

May 19, 2021

Attention: Administrative and Finance Committee

Controller's Report on Monthly Financial Activity. (Information)

Purpose

The purpose of the Controller's Report is to provide summarized financial information on a monthly basis to the Board of Directors.

Financial Information

Attached for review by the Administrative and Finance Committee and the Board of Directors are the following financial documents comprising the Controller's Report:

1. Water Sales Volumes, in acre-feet
2. YOY Water Sales Comparison FY21 and FY20
3. Water Sales Revenues, in millions
4. Water Purchases and Treatment Costs, in millions
5. Budget Status Report
6. Schedule of Cash and Investments

The Multi-Year Budget Status Report compares actual revenues and expenses on a budgetary basis to the period-to-date budget. This report includes the mid-term budget amendments approved by the Board in June 2020. A summary of the Fiscal Years 2020 and 2021 Budget Status Report (in millions) for the twenty-one-month period of July 1, 2019 through March 31, 2021 are as follows:

	For the 21 months ended March 31, 2021				
	FY 2020 & 2021 Amended Budget	21 Months Budget	21 Months Actual	\$ Variance Positive/ (Negative)	% Budget Above/ (Below)
Water Sales	\$ 1,306.9	\$ 1,126.9	\$ 1,018.2	\$ (108.7)	-10%
Water Purchases & Treatment	1,075.5	926.5	828.8	97.7	-11%
Net Water Sales Revenue	231.4	200.4	189.4	(11.0)	-5%
Revenues & Other Income	237.1	197.3	242.4	45.1	23%
Total Revenues	468.5	397.7	431.8	34.1	9%
Total Expenses	449.9	357.2	384.0	(26.8)	8%
Net Revenues Before CIP	18.6	40.5	47.8	7.3	18%
CIP Expenses	162.2	147.4	94.6	52.8	-36%
Net Fund Withdraws	\$ (143.6)	\$ (106.9)	\$ (46.8)	\$ 60.1	-56%

Summary

The Water Authority is twenty-one months into the two-year budget and has a favorable variance of \$60.1 million for the period ending March 31, 2021. The twenty-one-month budget provided for a withdrawal from fund balance of \$106.9 million, but the actual amount required from fund balance was a withdrawal of \$46.8 million. Water sales are below budget by 10 percent and water purchases and treatment costs are below budget by a similar amount as can be seen in the summary table. Actual net water sales revenue was \$189.4 million or 5 percent lower than the

twenty-one-month budget. As of March 2021, other revenues and other expenses were \$45.1 million and \$26.8 million, respectively, higher than budget due to the judgment payment of \$44.4 million received from MWD and then distributed to the 24 member agencies comprising the Water Authority. CIP expenses were \$52.8 million below budget, contributing to a significantly lower draw from fund balance than projected through March. Additional details on these variances follow.

Net Water Sales Revenue

Net Water Sales Revenue is the Water Authority's principal source of revenue and is the difference between the sale of water and the cost of that water. Sales include revenues from variable commodity charges for supply, treatment, and transportation, as well as from fixed charges for customer service, storage, infrastructure access charge, and supply reliability. Cost of water includes payments to the following water suppliers: Metropolitan Water District (MWD), Imperial Irrigation District (IID), and Poseidon Resources (Channelside) LP.

Net Water Sales Revenue for the twenty-one-month period ended March 31, 2021 was \$189.4 million, or 5 percent lower than the budgeted amount of \$200.4 million. Actual Water Purchase and Treatment Costs were lower than budgeted by 11 percent due to lower than projected water sales of 10 percent. Detailed information relating to Net Water Sales Revenue is described below and shown on Attachments 1, 2, 3, and 4.

Total acre-feet (AF) of water sold was budgeted at 720,510 AF. Actual water sales volume was 634,728 AF or 12 percent less than budgeted due to lower demand (Attachment 1). The actual water sales for the month of March 2021 is 280,721 AF, or 5.5 percent higher than the water sales of March 2020 of 266,012 AF (Attachment 2). Total Water Sales Revenue was \$1,018.2 million or 10 percent lower than the budget of \$1,126.9 million (Attachment 3). Reduced water sales continued through this reporting period and cumulatively are lower due to (1) member agencies using more local surface water supplies than anticipated, (2) the demand dampening effects of significant local rainstorms experienced over the November, December, and April months of Fiscal Year 2020 and (3) pandemic related economic downturn adversely impacting water demands.

Total Water Purchases and Treatment costs were budgeted at \$926.5 million. Actual costs were \$828.8 million or 11 percent lower than budgeted (Attachment 4). This cost category included \$217.5 million for 322,501 AF of water purchased from IID, \$226.9 million for MWD's conveyance charges related to IID, Coachella Canal and All-American Canal water, and \$211.4 million of water purchased from Poseidon Resources (Channelside) LP.

Revenues and Other Income

As shown in Attachment 5, total Revenues and Other Income were budgeted at \$197.3 million for the twenty-one-month period ended March 31, 2021. Actual revenues were \$242.4 million or \$45.1 million higher than budget.

