



Central Arizona Water Conservation District

Annual Comprehensive Financial Report For the Fiscal Year Ended December 31, 2021



CAP

CENTRAL ARIZONA PROJECT

Central Arizona Water Conservation District
(a Multi-County Water Conservation District
and Municipal Corporation)



Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2021

Prepared By:
Central Arizona Project
Finance and Accounting Department
Douglas A. Dunlap, CPA, Finance and Accounting Manager



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CENTRAL ARIZONA PROJECT

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021

INTRODUCTORY SECTION

Letter of Transmittal.....	i
Board of Directors.....	viii
District Management.....	ix
Certificate of Achievement for Excellence in Financial Reporting.....	x
Table of Organization.....	xi

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis	5

BASIC FINANCIAL STATEMENTS

Statement of Net Position	22
Statement of Revenues, Expenses, and Changes in Net Position	24
Statement of Cash Flows.....	25
Notes to Financial Statements	29

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of the District Contributions in the Arizona State Retirement System Plan	76
Note to Required Supplementary Information	78
Schedule of the District's Changes in Total OPEB Liability	79

SUPPLEMENTARY INFORMATION

Combining Schedule of Net Position – By Fund and Account	82
Combining Schedule of Revenues, Expenses and Changes in Net Position – by Fund and Account	86

STATISTICAL SECTION

Net Position by Component – Last Ten Years	90
Change in Net Position – Last Ten Years	92
Set Water Delivery Rates for Various Classes of Water Service – Last Ten Years	94
Central Arizona Groundwater Replenishment District Assessment Rates – Last Ten Years.....	96
Acre/Feet of Water Delivered by Water Customer Type – Last Ten Years.....	98
Principal Revenue Payers (Dollars) – Annual Top Ten – Last Ten Years	100
Acre/Feet of Water Delivered by Customer Type – Top Ten Customers – Last Ten Years.....	102
Schedule of Customer Activity – Water Delivery Charges and Capital Charges.....	108
Schedule of Ad Valorem Property Tax – Full Cash Value and Assessed Value – Last Ten Years.....	112
Schedule of Ad Valorem Property Tax – Tax Levy and Collections – Last Ten Years.....	113
Revenue Bonds and Pledged Revenue – Last Ten Years	114
Federal Payment Obligation (Dollars) – Last Ten Years	116
Demographic and Economic Statistics – Last Ten Years	118
Major Employers – State of Arizona.....	119
Area Growth by County – Last Ten Years.....	120
Central Arizona Project System Map	121
Capital Asset Statistics – Last Ten Years.....	122
Full-Time Equivalent Employees by Function/Program – Last Ten Years	124



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CENTRAL ARIZONA PROJECT



April 11, 2022

TO OUR BOARD, STAKEHOLDERS AND CONSTITUENTS:

I am pleased to submit the annual comprehensive financial report (Annual Report) for the Central Arizona Water Conservation District (CAWCD, District, Central Arizona Project or CAP) for the fiscal year ended December 31, 2021.

This submission is our eleventh Financial Report prepared under the guidelines of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program.

This report has been prepared by the CAWCD Finance and Accounting Department. Management is responsible for the accuracy and completeness of the report, including the reliability of information and fairness of presentation. All appropriate disclosures necessary to enable the reader to gain an understanding of the District's financial position and results of operation have been included.

To the best of our knowledge and belief, this report is accurate and complete in all material respects and prepared in a way to fairly present the financial position and results of operation of the District in conformance with accounting principles generally accepted in the United States of America. Management has established a comprehensive internal control framework designed to protect the District's assets and provide sufficient reliable information to allow the preparation of this report. Because the cost of internal controls should not outweigh their anticipated benefits, the District's internal control framework is designed to provide reasonable rather than absolute assurance that this report is free of material misstatement.

The District's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The independent auditors issued an unmodified opinion, which appears at the beginning of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' opinion, and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A is complementary to this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE DISTRICT

In the early 20th century, Arizona's leaders knew the state's future depended on a water supply that was secure, stable and renewable. They pursued that vision and in 1968, President Lyndon B. Johnson signed the Colorado River Basin Project Act, which authorized construction of the Central Arizona Project (CAP) by the U.S. Department of the Interior's Bureau of Reclamation.

The CAP is a 336-mile system that brings Colorado River water to central and southern Arizona, is the state's single largest renewable water supply and serves 80% of the state's population. It provides a way for 1.5 million acre-feet of Arizona's Colorado River allotment to be delivered to the most populous areas of the state and reduce the use of groundwater for farming and other activities. In 1971, the Central Arizona Water Conservation District was created to provide Arizona a means to repay the federal government for the reimbursable costs of construction and to manage and operate the physical system.

CAWCD is governed by a 15-member popularly elected Board of Directors. CAWCD Board members are elected from Maricopa (10), Pima (4) and Pinal (1) counties, serving staggered six-year terms. The Board regularly meets one to two times per month and adheres to all open meeting laws.

CAWCD's daily operations are managed by nearly 500 professionals who are responsible for system maintenance and operations, repayment obligations, public outreach and engaging in water resource management programs related to the CAP.

CAWCD has more than 80 long-term water users that fall into three user groups. They use the CAP's Colorado River water to run businesses, water crops and maintain households, all of which are critical to the quality of life in Arizona.

Native American Tribes

Through a contract with the U.S. Department of the Interior, the CAP delivers water to Native American Tribes in central and southern Arizona. The tribes may use their water in their community or lease it to others.

Municipal and Industrial

Through subcontracts with the U.S. Department of the Interior and CAWCD, the CAP delivers "raw" water to cities and water utilities that then treat the water they deliver to customers.

Agricultural

CAWCD's agricultural water users are primarily large irrigation districts that deliver water to farmers. Through the Arizona Water Settlement Act, Agriculture has access to up to 300,000 acre-feet of excess water (water available after the contracts and subcontracts orders are met).

CAWCD has statutory responsibilities to provide groundwater replenishment services through the Central Arizona Groundwater Replenishment District (CAGRDR). CAGRDR has a statutory obligation to replenish groundwater used by members in CAP's three-county service area. Created in 1993, CAGRDR must replenish groundwater withdrawals made by new developments enrolled in the CAGRDR, and water providers and homeowners agree to pay the cost to replenish any amount of groundwater pumped beyond limitations set by the state.

Relationships

CAWCD establishes and maintains collaborative relationships with water users, tribal nations and regional, state and federal agencies. These relationships help CAWCD respond to emerging issues affecting the District and its stakeholders and advance the understanding of policy issues important to CAP operations and the entire state.

Since 2009, CAWCD has had water orders in excess of the available supply and it is expected that this situation will continue. In light of shortage preparation, CAWCD, in coordination with its customers and the Department of Water Resources, has been forbearing some of its water entitlement and leaving it in Lake Mead. In 2018 and 2019, CAWCD and the Arizona Department of Water Resources led Arizona on its development of a Drought Contingency Plan (DCP). DCP is a set of agreements developed through a collaborative process amongst the federal government, seven Basin states, water users and Mexico designed to protect the Colorado River system through voluntary reductions and increased conservation. While it will not prevent a shortage, it will help reduce the impact and severity of shortages.

There is an Upper Basin DCP involving Colorado, New Mexico, Utah, Wyoming and the US; a Lower Basin DCP involving Arizona, California, Nevada and the US; and a companion agreement which connects these two programs and links them to Mexico through a US-Mexico agreement.

The current long-term management of the Colorado River system operating guidelines (known as the 2007 Guidelines) and DCP remain in effect through 2026 at which time the U.S. Secretary of the Interior will put in place new guidelines. To ensure Arizona remains stronger together, the Arizona Department of Water Resources and Central Arizona Project have convened the Arizona Reconsultation Committee (ARC) to develop an Arizona perspective on the upcoming guidelines.

CAP water rates are contractually based on cost of service. CAWCD always endeavors to keep costs, and consequently rates, as low as possible while prudently operating and maintaining the reliability of such a critical resource.

The Navajo Generating Station (NGS) provided 85-90% of the power for CAP deliveries for several years. In early 2017, the NGS owners indicated that it was not economically feasible to operate the coal-fired plant past 2019, when the plant and coal leases expired. As the Bureau of Reclamation held a 24.3% ownership of NGS for the benefit of CAWCD, CAWCD is responsible for its portion of the decommissioning costs. The full amount of the decommissioning cost was recorded and funded by the end of 2020.

CAWCD has two taxing authorities, a general ad valorem tax and a water storage tax. As a result, CAWCD is directly impacted by changes in property values in its service area. CAWCD's property taxes are levied based on the Primary Limited Property Value (LPV), which is forecasted to increase 5% to 6% over the next few years.

CAGRD currently replenishes groundwater on behalf of 24 member service areas (MSA) and 1,227 member land (ML) subdivisions representing 301,307 homes.

Revenue

CAWCD generates revenue in a variety of ways to fund its operation and maintenance and to fulfill repayment obligations to the federal government and bondholders. Revenue is generated by the sale of water, capital and facility-use fees paid by water users, property taxes paid by non-Indian reservation residents of Maricopa, Pima and Pinal counties, and investments.

