	1,125	1,500	375	25.0%	
Windows Server Refresh 2022	3	-	(3)	-	150	150	-	0.0%	
Totals - 2022-2023 Budgeted Projects	\$ 4,960	\$ 6,930	\$ 1,970	28.4%	\$ 29,955	\$ 32,901	\$ 2,946	9.0%	

2022 CAWCD Capital Expenditures Variance Detail (cont.)

(Dollars in Thousands)

	1st Quarter 2022				Full Year 2022				Notes
	Actual	Budget	Variance (\$)	Variance (%)	Projection	Total Spending Authority	Variance (\$)	Variance (%)	
Projects Continued									
Projects Without a Budget in 2022									
Canal-Wide CP System Upgrade	-	-	-	-	516	-	(516)	-	-
Conf Rms Network Refrsh	-	-	-	-	200	-	(200)	-	-
Floor Lift Addition TFO	2	-	(2)	-	2	-	(2)	-	-
Microwave System Replacement	41	-	(41)	-	41	-	(41)	-	-
Monitor Well Aguafria Rechrng	2	-	(2)	-	97	-	(97)	-	-
Motor Exciters & Ctrl Repl BDY,PIC,RR	4	-	(4)	-	4	-	(4)	-	-
Roof Replacement BLK/SNY	-	-	-	-	130	-	(130)	-	-
Sand Filter Sys Repl HSY	8	-	(8)	-	16	-	(16)	-	-
Siphon Stop Logs Cunningham/Gila/Santa Cruz	3	-	(3)	-	3	-	(3)	-	-
Substn Hardening Sunvalley	22	-	(22)	-	466	-	(466)	-	-
Swchyd Scurity Hardning Delaney	-	-	-	-	28	-	(28)	-	-
West Entrance Gate HDQ	-	-	-	-	688	-	(688)	-	-
Totals - Projects Without a Budget in 2022	\$ 82	\$ -	\$ (82)	-	\$ 2,191	\$ -	\$ (2,191)	-	
NET CAPITAL	\$ 7,379	\$ 7,632	\$ 253	3.3%	\$ 38,051	\$ 38,117	\$ 66	0.2%	

2022 CAWCD Capital Expenditures Variance Detail

(Dollars in Thousands)

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

- A **Coffer Dam Design & Fabricate:** The project was canceled after it was determined that it was cost prohibitive.
- B **Potable Water Skid Replacement:** Longer than expected equipment procurement of potable water skids has delayed project.
- C **SCADA Replacement Control Center:** Internal Labor was over estimated for 2022 and the SCADA Standards Contract has become more complex than originally anticipated.
- D **Sump Pump Water Level Controls at Pumping Plants:** The project was adjusted to accommodate the design and installation of the new safety platforms before the sensors are installed.

Total CAWCD Capital Projects Variance Detail

(Dollars in Thousands)