Actual revenues materially higher than the twenty-one-month budget include the following:

- Other Income: \$47.3 million higher than budgeted due to the judgment payment of \$44.4 million received from MWD, contracted shortfall payment revenues received from Poseidon for the months of May through July, and due to other miscellaneous revenue reimbursements
- Capacity Charges: \$3.8 million higher than anticipated due to an increase in the number of building permits issued for water services throughout the county
- Property Taxes: \$2.8 million higher than anticipated due to increased property values
- Contributions in Aid of CIP: \$1.4 million higher than budgeted due to a capital grant received relating to the DWR Prop 50 Desal Relining Project K0304

Actual revenues materially lower than the twenty-one-month budget include the following:

- Grant Reimbursements: \$10.8 million lower than budgeted due to an 18-month extension granted by DWR for the IRWM projects due to pandemic related delays along with permitting and environmental delays affecting construction, and to a lesser extent timing of reimbursements from the state of California's Department of Water Resources
- Hydroelectric Revenue: \$0.7 million lower than budgeted due to reduced water demands and an unplanned 3-month outage on one of two generating units at the Lake Hodges Hydroelectric facility in Fiscal Year 2020

Expenses

As shown in Attachment 5, total Expenses were budgeted at \$357.2 million for the twenty-one-month period ended March 31, 2021. Actual expenses were \$384.0 million or \$26.8 million higher than budget.

Actual expenses materially higher than the twenty-one-month budget include the following:

- Other Expenses: \$47.1 million higher than budgeted primarily due to the judgment payment of \$44.4 million received from MWD that was rebated to the 24 member agencies, engineering and construction project costs related to the MWD Skinner bypass line completed in Fiscal Year 2021, along with increased compensated absences accruals (vacation and sick leaves) for employee leaves not yet taken, and lastly, costs related to developer deposits and grants program administration costs that were already reimbursed. (Generally Accepted Accounting Principles require that revenues and expenses be shown gross and not net, and so some of the Other Income reported above directly offsets Other Expenses)

Actual expenses materially lower than the twenty-one-month budget include the following:

- Grant Expenses: \$12.8 million lower than budgeted similar to the reduction in grant revenues because of the DWR 18-month project extension along with construction and implementation delays for the IRWM projects. There have also been more advance funded grants thereby increasing revenues without the matching expenses being received until later dates.
- Operating Departments: \$5.2 million lower than budgeted due to effects of implementing a hiring freeze, suspending most travel, limiting training to critical needs and reducing professional services costs; the Operating Department budgets include contributions for

pension and OPEB benefits, but these expenses can vary significantly once actuarial reports are received (based on updated assumptions and experience studies), and so there was an additional \$4.1 million charge related to pensions in Fiscal Year 2020 that will be paid through increased contributions in future years. Adjustments, if any, related to Fiscal Year 2021 will not be known until June.

- Equipment Replacement: \$2.1 million lower than budgeted due to the deferral of purchases; it is anticipated that this same amount of savings will carry through Fiscal Year 2021

CIP Expenses

Attachment 5 shows CIP Expenses were budgeted at \$147.4 million for the twenty-one-month period ended March 31, 2021. Actual expenses were \$94.6 million or \$52.8 million lower than budget due to the deferral of projects. It is projected that CIP expenses for both years will approximate \$117 million resulting in about \$45 million in savings.

Cash and Investments

As of March 31, 2021, the Water Authority's cash and investments balance was \$304.0 million, approximately 92 percent unrestricted funds with the remaining 8 percent of funds restricted for specific purposes (Attachment 6). This includes \$44.4 million received from MWD in February as noted above but paid in March to the member agencies. The Water Authority Treasurer pools the cash of the Pay-As-You-Go Fund with total unrestricted funds to maximize investment returns. The Rate Stabilization Fund (RSF) cash and investments balance was \$122.4 million, representing approximately 165 percent of the targeted value of \$74.3 million and 116 percent of the maximum balance of \$105.2 million. In June 2018, the Water Authority Board approved a multi-year refinement to its RSF methodology. FY 2021 will reflect the final adjustment to this methodology, and, as such, the current fund balances are expected to exceed target/maximum levels. The CY 2021 Rate Study forecasted future withdrawals to provide rate smoothing and align balances within the revised target levels.

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Reviewed by: Geena Xiaoqing Balistreri, CPA, Accounting Supervisor

Approved by: Christopher Woidzik, CPA, Controller

Attachments:

Attachment 1 – Water Sales Volumes

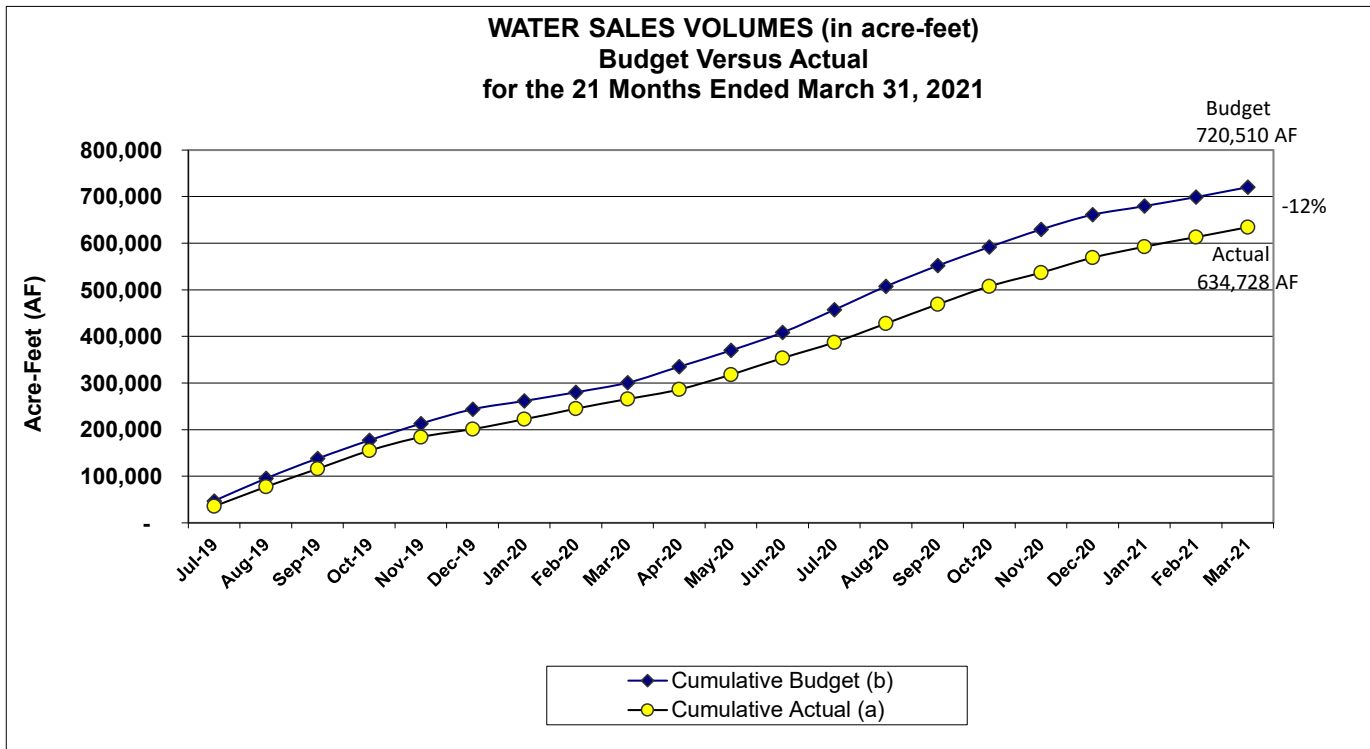
Attachment 2 – YOY Water Sales Comparison FY21 and FY20