The price of water is determined annually by the CAWCD Board of Directors based on projections of energy, operation, maintenance and replacement costs. As a public entity, CAWCD does not make a profit and has a responsibility to provide a reliable water supply at a reasonable price.

CAGR members pay for all costs associated with the CAGR and is not supported by any of CAWCD's other revenue sources.

Repayment

CAWCD has a responsibility to make an annual payment to the federal government for reimbursement of the CAP related to power, agriculture and municipal & industrial (M&I) allocation. The payment is currently \$55-\$60 million per year. Payment is made from excess revenues received related to transmission, miscellaneous revenues related to the Basin Development Fund, property taxes and capital charges to customers that have long-term contracts for M&I use.

LONG-TERM FINANCIAL PLANNING

In 2005, CAWCD implemented a biennial financial planning process that includes the strategic plan, the budget, the long-range financial plan, rate-setting, and reserve planning. A benefit of the biennial process is the ability to redeploy staff during the second year of the biennium to focus on more strategic areas, which allows more in-depth analysis of issues affecting CAWCD and their financial impacts. Budget and business planning occur in odd years for the subsequent two years and are more tactical in nature. In even years, the focus is on more strategic activities. As the focus shifts back and forth between shorter-term and longer-term planning horizons, the work done in each year of the biennium complements and enhances the work in the alternate year, and each year in the process serves as the basis for the work in the following year.

Biennial Budget

The biennial budget serves as the foundation for the District's financial planning and control. The budget is prepared in odd years for the following two years. The budget preparation process culminates in approval of the biennial budget by the CAWCD Board in November of each odd year. The budget process provides for updates to the second year if necessary. The General Manager must execute the budget within specific guidelines that are designed to provide operational flexibility while maintaining accountability. The CAWCD Board approved the 2020–2021 Biennial Budget in November 2019 and, subsequently, the 2022-2023 Biennial Budget in November 2021.

Capital Improvement Program

The biennial budget includes the District's Capital Improvement Program (CIP) and capital equipment budget, which cover the two years of the budget plus an additional four years of projections. The CIP is also updated during the long-range financial planning process in even years.

Reserve Planning, Rate Setting and the Long-Range Financial Plan

As part of its two-year financial planning cycle, in even years, which are the off years from the biennial budget, CAWCD updates its long-range financial planning model. This model includes projections of water deliveries, revenues, expenses, capital improvements and related expenditures and reserve balances, and serves as the basis for reserve planning and the rate-setting process. The projections are built up from underlying trends and assumptions such as customer demand, electricity and fuel prices, interest rates, materials costs, the labor market, property values and timing of major repairs and replacements.

Financial Policies and Procedures

The District has a set of comprehensive financial policies applicable to finance and accounting practices, the basis of accounting, the basis of budgeting, the budget approval process, capital asset management, capitalization, cash management, debt management, investments and financial reporting. A synopsis of these policies appears in the biennial budget.

MAJOR INITIATIVES

Underlying all of CAWCD's major initiatives is the CAWCD Board of Directors Strategic Plan. The Board and staff are currently operating under the 2022 Strategic Plan.

The 2022 Plan is organized under eight Key Results Areas (KRAs):

- Public Trust, Partnerships & Leadership
- Finance
- Project Reliability
- Workforce
- Water Supply
- Power
- Stewardship & Sustainability

Underneath each of the KRAs are Strategic Issues that are supported by Business Plans. The following are some of the major issues included.

Water Leadership

This strategic issue is aimed at ensuring the CAWCD Board maintains an open and informed presence within Arizona and the water community regarding current issues and threats and maintains continual outreach efforts to inform and educate CAWCD stakeholders and constituents.

Maintaining CAP's Financial Health

Objectives and action plans in this area emphasize ongoing coordination among budgeting, long-range planning, rate-setting and reserve planning activities to help ensure stable and predictable rates, sufficient and appropriate sources of funding and flexible financing alternatives.

CAP Workforce

This strategic issue is a collection of objectives and action plans aimed at building relationships among employees and work groups during times of increased retirements, the challenge of generational change as newer workers replace the aging workforce, changing demographics and a more diverse workforce and customer community. They also include maintaining the District's Voluntary Protection Program (VPP) safety leadership designation, implementing programs that will enhance CAP's position as a regional employer of choice and action plans that will enhance the skills and job proficiency of our workforce, such as recruitment and succession planning activities, more robust knowledge transfer and training programs and an enterprise-wide leadership development program.

Effectively Manage, Operate and Maintain CAP Assets

Objectives and action plans in this area include continuously refining a comprehensive plan to assess CAP physical assets through data-driven considerations utilizing industry best practices that contain technology-related activities.

Reliability of the CAP Water Supply

Reliability includes developing strategies to optimize and augment water supplies to strengthen the CAP system through a variety of CAWCD, Arizona and broader Basin States activities. It also includes continued development of recovery plans to support our stakeholders in the event of a shortage. In recognition of potential shortages in the near term and in coordination with CAWCD stakeholders, the Arizona Department of Water Resources, the Bureau of Reclamation and the other basin states, CAWCD has been participating in programs to reduce Colorado River water consumption to increase the level of Lake Mead. The program has been successful in holding off a shortage through 2022, which has been declared a Tier 1 shortage. A structural deficit still exists in the supply and demand of Lake Mead releases. On average there are more releases than inflows into the lake as discussions on resolving the imbalance are ongoing.

Power

Efforts in this area include addressing dynamic energy markets as they affect CAP power acquisitions while minimizing CAP's carbon footprint.

CAGRD Management and Oversight

These objectives and action plans include identification and acquisition of water supplies to meet long-term replenishment obligations and evaluate potential revisions to legislature related to the CAGRD.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded CAWCD the Certificate of Achievement for Excellence in Financial Reporting for its annual comprehensive financial report for the fiscal year ending December 31, 2020. This was the tenth time CAP applied for this recognition and was found to be "proficient" in all areas. The Annual Report consists of the audited financial statements and Management's Discussion and Analysis that has been produced in previous years, supplemented by a significant amount of business, demographic and statistical information. The Annual Report format has been designed to demonstrate a constructive "spirit of full disclosure" to clearly communicate the organization's financial story and motivate potential users and user groups to read the report that might otherwise be considered to be of interest only to accountants or investors.

The GFOA presented a Distinguished Budget Presentation Award to CAWCD for its Biennial Budget for the Biennium beginning January 1, 2020. The District has received this esteemed award for each of its annual or biennial budgets since 2001. To receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The District has submitted the 2022/2023 Biennial Budget for the award.

In 2021, CAWCD received the Excellence in Procurement Award from the National Purchasing Institute for the 14th consecutive year. This prestigious award is earned by those organizations that demonstrate excellence by obtaining a high score based on standardized criteria designed to measure innovation, professionalism, productivity, e-procurement, and leadership attributes of the procurement organization.

In 2020, CAWCD was a finalist in three categories at Arizona Forward's 40th Annual Environmental Excellence Awards Gala:

- Site Development, Salt River Siphon
- Technological Innovation, Innovative Water Conservation and Sustainability Partnership for N-Drip
- Governor's Award of Excellence

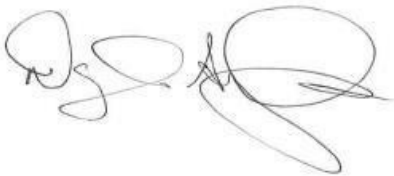
The Technological Innovation Award of Distinction was received by the Innovative Water Conservation and Sustainability Partnership (CAP, the University of Arizona, Colorado River Indian Tribes and N-Drip).

Central Arizona Project was awarded the Association of Metropolitan Water Agencies' 2020 Platinum Award for Utility Excellence for its exceptional operation and performance. The award recognizes outstanding achievement in implementing nationally recognized Attributes of Effective Utility Management, including product quality, customer satisfaction, employee and leadership development, operational optimization, financial viability, community sustainability, operational resiliency, infrastructure stability, stakeholder understanding and support and water resource adequacy. AMWA awarded nine Sustainable Water Utility Management Awards, including two repeat winners. CAP previously was honored by AMWA with the 2016 Gold Award for Exceptional Utility Performance.

ACKNOWLEDGEMENTS

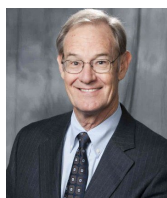
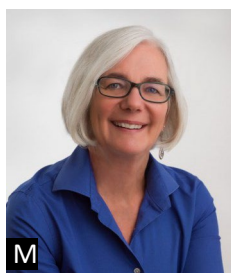
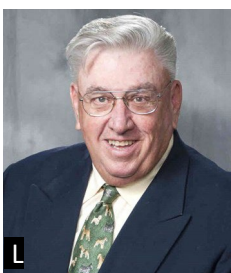
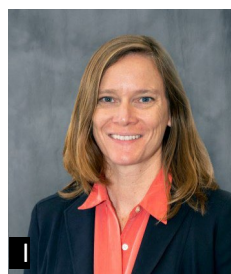
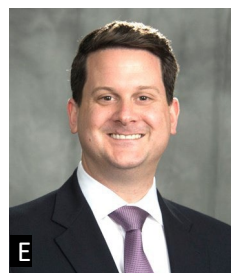
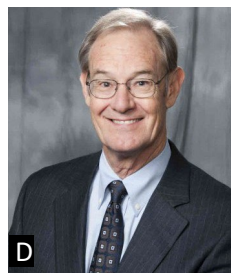
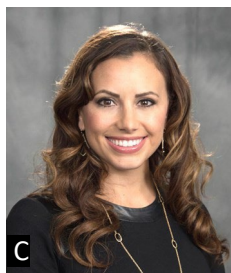
The preparation of this report could not have been accomplished without the dedicated service of the CAWCD Finance and Accounting Department and the assistance and input of personnel throughout the District. The guidance of our independent auditor, as always, was invaluable and is sincerely appreciated. I also want to thank the CAWCD Board of Directors, the General Manager and the Management Council for their ongoing involvement, interest and support.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'D. Dunlap', with a stylized flourish at the end.