Projects	Through 2021	2022 Projection	Remaining Balance	Total Projected	Total Spending Authority	Variance (\$)	(%)	Notes
2022 - 2023 Budgeted Projects								
Backup Power Systems Replacement at Checks Turnouts & Microwave Sites	\$ 5,727	\$ 3,824	\$ 4,219	\$ 13,770	\$ 12,286	(1,484)	(12.1%)	A
Coffer Dam Design & Fabricate	-	-	-	-	2,241	2,241	100.0%	B
Condition-Based Monitoring	8,609	364	2,327	11,300	11,312	12	0.1%	
Discharge Valves at Bouse Hills, Little Harquahala & Hassayampa Pumping Plants	1	1,005	1,739	2,745	2,718	(27)	(1.0%)	
Electromechanical Relay Replacement Phase 2	3,032	2,084	3,941	9,057	14,544	5,487	37.7%	C
Elevator System Replacement (Phase 2)	2,143	2,948	3,108	8,199	8,476	277	3.3%	
Fire Hydrant Feeder Valves at Headquarters	105	296	1,191	1,592	1,272	(320)	(25.2%)	
Fire Protection CO2 Modifications at Waddell Pumping and Generation Plant	1,734	78	1	1,813	1,856	43	2.3%	
Fire Protection at San Xavier, Twin Peaks, Sandario, Brawley, Tucson Field Office	-	610	10,896	11,506	11,321	(185)	(1.6%)	
Fire Protection System Upgrade Mark Wilmer Pumping Plant	908	3,955	3,369	8,232	7,962	(270)	(3.4%)	
Flowmeter Replacement at Turnouts	1,644	66	(1)	1,709	1,690	(19)	(1.1%)	
HVAC Replacement Headquarters Building 2	-	612	5,887	6,499	6,530	31	0.5%	
HVAC Replacement Mark Wilmer Pumping Plant	3,378	1,737	1	5,116	5,117	1	0.0%	
Isolation Valves at Black Mountain & Snyder Hill (Pilot)	224	104	1,955	2,283	2,066	(217)	(10.5%)	
Machine Shop Overhead Crane Improvements	34	318	-	352	294	(58)	(19.7%)	
Motor Exciters & Control Unit Replacements at West Plants	9,798	3,749	2,641	16,188	14,760	(1,428)	(9.7%)	D
Motor Exciters at Twin Peaks, Sandario, Snyder Hill & Black Mountain	-	1,058	349	1,407	1,421	14	1.0%	
Network Refresh 2022	-	125	-	125	125	-	0.0%	
Potable Water Skid Replacement	21	1,392	734	2,147	1,956	(191)	(9.8%)	
Potable Water at Pinal Field Office	-	283	351	634	461	(173)	(37.5%)	
Potable Water System Upgrade at Sandario Pumping Plant	410	425	-	835	775	(60)	(7.7%)	
Programmable Logic Controller (PLC) Replacement Waddell	1,350	2,001	2,663	6,014	5,403	(611)	(11.3%)	
SCADA Replacement Control Center	711	1,241	13,940	15,892	19,215	3,323	17.3%	E
Sump Pump Water Level Controls at Pumping Plants	795	383	970	2,148	2,030	(118)	(5.8%)	
Switchyard Bus Duct Replacement Waddell Pumping Plant	1,682	22	-	1,704	1,913	209	10.9%	
Transformer McCullough	6,466	1,125	2,000	9,591	9,184	(407)	(4.4%)	
Windows Server Refresh 2022	-	150	(147)	3	150	147	98.0%	
Totals - 2022-2023 Budgeted Projects	\$ 48,772	\$ 29,955	\$ 62,134	\$ 140,861	\$ 147,078	\$ 6,217	4.2%	

Total CAWCD Capital Projects Variance Detail (cont.)

(Dollars in Thousands)

Projects Continued	Through 2021	2022 Projection	Remaining Balance	Total Projected	Total Spending Authority	Variance (\$)	(%)	Notes
Projects Without a Budget in 2022								
Canal-Wide CP System Upgrade	\$ -	\$ 516	\$ 13	\$ 529	\$ -	\$ (529)	-	
Conf Rms Network Refrsh	-	200	-	200	-	(200)	-	
Floor Lift Addition TFO	223	2	-	225	-	(225)	-	
Microwave System Replacement	2,012	41	(1)	2,052	-	(2,052)	-	
Monitor Well Aguafria Rechrq	28	97	-	125	-	(125)	-	
Motor Exciters & Ctrl Repl BDY,PIC,RR	5,423	4	-	5,427	-	(5,427)	-	
Roof Replacement BLK/SNY	-	130	989	1,119	1,034	(85)	(8.2%)	
Sand Filter Sys Repl HSY	1,324	16	-	1,340	-	(1,340)	-	
Siphon Stop Logs Cunningham/Gila/Santa Cruz	2,678	3	-	2,681	-	(2,681)	-	
Substn Hardening Sunvalley	2,440	466	-	2,906	-	(2,906)	-	
Swchyd Scurity Hardning Delaney	-	28	590	618	618	-	0.0%	
West Entrance Gate HDQ	-	688	517	1,205	-	(1,205)	-	
Totals - Projects Without a Budget in 2022	\$ 14,128	\$ 2,191	\$ 2,108	\$ 18,427	\$ 1,652	\$ (16,775)	(1015.4%)	
Totals - Budgeted & Unbudgeted	\$ 62,900	\$ 32,146	\$ 64,242	\$ 159,288	\$ 148,730	\$ (10,558)	(7.1%)	

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

- A **Backup Power Sys Replacement-Checks & TOs:** Work delayed in 2020 due to COVID-19 and pushing into 2023 due to Engineering resource constraints. Overall project cost have gone up due to the extended time for work from 2014 now extending into 2023, with the cost of materials, labor and equipment rising.
- B **Coffer Dam Design & Fabricate:** The project was canceled after it was determined that it was cost prohibitive.
- C **Electro Mech Relay Phase 2:** The MWP plant phase has been moved up to accommodate the outage schedule. Project is expanding to include relay management software development & deployment to centrally manage the new equipment deployed. Construction is slated to being Q1 2023.
- D **Motor Exciters & Control Unit Replacements at West Plants:** LHQ construction price and inhouse design hours increased.
- E **SCADA Replacement Control Center:** Internal Labor was over estimated for 2022 and the SCADA Standards Contract has become more complex than originally anticipated.