Attachment 3 – Water Sales Revenues

Attachment 4 – Water Purchases and Treatment Costs

Attachment 5 – Budget Status Report

Attachment 6 – Schedule of Cash and Investments



*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2020 and 2021.

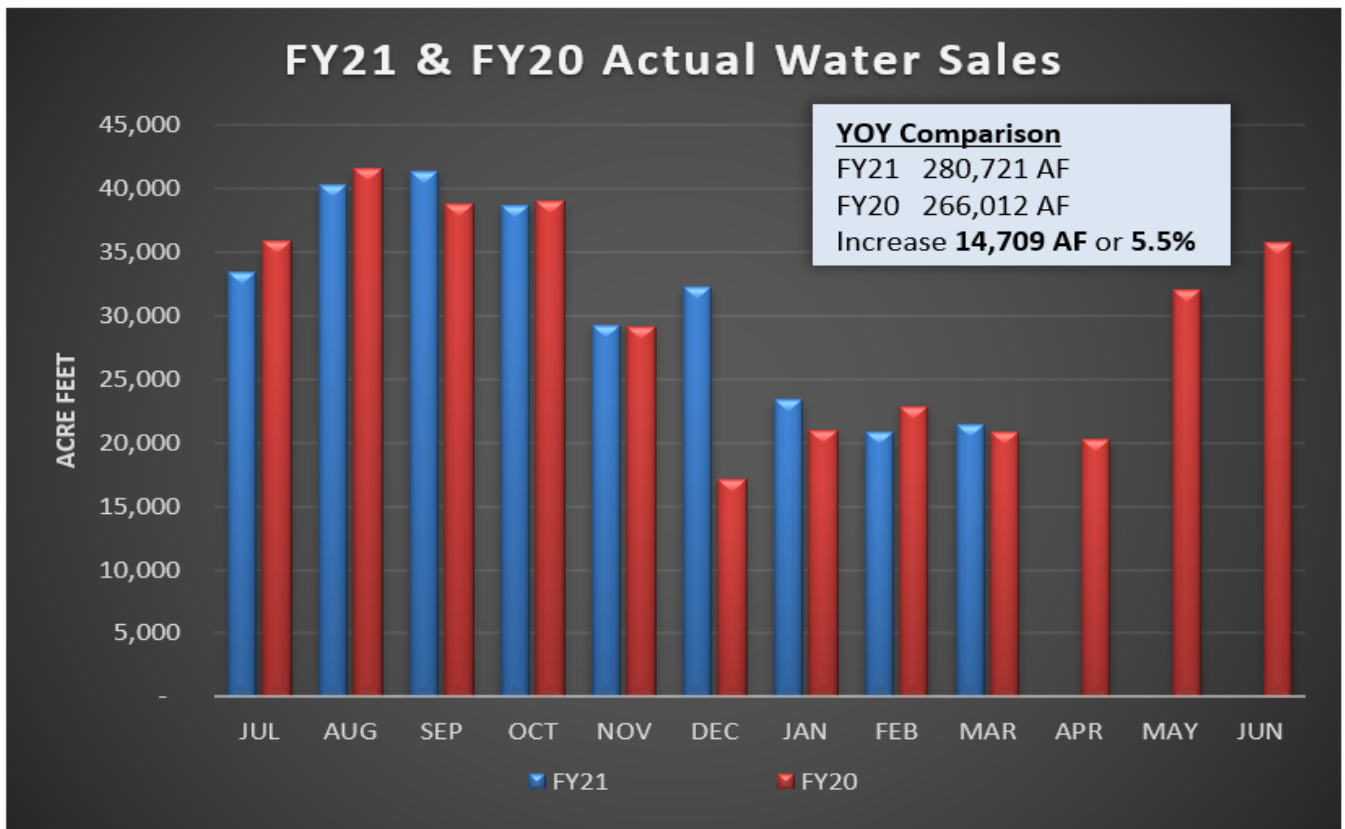
Fiscal Year 2020 Cumulative Water Sales (AF)