Douglas A. Dunlap, CPA
Finance and Accounting Manager

THE CAWCD BOARD OF DIRECTORS



Terry Goddard
President



Mark Taylor
Vice President



Alexandra Arboleda
Secretary

Maricopa County

A.	Alexandra Arboleda	Term Ending 2022
B.	Lisa A. Atkins	Term ending 2024
C.	Jennifer Brown	Term ending 2022
D.	Terry Goddard	Term ending 2024
E.	Benjamin W. Graff	Term ending 2022
F.	Jim Holway	Term ending 2022
G.	Mark Lewis	Term ending 2022
H.	Heather Macre	Term ending 2024
I.	Jennifer Martin	Term ending 2024
J.	April Pinger-Tornquist	Term ending 2024

Pima County

K.	Karen Cesare	Term ending 2026
L.	L.M. "Pat" Jacobs IV	Term ending 2026
M.	Marie Pearthree	Term ending 2026
N.	Mark Taylor	Term ending 2026

Pinal County

O.	Stephen Miller	Term ending 2026
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District Management

The District is governed by a fifteen-member Board of Directors elected for staggered six-year terms by voters in each of its three member counties (Maricopa, Pima, and Pinal). The number of directors from each county is based on population. Currently, ten members are elected from Maricopa County, four from Pima County and one from Pinal County. The General Manager supervises the District's current staff of approximately 475 full-time employees. The current members of the District's Management Council are as follows:

General Manager	Theodore C. Cooke
Executive Strategy Advisor	Brenda W. Burman
Assistant General Manager, Finance & Administration	Christopher H. Hall
Assistant General Manager, Operations, Maintenance & Eng.	Darrin P. Francom
Assistant General Manager, Water Policy	Patrick Dent
Director, Centralized Maintenance & Reliability	Phillip G. Rettinger
Director, Field Maintenance	Richard L. Weissinger
Director, Operations, Power & Engineering	Brian M. Buzard
Director, Public Affairs	Bridget P. Schwartz-Manock
Manager, CAGRD	Laura Grignano
Manager, Internal Audit	Ramon A. Ramirez



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Central Arizona
Water Conservation District**

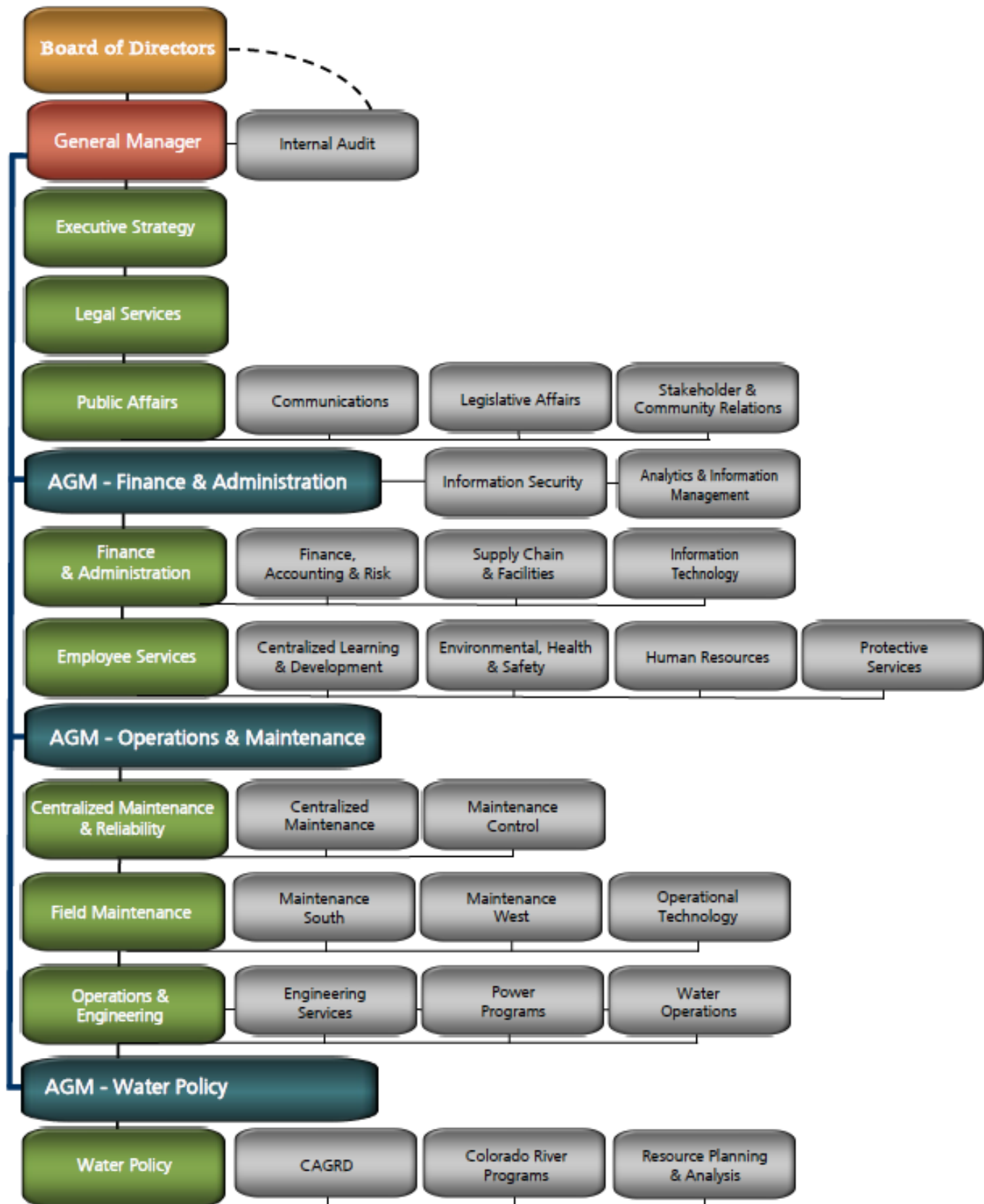
**For its Annual Comprehensive
Financial Report
for the Fiscal Year Ended**

December 31, 2020

Christopher P. Morrell

Executive Director/CEO

TABLE OF ORGANIZATION





CAP

CENTRAL ARIZONA PROJECT

FINANCIAL SECTION



CAP

CENTRAL ARIZONA PROJECT



INDEPENDENT AUDITORS' REPORT

Board of Directors
Central Arizona Water Conservation District
Phoenix, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statement of net position of the Central Arizona Water Conservation District (District), as of December 31, 2021, and the related statements of revenues, expenses, and changes in net position, and cashflows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective statement of net position of the District, as of December 31, 2021, and the respective statements of revenues, expenses, and changes in net position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central Arizona Water Conservation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Arizona Water Conservation District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the District's proportionate share of the net pension liability and contributions to the Arizona State Retirement System Plan, and the schedule of the District's changes in total OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements

in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining schedule of net position and schedule of revenues, expenses and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of net position and schedule of revenues, expenses and changes in net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



CliftonLarsonAllen LLP

Phoenix, Arizona
April 11, 2022



**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

The management of Central Arizona Water Conservation District (the District or CAWCD) offers the readers of CAWCD's financial statements this analysis and overview of the financial activities for the calendar year ended December 31, 2021. Readers are encouraged to consider the information presented here in conjunction with the District's financial statements, including accompanying notes, to enhance their understanding of the District's financial performance. The narrative will guide the readers through the District's financial performance and how it relates to CAWCD's stewardship of Central Arizona's Colorado River water entitlement and its vision to enhance the quality of life and ensure sustainable growth for current and future residents of Arizona.

FINANCIAL HIGHLIGHTS

The District's financial resources are obtained primarily from water delivery charges, capital charges, Central Arizona Groundwater Replenishment District member rates and dues and property taxes. Financial results are influenced by a number of factors, including the energy/power market, property valuations, capital needs for the maintenance, repair and replacement of aging infrastructure, snowpack, runoff and local rainfall. The following are some of the key highlights for the year ended 2021. A more detailed narrative analysis occurs in the Condensed Financial Information section.

- Assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources (net position) at the end of 2021 by \$1,031.1 million.
- The District's unrestricted cash reserve balances, which is part of working capital, at the end of 2021 of \$22.9 million were used to meet CAWCD's ongoing obligations to customers and creditors.
- Operating revenues were \$314.2 million, a \$48.7 million increase as compared to 2020.
- Operating expenses were \$235.3 million, a \$0.8 million increase as compared to 2020.
- Non-operating revenues were \$91.5 million, a \$7.9 million decrease over 2020.
- Non-operating expenses were \$29.7 million, a \$1.6 million increase over 2020.
- Capital spending was \$28.3 million in 2021. Capital costs vary from year to year based on infrastructure needs.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

DISCUSSION OF BASIC FINANCIAL STATEMENTS

CAWCD's annual financial reporting includes the basic financial statements and accompanying notes as required for its business type activities. The District reports on a calendar year basis and all financial statements are presented as of and for the year ended December 31, 2021. This annual report includes the following statements:

STATEMENT	DESCRIPTION
Statement of Net Position	A snapshot of the District's resources (assets and deferred outflows of resources) and obligations (liabilities and deferred inflows of resources) as of the last day of the calendar year. The difference between the assets/deferred outflows of resources and liabilities/deferred inflows of resources is the District's net position.
Statement of Revenues, Expenses, and Changes in Net Position	Lists the District's revenue (income) and expenses, both operating and non-operating for a calendar year. A positive change in net position signifies that the District received revenue in excess of the funds needed to cover expenses.
Statement of Cash Flows	Provides, on a cash basis, information on the District's cash receipts (sources of cash) and cash disbursements (uses of cash) for the calendar year as they apply to operating, non-capital, capital and investing financing activities. The statement includes a reconciliation to the changes in net position (accrual basis) and the balance of cash and cash equivalents.

Management's Discussion and Analysis (MD&A) will cover portions of each of these statements and provide the reader condensed summaries within each section to make the discussions easier to follow. For more detailed information on the District's financial activities, separated by funds, see the combining schedules of net position and statements of revenues, expenses, and changes in net position in the Supplementary Information section located after the Notes to the Financial Statements.

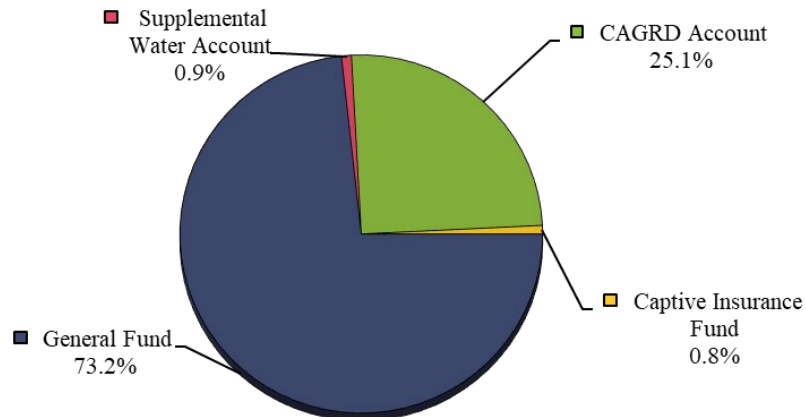
The District's activities are accounted for using the accrual method and incorporate the requirements of Governmental Accounting Standards Board Statement (GASBS) No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended. Under enterprise fund accounting, the District is a single accounting entity for financial reporting purposes and is similar to a private business enterprise. However, within this single accounting entity, the District has identified a number of financial activities that are useful to track separately. These activities are referred to as "funds and accounts. The CAWCD Insurance Company, Inc. is a blended component unit of CAWCD, also referred to as the Captive Insurance Company (Captive). The District is not required to, and does not, publish separate financial statements for any of the individual funds and accounts except for the Captive. The Captive is required under the corporation laws for the state of Hawaii, to conduct its own external audit and publish its own audited financial statements.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

FUND/ACCOUNT	DESCRIPTION
General Fund	The General Fund is the largest fund within the District and covers CAWCD's core business activities including the delivery of Colorado River water to central Arizona through the Central Arizona Project (CAP) canal and repayment of reimbursable construction costs to the Department of the Interior - Bureau of Reclamation (BOR).
Supplemental Water Account	The Supplemental Water Account includes activities related to a trust fund established by Section 7 of Public Law 98-530 and ARS § 45-3715.01 to acquire or conserve water to supplement Colorado River supplies. Funds are held by the Arizona State Treasurer.
Central Arizona Groundwater Replenishment District Account	The Central Arizona Groundwater Replenishment District (CAGRD) was established in 1993 as authorized by ARS § 48-3771, et seq. The CAGRD is a replenishment authority designed to help water providers and landowners comply with the State's Assured Water Supply Rules and to meet the objectives of the 1980 Groundwater Management Act.
Captive Insurance Company	CAWCD Insurance Company, Inc., aka Captive Insurance Company, was established to provide a self-insurance mechanism for CAWCD to fund claims for property, casualty and health insurance. The Captive is a tax exempt wholly-owned corporation formed in 2003.

Please refer to the Notes to the Financial Statements for additional, more detailed information on these funds and accounts. The following is a breakdown of the various funds and accounts which indicates the relative size of each by net position within CAWCD.

**Fund Account Breakdown by Net Position
as of 12/31/21**



**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

CONDENSED FINANCIAL INFORMATION

The following financial information and narrative will provide the reader with an overview of the District's financial activities, including comparisons, for the years ended December 31, 2021 and December 31, 2020. This discussion will highlight areas within the financial statements that support and advance CAWCD's operations and business purpose to the residents of the State of Arizona.

This first section contains information on CAWCD's assets, liabilities and net position.

Statement of Net Position

<i>(Dollars in millions)</i>	2021	2020	Change
Assets			
Current assets	\$ 394.4	\$ 406.9	\$ (12.5)
Noncurrent assets	2,061.2	1,954.2	107.0
Total assets	<u>2,455.6</u>	<u>2,361.1</u>	<u>94.5</u>
Deferred outflows of resources			
Pension and OPEB valuation	17.5	18.2	(0.7)
Total deferred outflows of resources	<u>17.5</u>	<u>18.2</u>	<u>(0.7)</u>
Total assets and deferred outflows of resources	<u>\$ 2,473.1</u>	<u>\$ 2,379.3</u>	<u>\$ 93.8</u>
Liabilities			
Current liabilities	\$ 172.4	\$ 159.5	\$ 12.9
Noncurrent liabilities	1,175.0	1,266.9	(91.9)
Total liabilities	<u>1,347.4</u>	<u>1,426.4</u>	<u>(79.0)</u>
Deferred inflows of resources			
Customer deposits	56.7	52.1	4.6
Pension and OPEB valuation	37.9	10.4	27.5
Total deferred inflows of resources	<u>94.6</u>	<u>62.5</u>	<u>32.1</u>
Net Position			
Net investment in capital assets	308.6	273.0	35.6
Restricted			
Master repayment agreement	49.7	38.3	11.4
Supplemental water account	9.2	9.1	0.1
CAGRD Account	22.9	16.5	6.4
Other restricted	11.8	11.7	0.1
Unrestricted	628.9	541.8	87.1
Total net position	<u>1,031.1</u>	<u>890.4</u>	<u>140.7</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,473.1</u>	<u>\$ 2,379.3</u>	<u>\$ 93.8</u>

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Total Assets

<i>(Dollars in millions)</i>	2021	2020	Change
Current Assets			
Cash and cash equivalents	\$ 101.0	\$ 117.6	\$ (16.6)
Funds held by federal government	8.9	16.4	(7.5)
Water inventory	220.9	215.7	5.2
Other current assets	63.6	57.2	6.4
Total current assets	<u>394.4</u>	<u>406.9</u>	<u>(12.5)</u>
Noncurrent Assets			
Investments	542.7	420.0	122.7
Restricted assets	113.7	96.8	16.9
Agricultural water rights	47.7	88.7	(41.0)
Capital assets:			
Operating assets, net	323.6	303.9	19.7
Permanent service right, net	1,019.8	1,042.8	(23.0)
Long Term NIA Receivable	11.7	-	11.7
Other assets	2.0	2.0	-
Total noncurrent assets	<u>2,061.2</u>	<u>1,954.2</u>	<u>107.0</u>
Total assets	<u>2,455.6</u>	<u>2,361.1</u>	<u>94.5</u>
Deferred Outflows of Resources			
Pension valuation	12.4	11.9	0.5
OPEB valuation	5.1	6.3	(1.2)
Total deferred outflows of resources	<u>17.5</u>	<u>18.2</u>	<u>(0.7)</u>
Total assets and deferred outflows of resources	<u>\$ 2,473.1</u>	<u>\$ 2,379.3</u>	<u>\$ 93.8</u>

Current Assets: Current assets include cash and cash equivalents, receivables, funds held by the federal government, inventory and other current assets. In 2021, current assets decreased by \$12.5 million to \$394.4 million. Cash and cash equivalents decreased \$16.6 million. Activity in these accounts includes transfers between short term and long term Local Government Investment Pools (LGIP). The transfer of funds depends on the District's coverage of the current expenses vs. the revenue received from property taxes and water deliveries.

Funds held by the federal government of \$8.9 million, represents the District's portion of the annual repayment obligation held by the Bureau of Reclamation (BOR). The decrease of \$7.5 million is due to the final financial settlement in 2020 from the 2019 closing of the Navajo Generating Station (NGS), terminating the surplus power revenue from the station's operations.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Water inventory includes CAWCD's portion of Lake Pleasant storage and Lake Roosevelt storage, CAGRD's replenishment reserves and CAGRD's long term storage credits (LTSC). Overall, water inventory increased \$5.2 million to \$220.9 million. In 2021, Lake Pleasant storage decreased \$1.3 million resulting from more water being pumped out of the Lake than was stored. CAGRD's replenishment reserves increased \$0.2 million and CAGRD's long term storage credits increased \$6.3 million due to CAGRD purchasing LTSC.

In 2021, other current assets increased by \$6.4 million to \$63.6 million and includes water delivery receivables, property tax receivables, CAGRD member lands receivable, power program receivables and prepaid contracts. Receivables for water deliveries decreased \$2.4 million and will fluctuate dependent on water customer billing schedules and payments. Property tax receivables increased \$1.9 million and is based on increased property valuations. CAGRD Member Lands receivables increased \$1.4 million. Power program receivables increased \$3.6 million. Other miscellaneous receivables and prepaid contracts increased \$1.9 million.

Noncurrent Assets: Included in noncurrent assets are investments, restricted assets, agricultural water rights and capital assets. The largest capital asset is the Permanent Service Right (PSR) and for this reason it is broken out in the asset table. The PSR represents the District's right to operate and maintain the CAP system and collect revenues from operations, for which the District has incurred a repayment obligation to the United States (see Note 2 of the financial statements for detailed information). The PSR is amortized each year and consequently decreases year over year. Capital assets are discussed in more detail in the Capital Assets and Noncurrent Debt Activity section of the MD&A.

Noncurrent assets increased by \$107.0 million during 2021. Investments and restricted assets increased \$139.6 million which included an increase in working capital of \$79.3 million, increased Extraordinary Cost Reserve of \$21.2 million and a transfer of water storage funds to long term investment of \$18.0 million. CAGRD long term reserves increased by \$16.6 million. The NonIndian Ag (NIA) 9(d) Debt fund was established at \$14.8 million. The LGIP NGS Decommissioning account decreased by \$9.5 million due to funds sent to the Federal government to cover decommissioning costs and the Major Replace/Repair fund decreased by \$4.6 million. The remaining \$3.8 million increase was due to interest earned on the LGIP reserve accounts offset by a decrease in the fair value of the reserve accounts.

Agricultural water rights decreased by \$41.0 million from the allocation of 44,530 acre-feet of NIA water to CAWCD customers. Operating assets increased \$19.7 million, including a \$1.2 million increase for work in process. The PSR decreased \$23.0 million in accordance with the annual amortization schedule. A long term NIA receivable of \$11.7 million was established for future payments on back capital charges and 9(d) debt payments resulting from the NIA allocation.

Deferred Outflows of Resources: The District implemented GASBS No. 75 in 2018, a change in the reporting standard for Other Postemployment Benefits (OPEB). The deferred outflows of resources - OPEB valuation represents amounts to be expensed in future years. GASBS No. 68 establishes guidelines for financial reporting of pension liability. Part of the annual adjustment includes a fluctuation in the pension valuation based on annual reports from the Arizona State Retirement System (ASRS).

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Total Liabilities

<i>(Dollars in millions)</i>	2021	2020	Change
Current Liabilities			
Accounts payable and accrued liabilities	\$ 53.8	\$ 50.1	\$ 3.7
Water operations and capital charges unearned revenue	34.6	34.0	0.6
Asset retirement obligation, due within one year	18.1	16.0	2.1
Repayment obligation, due within one year	40.4	32.9	7.5
Other current liabilities	25.5	26.5	(1.0)
Total current liabilities	<u>172.4</u>	<u>159.5</u>	<u>12.9</u>
Noncurrent Liabilities			
Asset retirement obligation, due after one year	24.4	36.6	(12.2)
Repayment obligation, due after one year	937.5	978.0	(40.5)
Bonds payable, due after one year	51.5	57.5	(6.0)
Non-Indian agriculture 9(d) debt	88.7	88.7	-
Other noncurrent liabilities	72.9	106.1	(33.2)
Total noncurrent liabilities	<u>1,175.0</u>	<u>1,266.9</u>	<u>(91.9)</u>
Total liabilities	<u>1,347.4</u>	<u>1,426.4</u>	<u>(79.0)</u>
Deferred Inflows of Resources			
Customer deposits	56.7	52.1	4.6
Pension valuation	20.6	2.7	17.9
OPEB valuation	17.3	7.7	9.6
Total deferred inflows of resources	<u>94.6</u>	<u>62.5</u>	<u>32.1</u>
Total liabilities and deferred inflows of resources	<u>\$ 1,442.0</u>	<u>\$ 1,488.9</u>	<u>\$ (46.9)</u>

Current Liabilities: Current liabilities include accounts payable, unearned revenue, accrued interest and expenses, and current principal obligations.

In 2021, current liabilities increased by \$12.9 million. Accounts payable and accrued liabilities increased \$3.7 million, which is driven by year-over-year variability in accounts payable obligations and the amount of CAGRD's replenishment obligation.

Unearned revenue for water operations and capital charges increased \$0.6 million, which is a result of fluctuations in the annual invoicing schedules for the next year reflected in advanced invoicing for January 2021. The \$2.1 million increase in the asset retirement obligation represents the change in the next year's amount due for the decommissioning of the NGS. The repayment obligation increased \$7.5 million and represents a scheduled adjustment to the principal due in 2022, see Note 13.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Noncurrent Liabilities: The largest component of the District's noncurrent liabilities, \$937.5 million, is the federal repayment obligation which decreases annually in accordance with the annual payment schedule. The asset retirement obligation refers to the District's portion of the NGS Decommissioning due after one year (see Note 11). The remaining amount of non-current liabilities is a combination of contract revenue bonds of \$51.5 million, non-Indian agricultural debt of \$88.7 million and the noncurrent portion of the asset retirement obligation of \$24.4 million. Other noncurrent liabilities include pension liability of \$62.3 million, retirement health insurance liability of \$8.4 million, recovery liability of \$2.0 million and power agreement deposits of \$0.2 million.

Deferred Inflows of Resources: The deferred inflows of resources are the customer deposits related to the liability associated with the Rate Stabilization reserve account, various customer programs, pension valuation related to GASBS No. 68 and OPEB valuation related to GASBS No. 75.

Total Net Position

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

Net investment in capital assets: Net investment in capital assets increased \$35.6 million in 2021. This increase is mainly related to the annual reduction of the Federal Repayment Obligation and Bonds Payable and by the increase in Property and Equipment. The amount associated with the amortization of the PSR (asset) is less than the District's annual principal payment to the federal government for the repayment obligation (liability). The annual repayment obligation is based on paying a percentage (which increases over time) of the remaining outstanding principal balance, plus interest, over a 50-year period, while amortization remains relatively flat over time. Currently, the asset is amortized approximately \$9.9 million less than the annual principal payment. As the payment percentage increases, the annual principal payment will continue to exceed amortization, increasing the net value of capital assets.

Restricted net position: Restricted net position increased \$18.0 million in 2021.

Unrestricted net position: Unrestricted net position increased \$87.1 million in 2021.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

This section of the MD&A discusses CAWCD's revenues, expenses and changes in the net position for 2021.

Statements of Revenues, Expenses and Changes in Net Position

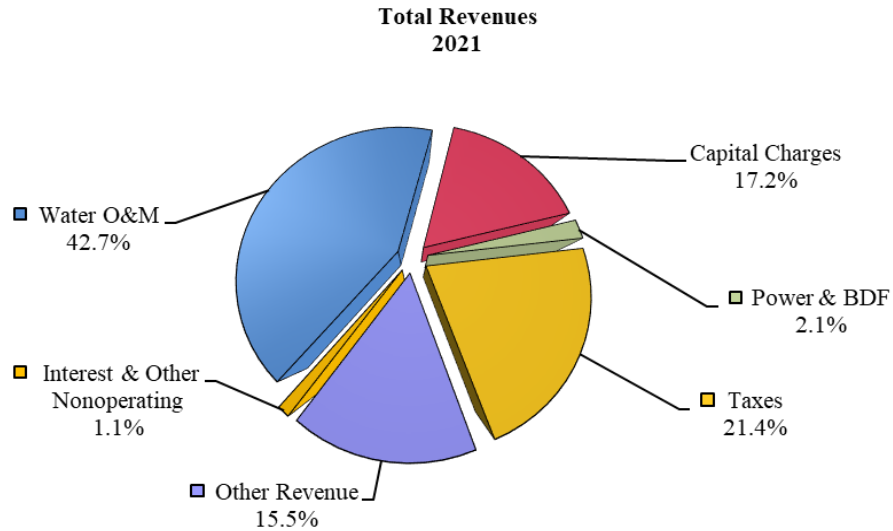
<i>(Dollars in millions)</i>	2021	2020	Change
Total operating revenues	\$ 314.2	\$ 265.5	\$ 48.7
Total operating expenses	(235.3)	(234.5)	(0.8)
Operating income	78.9	31.0	47.9
Non-operating revenues	91.5	99.4	(7.9)
Non-operating expenses	(29.7)	(28.1)	(1.6)
Changes in net position	140.7	102.3	38.4
Beginning net position	890.4	788.1	102.3
Ending net position	\$ 1,031.1	\$ 890.4	\$ 140.7