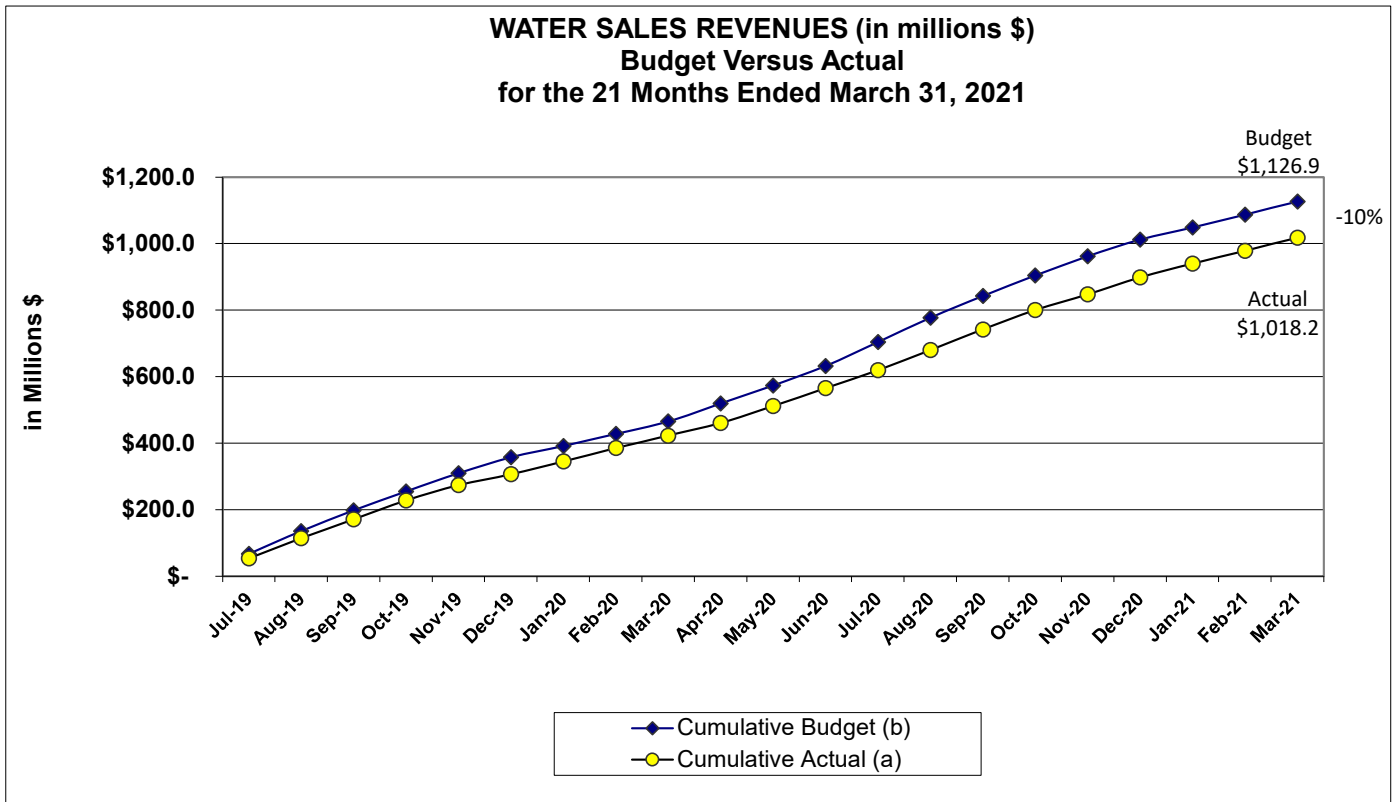
Months	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Monthly Actual	35,833	41,541	38,774	39,000	29,132	17,061	20,999	22,838	20,834	20,265	32,015	35,715
Cumulative Actual (a)	35,833	77,374	116,148	155,148	184,280	201,341	222,340	245,178	266,012	286,277	318,292	354,007
Monthly Budget	47,103	48,614	42,568	38,728	36,236	30,476	17,689	19,119	20,344	34,602	34,602	38,443
Cumulative Budget (b)	47,103	95,717	138,285	177,013	213,249	243,725	261,414	280,533	300,877	335,479	370,081	408,524
AF Difference (c) (a-b)	(11,270)	(18,343)	(22,137)	(21,865)	(28,969)	(42,384)	(39,074)	(35,355)	(34,865)	(49,202)	(51,789)	(54,517)
% Difference (c/b)	-24%	-19%	-16%	-12%	-14%	-17%	-15%	-13%	-12%	-15%	-14%	-13%

Fiscal Year 2021 Cumulative Water Sales (AF)

Months	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Monthly Actual	33,361	40,274	41,381	38,700	29,240	32,205	23,341	20,823	21,396	-	-	-
Cumulative Actual (a)	33,361	73,635	115,016	153,716	182,956	215,161	238,502	259,325	280,721	-	-	-
Monthly Budget	48,841	50,409	44,141	40,157	37,574	31,601	18,342	19,826	21,095	35,879	35,879	39,721
Cumulative Budget (b)	48,841	99,250	143,391	183,548	221,122	252,723	271,065	290,891	311,986	347,865	383,744	423,465
AF Difference (c) (a-b)	(15,480)	(25,615)	(28,375)	(29,832)	(38,166)	(37,562)	(32,563)	(31,566)	(31,265)	-	-	-
% Difference (c/b)	-32%	-26%	-20%	-16%	-17%	-15%	-12%	-11%	-10%	-	-	-

	FY20	FY21 through Mar-21	Total
Budget	408,524	311,986	720,510
Actual	354,007	280,721	634,728
Difference	(54,517)	(31,265)	(85,782)
% Difference	-13%	-10%	-12%





*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2020 and 2021.

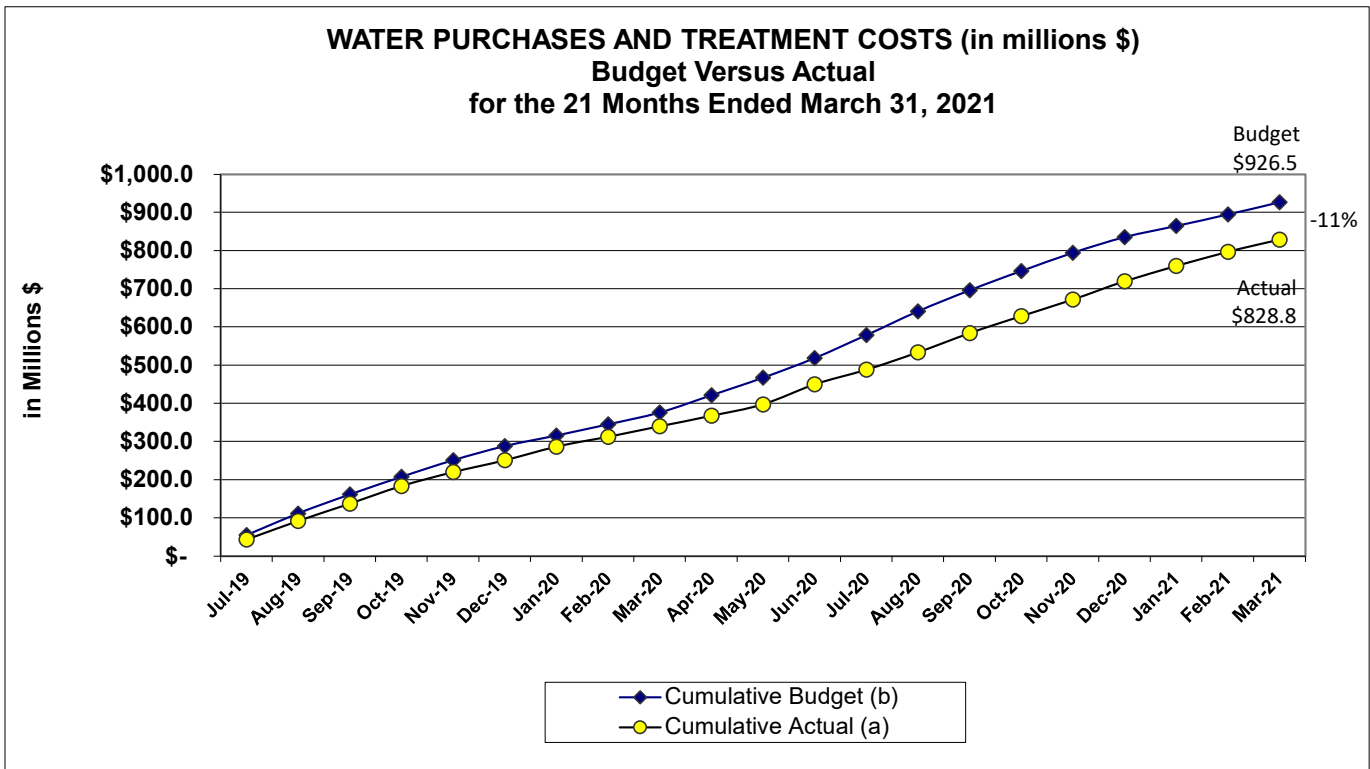
Fiscal Year 2020 Cumulative Water Sales (in millions \$)

Months	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Monthly Actual	\$ 54.2	\$ 60.3	\$ 56.8	\$ 56.9	\$ 45.9	\$ 32.6	\$ 38.5	\$ 40.3	\$ 37.5	\$ 37.9	\$ 51.1	\$ 53.8
Cumulative Actual (a)	\$ 54.2	\$ 114.5	\$ 171.3	\$ 228.2	\$ 274.1	\$ 306.7	\$ 345.2	\$ 385.5	\$ 423.0	\$ 460.9	\$ 512.0	\$ 565.8
Monthly Budget	\$ 67.4	\$ 68.9	\$ 61.7	\$ 57.5	\$ 54.5	\$ 47.7	\$ 34.4	\$ 35.9	\$ 37.4	\$ 54.0	\$ 54.3	\$ 58.9
Cumulative Budget (b)	\$ 67.4	\$ 136.3	\$ 198.0	\$ 255.5	\$ 310.0	\$ 357.7	\$ 392.1	\$ 428.0	\$ 465.4	\$ 519.4	\$ 573.7	\$ 632.6
AF Difference (c) (a-b)	\$ (13.2)	\$ (21.8)	\$ (26.7)	\$ (27.3)	\$ (35.9)	\$ (51.0)	\$ (46.9)	\$ (42.5)	\$ (42.4)	\$ (58.5)	\$ (61.7)	\$ (66.8)
% Difference (c/b)	-20%	-16%	-13%	-11%	-12%	-14%	-12%	-10%	-9%	-11%	-11%	-11%

Fiscal Year 2021 Cumulative Water Sales (in millions \$)