Total Revenues

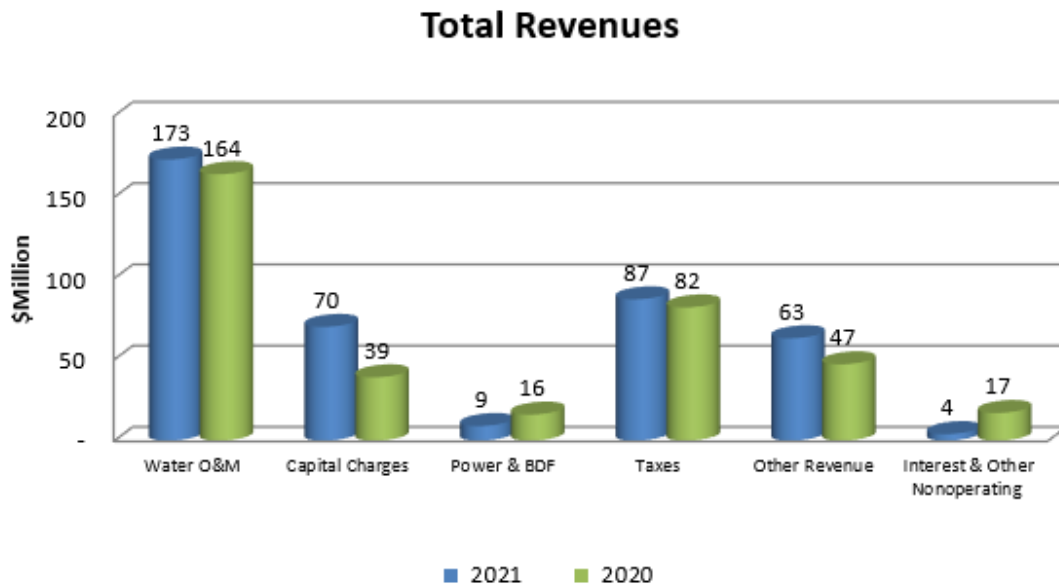
<i>(Dollars in millions)</i>	2021	2020	Change
Operating revenues			
Water O&M charges	\$ 173.3	\$ 164.1	\$ 9.2
Water service capital charges	69.7	38.6	31.1
Power and other BDF revenues	8.5	16.1	(7.6)
Other revenues	62.7	46.7	16.0
Total operating revenues	314.2	265.5	48.7
Non-operating revenues			
Property taxes	87.0	82.2	4.8
Interest income and other	4.5	17.2	(12.7)
Total nonoperating revenues	91.5	99.4	(7.9)
Total revenues	\$ 405.7	\$ 364.9	\$ 40.8

Total revenues, as depicted in the chart, include operating revenues, such as water delivery Operating and Maintenance (O&M) charges, water service capital charges, power and Basin Development Fund (BDF) revenues, other revenue including CAGRD and recharge sites and non-operating revenues, such as property taxes and interest earnings.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**



In 2021, total revenues increased by \$40.8 million over 2020. Water O&M increased \$9.2 million primarily due to a decrease in Arizona Water Bank Authority (AWBA) purchases in 2021 that are paid for by taxes and are not recorded as water delivery revenue. Capital charges increased \$31.1 million as a result of an increase in the capital charge rates of \$3/AF and the reallocation of 44,530 AF of NIA water creating revenue from back capital charges. Power and BDF revenues decreased by \$7.6 million due to the closure of NGS in 2019 and the resulting loss of surplus power sales. Other operating revenue increased \$16.0 million primarily due to an increase of \$16.6 million in CAGR revenue mainly due to higher enrollment and activations of members offset by a decrease of \$0.6 million in Recharge O&M revenue. Property taxes revenue increased by \$4.8 million due to rising assessed property valuations. Interest and other non-operating income decreased by \$12.7 million mainly due to a decrease in interest rates and fair value adjustments to the investment accounts.

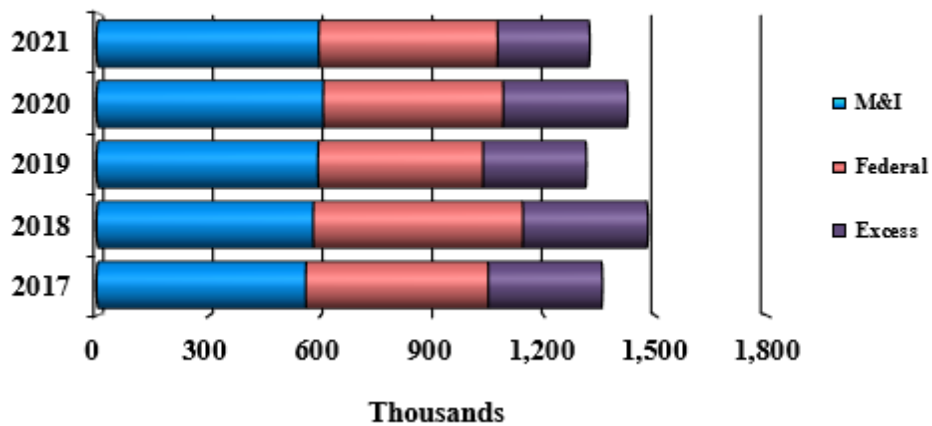


**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Water Deliveries

Water deliveries were 1,323,452 acre-feet in 2021 and 1,424,841 acre-feet in 2020, a decrease of 101,389 acre-feet. These figures do not include transfers of long-term storage credits or year-end customer reconciliations. Municipal and Industrial subcontract usage decreased their 2021 deliveries by 11,697 acre-feet. Federal water deliveries decreased 2,230 acre-feet over 2020. Excess water deliveries decreased by 87,462 acre-feet and includes Agriculture (Ag) as a part of the Ag Settlement Pool, CAGRDR for their Obligation and Replenishment reserve, AWBA for M&I Firming and United States Bureau of Reclamation (USBR) for Firming and Temporary Water Permits.

Water Deliveries (Acre-Feet) 2017 to 2021

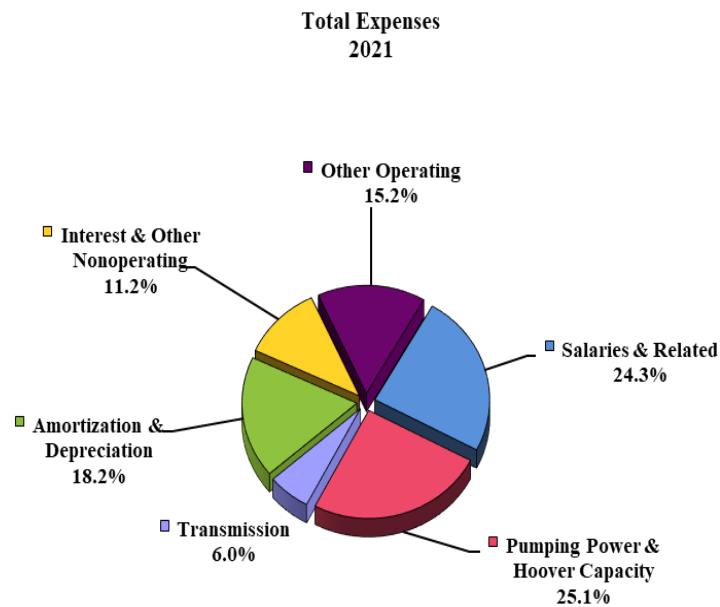


**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Total Expenses

<i>(Dollars in millions)</i>	2021	2020	Change
Operating expenses			
Salaries and related costs	\$ 64.5	\$ 68.7	\$ (4.2)
Pumping power and Hoover capacity	66.4	68.2	(1.8)
Transmission	15.9	14.6	1.3
Amortization	23.0	23.0	-
Depreciation	25.2	25.1	0.1
Other operating expenses	40.3	34.9	5.4
Total operating expenses	<u>235.3</u>	<u>234.5</u>	<u>0.8</u>
Non-operating expenses			
Disbursements to AWBA	2.4	6.4	(4.0)
Loss on NIA Water Rights	6.7	-	6.7
Interest expense & other nonoperating expenses	20.6	21.7	(1.1)
Total nonoperating expenses	<u>29.7</u>	<u>28.1</u>	<u>1.6</u>
Total expenses	<u>\$ 265.0</u>	<u>\$ 262.6</u>	<u>\$ 2.4</u>

Total expenses include operating and non-operating expenses. Operating expenses consist of salaries and related cost, pumping power, transmission, amortization and depreciation as well as other operating expenses. Non-operating expenses are primarily interest, disbursements to AWBA and other financial expenses. Rates are set in a manner that will recover an appropriate share of the District's expected operating expenses from customers. Since rates are set in advance, actual expenses may differ from the estimates used to calculate rates, which may cause Working Capital to fluctuate.