Months	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Monthly Actual	\$ 53.6	\$ 60.9	\$ 62.0	\$ 58.3	\$ 47.4	\$ 50.8	\$ 41.6	\$ 38.4	\$ 39.4	\$ -	\$ -	\$ -
Cumulative Actual (a)	\$ 53.6	\$ 114.5	\$ 176.5	\$ 234.8	\$ 282.2	\$ 333.0	\$ 374.6	\$ 413.0	\$ 452.4	\$ -	\$ -	\$ -
Monthly Budget	\$ 71.7	\$ 73.3	\$ 65.5	\$ 61.0	\$ 57.7	\$ 50.6	\$ 36.5	\$ 38.3	\$ 39.7	\$ 58.2	\$ 58.3	\$ 63.5
Cumulative Budget (b)	\$ 71.7	\$ 145.0	\$ 210.5	\$ 271.5	\$ 329.2	\$ 379.8	\$ 416.3	\$ 454.6	\$ 494.3	\$ 552.5	\$ 610.8	\$ 674.3
AF Difference (c) (a-b)	\$ (18.1)	\$ (30.5)	\$ (34.0)	\$ (36.7)	\$ (47.0)	\$ (46.8)	\$ (41.7)	\$ (41.6)	\$ (41.9)			
% Difference (c/b)	-25%	-21%	-16%	-14%	-14%	-12%	-10%	-9%	-8%			

	FY20	FY21 through Mar-21	Total
Budget	\$ 632.6	\$ 494.3	\$ 1,126.9
Actual	565.8	452.4	1,018.2
Difference	\$ (66.8)	\$ (41.9)	\$ (108.7)
% Difference	-11%	-8%	-10%



*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2020 and 2021, as amended by the Board.

Fiscal Year 2020 Cumulative Cost of Water Purchases and Treatment (in millions \$)

Months	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Monthly Actual	\$ 43.6	\$ 48.4	\$ 45.5	\$ 45.9	\$ 36.6	\$ 30.8	\$ 35.8	\$ 26.1	\$ 27.1	\$ 27.7	\$ 29.9	\$ 52.4
Cumulative Actual (a)	\$ 43.6	\$ 92.0	\$ 137.5	\$ 183.4	\$ 220.0	\$ 250.8	\$ 286.6	\$ 312.7	\$ 339.8	\$ 367.5	\$ 397.4	\$ 449.8
Monthly Budget	\$ 55.4	\$ 56.2	\$ 49.7	\$ 46.4	\$ 43.2	\$ 37.1	\$ 28.0	\$ 29.3	\$ 30.6	\$ 45.5	\$ 45.8	\$ 51.3
Cumulative Budget (b)	\$ 55.4	\$ 111.6	\$ 161.3	\$ 207.7	\$ 250.9	\$ 288.0	\$ 316.0	\$ 345.3	\$ 375.9	\$ 421.4	\$ 467.2	\$ 518.5
AF Difference (c) (a-b)	\$ (11.8)	\$ (19.6)	\$ (23.8)	\$ (24.3)	\$ (30.9)	\$ (37.2)	\$ (29.4)	\$ (32.6)	\$ (36.1)	\$ (53.9)	\$ (69.8)	\$ (68.7)
% Difference (c/b)	-21%	-18%	-15%	-12%	-12%	-13%	-9%	-9%	-10%	-13%	-15%	-13%

Fiscal Year 2021 Cumulative Cost of Water Purchases and Treatment (in millions \$)

Months	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Monthly Actual	\$ 38.2	\$ 45.9	\$ 49.9	\$ 44.8	\$ 43.6	\$ 47.4	\$ 40.1	\$ 37.2	\$ 31.9	\$ -	\$ -	\$ -
Cumulative Actual (a)	\$ 38.2	\$ 84.1	\$ 134.0	\$ 178.8	\$ 222.4	\$ 269.8	\$ 309.9	\$ 347.1	\$ 379.0	\$ -	\$ -	\$ -
Monthly Budget	\$ 60.4	\$ 62.2	\$ 54.8	\$ 50.9	\$ 47.5	\$ 41.1	\$ 28.9	\$ 30.5	\$ 31.7	\$ 47.9	\$ 48.1	\$ 53.0
Cumulative Budget (b)	\$ 60.4	\$ 122.6	\$ 177.4	\$ 228.3	\$ 275.8	\$ 316.9	\$ 345.8	\$ 376.3	\$ 408.0	\$ 455.9	\$ 504.0	\$ 557.0
AF Difference (c) (a-b)	\$ (22.2)	\$ (38.5)	\$ (43.4)	\$ (49.5)	\$ (53.4)	\$ (47.1)	\$ (35.9)	\$ (29.2)	\$ (29.0)			
% Difference (c/b)	-37%	-31%	-24%	-22%	-19%	-15%	-10%	-8%	-7%			

	FY20	FY21 through Mar-21	Total
	Budget	\$ 518.5	\$ 408.0
Actual	449.8	379.0	828.8
Difference	\$ (68.7)	\$ (29.0)	\$ (97.7)
% Difference	-13%	-7%	-11%

San Diego County Water Authority
Fiscal Years 2020 and 2021 Budget Status Report
For the 21 Months Ended March 31, 2021
Unaudited

[A]	[B]	[C]	Revenues = [-B + C] Expenses = [B - C]	[C / A]	
FY 2020 & 2021 (21 months - 88%)					
FY 2020 & 2021 Amended Budget	21 Months Period-to-Date Amended Budget (a)	21 Months Period-to-Date Actual	Variance Positive (Negative)	Actual to FY 2020 & 2021 Amended Budget	
Net Water Sales Revenue					
Water Sales	\$ 1,306,919,000	\$ 1,126,935,012 (b)	\$ 1,018,193,274	\$ (108,741,738)	78%
Water Purchases & Treatment	1,075,463,402	926,518,343 (b)	828,776,212	97,742,131	77%
Total Net Water Sales Revenue	231,455,598	200,416,670	189,417,062	(10,999,608)	82%
Revenues and Other Income					
Infrastructure Access Charges	81,656,000	68,947,348	69,060,255	112,907	85%
Property Taxes and In-Lieu Charges	28,304,000 (c)	23,016,219 (n)	25,809,152	2,792,933	91%
Investment Income	11,501,000 (d)	10,062,308 (n)	10,736,077	673,770	93%
Hydroelectric Revenue	7,350,000 (e)	6,431,250	5,719,787	(711,463)	78%
Grant Reimbursements	27,327,000	24,070,084 (n)	13,244,431	(10,825,653)	48%
Build America Bonds Subsidy	21,104,000	18,469,486	18,611,261 (l)	141,775	88%
Other Income	2,528,000	2,462,000 (n)	49,810,934 (o)	47,348,934	1970%
Capital Contributions:					
Capacity Charges	33,220,000 (f)	24,505,965 (n)	28,327,990	3,822,025	85%
Water Standby Availability Charges	22,221,000 (g)	17,998,815 (n)	18,343,490	344,675	83%
Contributions in Aid of Capital Improvement Program (CIP)	1,855,000 (h)	1,300,000 (n)	2,725,500	1,425,500	147%
Total Revenues and Other Income	237,066,000	197,263,474	242,388,877	45,125,403	102%
Total Revenues	468,521,598	397,680,144	431,805,939	34,125,795	92%
Expenses					
Debt Service	297,432,000 (i)	223,354,965 (n)	223,261,822	93,143	75%
QSA Mitigation	4,711,000 (j)	4,710,889 (n)	4,710,889	-	100%
Equipment Replacement	6,024,000	4,712,969 (n)	2,616,753	2,096,216	43%
Grant Expenses	26,323,000	23,784,844 (n)	10,974,814	12,810,030	42%
Other Expenses	3,888,000	3,477,000	50,552,242 (o)	(47,075,242)	1300%
Operating Departments (see below)	111,503,285 (k)	97,146,653	91,898,058	5,248,595	82%
Total Expenses	449,881,285	357,187,320	384,014,578	(26,827,258)	85%
Net Revenues Before CIP	\$ 18,640,313	\$ 40,492,824	\$ 47,791,361	\$ 7,298,537	256%
CIP Expenses*	\$ 162,222,000	\$ 147,431,734 (n)	\$ 94,559,121	\$ 52,872,613	58%
Net Fund Withdraws	\$ (143,581,687) (m)	\$ (106,938,910)	\$ (46,767,760)	\$ 60,171,150	33%

*(CIP Expenses are all funded by Pay-As-You-Go Fund)

Operating Departments Detail					
Administrative Services	\$ 13,611,163	\$ 11,835,357	\$ 11,001,554	\$ 833,803	81%
Colorado River Program	3,458,721	3,015,542	2,587,650	427,892	75%
Engineering	8,007,603	6,978,654	6,860,950	117,704	86%
Finance	5,480,705	4,758,673	4,488,911	269,762	82%
General Counsel	6,689,550	6,021,708	5,145,394	876,314	77%
General Manager & Board of Directors	6,816,751	6,210,500	5,637,252	573,247	83%
Government Relations	1,351,581	1,013,686	671,204	342,482	50%
Human Resources	1,551,617	1,163,713	882,488	281,225	57%
MWD Program	4,045,097	3,529,349	3,005,521	523,828	74%
Operations & Maintenance	42,710,716	37,263,383	34,159,678	3,103,705	80%
Public Affairs	7,270,725	6,367,851	5,570,641	797,210	77%
Water Resources	10,509,056	8,988,240	7,762,978	1,225,262	74%
Actuarial amounts related to Pensions/OPEB	-	-	4,123,837	(4,123,837)	---
Total Operating Departments	\$ 111,503,285	\$ 97,146,653	\$ 91,898,058	\$ 5,248,595	82%

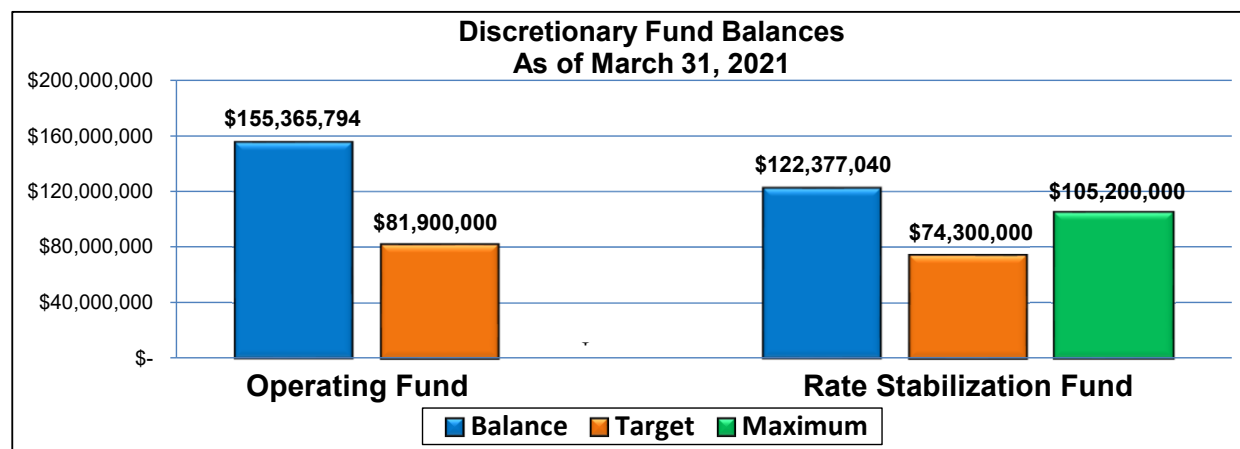
**San Diego County Water Authority
Fiscal Years 2020 and 2021 Budget Status Report
For the 21 Months Ended March 31, 2021**