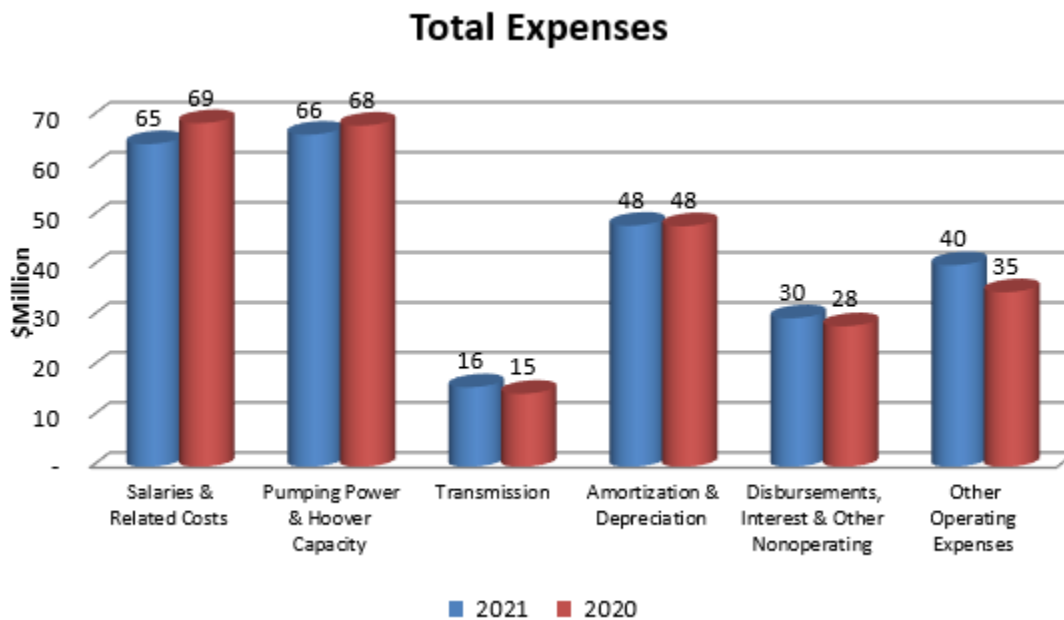
**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Overall, total expenses for 2021 increased \$2.4 million compared to 2020.

Operating expenses increased \$0.8 million. Salaries and related costs decreased \$4.2 million to \$64.5 million. Pumping power, including hoover capacity charges, decreased \$1.8 million. This was due to a \$4.2 million decrease in Lake Pleasant and Lake Roosevelt deviation offset by an increase of \$2.4 million in pumping energy contracts, energy market purchases and energy scheduling services. Transmission expense increased by \$1.3 million. Depreciation increased by \$0.1 million.

Other operating expenses which include outside services, materials and supplies, overhead, and CAGR water purchases increased \$5.4 million. CAGR water replenishment expense increased by \$5.1 million. Materials and supplies increased \$0.4 million. Outside commercial services increased \$3.7 million offset by a decrease in professional services of \$3.1 million. Employee travel and training increased \$0.5 million. Other expenses, including insurance loss claims and operational loss claims decreased by \$1.2 million compared to 2020.

Nonoperating expenses increased by \$1.6 million. Disbursements to AWBA were decreased by \$4.0 million. The loss on the NIA reallocation was \$6.7 million. The increase is offset by less interest paid to the federal government for the master repayment obligation, the CAWCD Bond Series 2016 and the CAGR Bond Series 2020 of \$1.1 million.



**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Changes In Net Position and Ending Net Position

Operating and non-operating impacts resulted in an increase in net position of \$140.7 million. The ending net position was \$1,031.1 million for the year.

CAPITAL ASSETS AND NONCURRENT DEBT ACTIVITY

Capital Assets: The District's investment in capital assets decreased \$3.3 million to \$1,343.4 million in 2021. The largest component of the District's capital assets is the PSR, net of accumulated amortization. The PSR (net) decreased from \$1,042.8 million in 2020 to \$1,019.8 million in 2021 per the amortization schedule, which is currently \$23.0 million per year. Other capital assets increased \$19.7 million in 2021, which are assets related to the CAP for meeting its responsibilities. Several large capital projects were completed in 2021 including modifications to buildings and land and upgrades to the microwave and mobile radio systems.

More information about the District's capital assets is provided in Note 9 of the financial statements.

<i>(Dollars in millions)</i>	2021	2020	Change
Capital assets			
Land	\$ 3.2	\$ 3.2	\$ -
Work-in-process	22.6	21.4	1.2
Intangibles	46.9	31.2	15.7
Capital equipment	119.8	112.2	7.6
Structures and improvements	131.1	135.9	(4.8)
Total operating assets	<u>323.6</u>	<u>303.9</u>	<u>19.7</u>
Permanent service right	<u>1,019.8</u>	<u>1,042.8</u>	<u>(23.0)</u>
Total capital assets	<u>\$ 1,343.4</u>	<u>\$ 1,346.7</u>	<u>\$ (3.3)</u>

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Noncurrent Debt: The District's noncurrent debt decreased \$46.5 million in 2021 related to CAP reducing the revenue bonds obligation and the federal repayment obligation.

SCHEDULE OF NONCURRENT DEBT

<i>(Dollars in millions)</i>	2021	2020	Change
Noncurrent Liabilities			
Repayment obligation, due after one year	\$ 937.5	\$ 978.0	\$ (40.5)
Bonds payable, due after one year	<u>51.5</u>	<u>57.5</u>	<u>(6.0)</u>
Total long-term debt	<u>\$ 989.0</u>	<u>\$ 1,035.5</u>	<u>\$ (46.5)</u>

Other noncurrent liabilities are discussed in the previous Total Liabilities section of the MD&A. More information about the District's repayment obligation is provided in Note 2 of the financial statements. Note 12 discusses the District's issuance of Water Delivery O&M Revenue Bonds, Series 2016.

CURRENTLY KNOWN ECONOMIC FACTORS IMPACTING THE FUTURE FINANCES OF CAWCD

- Under 2007 Interim Guidelines, shortage sharing criteria agreed to among the basin states and the Department of the Interior, if the water elevation in Lake Mead falls to certain levels, the Secretary of the Interior (Secretary) will declare a shortage. The Upper and Lower Basin States worked on the Drought Contingency Plan (DCP), which is designed to protect the Colorado River system through reductions and increased conservation. They were developed through a collaborative process amongst the federal government, states, water users and Mexico. Federal legislation implementing DCP occurred in 2019. The DCP added Tier Zero as an additional shortage level. The Tier Zero shortage trigger in Lake Mead is at elevation 1,090 feet, at which point Arizona's reduction is 192,000 acre-feet. At a Tier 1 shortage, Lake Mead elevation 1,075 feet, reductions to Arizona's supply increases to 512,000 acre-feet. Additional shortage triggers occur at elevation 1,050 feet (592,000 acre-foot reduction); 1,045 feet (640,000 acre-foot reduction) and 1,025 feet (720,000 acre-foot reduction). The DCP agreements run through 2026 when it is anticipated that new shortage sharing rules will be negotiated and put into effect. Reductions to Arizona's Colorado River supply under DCP started in 2022 with a Tier 1 shortage. Forecasts are for a Tier 1 or possibly a Tier 2A shortage may occur in 2023 and beyond. The result of lower water volumes is an increase in the Fixed OM&R rate, though the total revenue remains the same as CAWCD is a cost-of service entity.
- In 2022, the Lower Basin parties representing Arizona, California, Nevada and the United States have been meeting to develop and implement additional actions, beginning in 2022, on top of the reductions and contributions required under the 2007 Guidelines and the Drought Contingency Plan and related agreements. The parties are focused on implementing additional actions to conserve and contribute 500,000 acre-feet or more per year in 2022 and 2023, with commitment to continued actions in 2024 – 2026. The parties are preparing to make financial commitments to implement additional actions to benefit Lake Mead of up to \$100 million per year for 2022 and 2023. The plan is referred to as the "500+" Plan. CAWCD has committed to contribute \$10 million per year. The estimate is that CAWCD contract holders will contribute approximately 93,000 acre-feet per year toward the 500+ Plan, which will result in increased Fixed OM&R rates.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The information contained in the Management's Discussion and Analysis is intended to give our customers, taxpayers and other stakeholders a general overview of the District's finances, issues that affect the District's financial position and accountability for the money it receives. If you have questions about the report or need additional financial information, contact:

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BASIC FINANCIAL STATEMENTS

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

ASSETS	<i>(In Thousands)</i>
CURRENT ASSETS	
Cash	\$ 13,207
Investments	87,832
Total Cash and Cash Equivalents	<u>101,039</u>
Receivables:	
Due from Water Customers	273
Property Taxes, Less Allowance of \$866	42,072
NIA and Other Receivables	18,161
Water Inventory	220,945
Funds Held by Federal Government	8,878
Other Assets	3,026
Total Current Assets	<u>394,394</u>
NONCURRENT ASSETS	
Investments	542,690
Restricted Assets	113,669
Agricultural Water Rights	47,692
Capital Assets:	
Operating Assets, Less Accumulated Depreciation of \$267,932	323,621
Permanent Service Right, Less Accumulated Amortization of \$769,792	1,019,835
Long-Term NIA Receivable	11,697
Other Assets	2,000
Total Noncurrent Assets	<u>2,061,204</u>
 Total Assets	 <u>2,455,598</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension Valuation	12,363
OPEB Valuation	5,158
Total Deferred Outflows of Resources	<u>17,521</u>
 Total Assets and Deferred Outflows of Resources	 <u><u>\$ 2,473,119</u></u>