Notes to the Budget Status Report:

- a) Period-to-date budgeted amounts are 21/24ths (88%) of Fiscal Years 2020 and 2021 amended budget unless noted.
- b) Water sales and water purchases period-to-date budgeted amounts are based on projected acre-feet calculated per month.
- c) Property taxes are primarily received in December and April. In-lieu charges in the amount of \$625,709 for Fiscal Year 2020 and \$642,733 for Fiscal Year 2021 are received quarterly from the City of San Diego.
- d) Investment income excludes unrealized gains/losses, which are non-cash transactions.
- e) Hydroelectric revenue budget amount includes Rancho Penasquitos Hydro-generation and Pressure Control Facility (Rancho Hydro) and Lake Hodges Pumped Storage Facility (Hodges Hydro).
- f) Capacity charges are primarily received in July, October, January and April, after the quarterly period ends, and accrued revenue are recorded for the quarter ending June.
- g) Water standby availability charges are primarily received in January and May.
- h) Contributions in aid of capital improvement program include planned reimbursements for miscellaneous projects.
- i) Bonds and Certificates of Participation debt service payments are due semi-annually on November 1 and May 1. Pipeline Bonds, Series 2019 debt service payments are due semi-annually on July 1 and January 1. Debt Service includes principal, interest expense, and debt service fees. Amortization expense relating to long-term debt, such as discounts, premiums, and deferred gain/loss on refunding are excluded because they are non-cash transactions. Short-term debt for Commercial Paper are paid monthly.
- j) QSA Mitigation includes: 1) Fiscal Year 2020 contributions of \$1,750,000 due July 1 and \$1,060,053 due December 31; and 2) Fiscal Year 2021 contributions of \$850,000 due July 1 and \$1,050,836 due December 31.
- k) Amounts include capital equipment purchases included in the project budget.
- l) The semi-annual subsidy payments from the United States Treasury equal to 35 percent of the interest payable on the Series 2010B Bonds were reduced under Congressionally-mandated sequestration.
- m) Represents withdraws from fund balances.
- n) Period-to-date budgeted amounts adjusted based on items occurring on a periodic basis.
- o) This includes the \$44.4 million MWD settlement payment. The monies received by the Water Authority were disbursed to the Member Agencies.

San Diego County Water Authority
Schedule of Cash and Investments
As of March 31, and February 28, 2021
Unaudited

	<u>March</u>	<u>February</u>	<u>Target</u>
Operating Fund	\$ 155,365,794	\$ 195,512,851 ⁽²⁾	\$ 81,900,000
Equipment Replacement Fund	1,905,694	1,919,990	
Canal Maintenance Fund	238,494	221,827	
Rate Stabilization Fund	122,377,040	122,085,750	\$ 74,300,000
Total Unrestricted Funds ⁽¹⁾	92% 279,887,022	92% 319,740,418	
Pay-As-You-Go Fund ⁽¹⁾	1,962,436	6,025,500	
Debt Service Reserve Funds	22,193,650	22,220,610	
Total Restricted Funds	8% 24,156,086	8% 28,246,110	
Total Cash and Investments	\$ 304,043,108	\$ 347,986,528	

**Note:**

⁽¹⁾ Total Unrestricted Funds and the Pay-As-You-Go Fund represent the Pooled Funds in the Treasurer's Report.

⁽²⁾ This includes the \$44.4 million MWD settlement payment received in February but was paid in March to the Member Agencies.

Reserve Fund Categories

Operating Fund: The Water Authority's working capital and emergency operating reserve. The Operating Fund's policy requires 45 days of average annual operating expenses to be kept in reserves as assessed on an annual basis.

Stored Water Fund (SWF): This fund provides working capital to purchase water inventory necessary to fully utilize the Water Authority's storage facilities. A 70,000 acre-feet target was established for Carryover Storage inventory along with a maximum of 100,000 acre-feet, which is the storage capacity. The SWF is to only hold a cash position if the cost to replace the target amount is below the current value of water inventory in the fund.

Equipment Replacement Fund (ERF): The ERF is funded by transfers from the Operating Fund for capital equipment purchases such as computers, vehicles, and SCADA systems and is used to replace equipment which has reached the end of its effective useful life.

Canal Maintenance Fund: This fund provides for the large periodic maintenance expenses of the All-American and Coachella Canals that is estimated to occur every five to eight years.

Rate Stabilization Fund (RSF): The RSF holds the water revenues greater than expenditures in years of strong water sales. Funds can then be used to mitigate "rate shock" in years of weak water sales and/or to manage debt service coverage. The RSF target balance is equal to the financial impact of 2.5 years of wet weather or mandatory restrictions and the maximum fund balance is equal to the financial impact of 3.5 years of wet weather or mandatory restrictions. The current balance in this fund represents approximately 165% of the targeted value of \$74.3 million and 116% of the maximum balance of \$105.2 million.

Pay-As-You-Go Fund (PAYGO): The PAYGO fund collects Capacity Charges and Water Standby Availability Charges to be used to pay for the cash portion of the CIP. The funds are dedicated for construction outlays as well as debt service.

Debt Service Reserve Fund: This fund contains the required legal reserve for Water Authority debt issues. Such reserves are held for the purpose of making an issue's annual debt service payments in the event the Water Authority should be unable to make such payments. The funds are held by trustees and interest earned is transferred into the Operating Fund and is not restricted.