See accompanying Notes to Basic Financial Statements.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2021

LIABILITIES

(In Thousands)

CURRENT LIABILITIES

Accounts Payable	\$ 44,213
Accrued Payroll, Payroll Taxes and Other Accrued Expenses	9,578
Water Operations and Capital Charges Unearned Revenue	34,623
Asset Retirement Obligation, Due Within One Year	18,060
Current Liabilities Payable from Restricted Assets, Advances to Federal Government, and Other Noncurrent Assets:	
Accrued Interest Payable	20,136
Repayment Obligation, Due Within One Year	40,456
Bonds Payable, Due Within One Year	5,365
Total Current Liabilities	<u>172,431</u>

NONCURRENT LIABILITIES

Asset Retirement Obligation, Due After One Year	24,448
Repayment Obligation, Due After One Year	937,536
Bonds Payable, Due After One Year	51,484
Non-Indian Agricultural 9(d) Debt	88,719
Other Noncurrent Liabilities	72,845
Total Noncurrent Liabilities	<u>1,175,032</u>

Total Liabilities	<u>1,347,463</u>
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DEFERRED INFLOWS OF RESOURCES

Customer Deposits	56,686
Pension Valuation	20,636
OPEB Valuation	17,261
Total Deferred Inflows of Resources	<u>94,583</u>

NET POSITION

Net Investment in Capital Assets	308,615
Restricted for Master Repayment Agreement	49,698
Restricted for Supplemental Water Account	9,164
Restricted for CAGRD Account	22,898
Restricted for Captive Insurance Company	2,250
Restricted for Bond Trust Account	9,335
Restricted for Power Agreement	188
Unrestricted	628,925
Total Net Position	<u>1,031,073</u>

Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 2,473,119</u>
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See accompanying Notes to Basic Financial Statements.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021**

	<i>(In Thousands)</i>
OPERATING REVENUES	
Water Operations and Maintenance Charges	\$ 173,325
Water Service Capital Charges	69,657
Power and Basin Development Fund Revenues	8,478
Other Operating Revenues	62,682
Total Operating Revenues	<u>314,142</u>
OPERATING EXPENSES	
Salaries and Related Costs	64,508
Pumping Power	63,243
Power Transmission	15,876
Hoover Capacity Charges	3,143
Amortization of Permanent Service Right	23,000
Depreciation	25,201
Other Operating Expenses	40,315
Total Operating Expenses	<u>335,286</u>
OPERATING INCOME	<u>78,856</u>
NONOPERATING REVENUES (EXPENSES)	
Property Taxes	86,997
Interest Income and Other Nonoperating Revenues	4,542
Disbursements to AWBA	(2,378)
Loss on NIA Water Rights	(6,754)
Interest Expense and Other Nonoperating Expenses	(20,576)
Total Nonoperating Revenues (Expenses)	<u>61,831</u>
CHANGES IN NET POSITION	140,687
Net Position - Beginning of Year	<u>890,386</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,031,073</u></u>

See accompanying Notes to Basic Financial Statements.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 295,240
Cash Paid to Employees	(69,768)
Cash Paid to Suppliers	(129,723)
Net Cash Provided by Operating Activities	<u>95,749</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash Disbursements to Arizona Water Banking Authority	(2,378)
Cash Received from Property Taxes	85,109
Net Cash Provided by Noncapital Financing Activities	<u>82,731</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments on Repayment Obligation, Including Interest	(36,603)
Payments on Bonds Payable	(5,245)
Interest Paid on Bonds	(2,290)
Additions to Capital Assets	(28,414)
Proceeds from Sale of Capital Assets	314
Proceeds from NIA Capital Assets	12,296
Net Cash Used by Capital and Related Financing Activities	<u>(59,942)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Increase in Restricted Assets	(21,792)
Decrease in Restricted Assets	4,618
Purchase of Investments	(134,500)
Proceeds from Sale and Maturities of Investments	10,431
Investment Income Received	6,120
Net Cash Used by Investing Activities	<u>(135,123)</u>

CHANGE IN CASH AND CASH EQUIVALENTS

(16,585)

Cash and Cash Equivalents - Beginning of Year

117,624

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 101,039

See accompanying Notes to Basic Financial Statements.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

(In Thousands)

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 78,856
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Amortization of Permanent Service Right	23,000
Depreciation	25,201
BDF Revenue - Repayment Credit	(16,428)
Changes in Operating Assets and Liabilities:	
Due from Water Customers	(5,284)
Due from Other Receivables	(5,383)
Water Inventory	(5,230)
Other Assets	(319)
Funds Held by Federal Government	7,550
Deferred Outflows of Resources - Pension Valuation	(533)
Deferred Outflows of Resources - OPEB Valuation	1,178
Accounts Payable	3,805
Accrued Payroll, Payroll Taxes and Other Accrued Expenses	(167)
Water Operations and Capital Charges Unearned Revenue	643
Asset Retirement Obligation	(10,009)
Net Pension Liability	(20,123)
Retirees Health Insurance	(13,105)
Other Noncurrent Liabilities	-
Deferred Inflows of Resources - Customer Deposits	4,607
Deferred Inflows of Resources - Pension Valuation	17,942
Deferred Inflows of Resources - OPEB Valuation	9,548
Net Cash Provided by Operating Activities	<u>\$ 95,749</u>

SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES

Increase in Fair Value of Investments	\$ (1,360)
Increase in Fair Value of Restricted Assets	(328)
Loss on NIA Water Rights	(6,754)
Gain on Disposal of Capital Assets	212
Amortization of Bond Premium	683
Total Noncash Capital and Related Financing and Investing Activities	<u>\$ (7,547)</u>

See accompanying Notes to Basic Financial Statements.

Notes to the Financial Statements

Table of Contents

Note 1: Summary of Significant Accounting Policies	29
Note 2: Master Repayment Agreement	35
Note 3: Operations	37
Note 4: Taxing Authority	42
Note 5: Cash and Investments	43
Note 6: Water Inventory	45
Note 7: Restricted Assets	47
Note 8: Agricultural Water Rights	49
Note 9: Capital Assets	49
Note 10: Deferred Outflows of Resources	52
Note 11: Asset Retirement Obligation	52
Note 12: Bonds Payable	53
Note 13: Repayment Obligation	56
Note 14: Non-Indian Agricultural 9(d) Debt	57
Note 15: Other Noncurrent Liabilities	57
Note 16: Deferred Inflows of Resources	58
Note 17: Pension Plans	59
Note 18: Savings and Deferred Compensation Plans	64
Note 19: Postemployment Healthcare Plan	64
Note 20: Risk Management and Captive Insurance	69
Note 21: Self-Insurance	72
Note 22: Commitments and Contingencies	73
Note 23: New Pronouncements	73



**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The Central Arizona Water Conservation District (CAWCD or District) is a multi-county water conservation district organized within the State of Arizona encompassing Maricopa, Pima, and Pinal counties. The District's popularly elected Board of Directors serves as its governing body. Under the requirements of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement Nos. 39, 61, 80, and 97, the District is a primary government with a single blended component unit, the CAWCD Insurance Company, Inc. (Captive). The Captive is included as a blended component unit because it provides services exclusively to the District. The CAWCD Insurance Company issues separate financial statements and they can be found on its website or obtained upon request from the District. The District was authorized in 1971 by the Arizona State Legislature for the primary purpose of creating a single entity to enter into an agreement with the United States Department of the Interior, Bureau of Reclamation (Reclamation), for repayment of the reimbursable cost of the Central Arizona Project (CAP). The District is further empowered to serve as the operating agent of the CAP.

The CAP is a multi-purpose water resource project authorized by the Congress of the United States in 1968 by the Colorado River Basin Project Act and was constructed by Reclamation. The CAP is intended to deliver an average of approximately 1.5 million acre-feet of Arizona's annual share of Colorado River water to central and southern Arizona, which will partially replace existing groundwater uses and supplement surface water supplies. It also provides flood control, power, recreation, and fish and wildlife benefits.

Under its enabling legislation (A.R.S. §48-3701 et seq.), the District has the authority to levy ad valorem taxes against all taxable property within its boundaries. The first ad valorem tax, which may not exceed 10 cents per \$100 of assessed valuation, is for the District's operations and repayment of the construction cost repayment obligation of the CAP (Note 2). The ad valorem tax for operations and repayment was levied at 10 cents per \$100 of assessed valuation for the tax years ending June 30, 2022 and June 30, 2021. The second ad valorem tax, which may not exceed 4 cents per \$100 of assessed valuation, is for water storage to the extent that it is not required for the District's operations or the construction cost repayment obligation of the project. The ad valorem tax for water storage was levied at 4 cents per \$100 of assessed valuation in the tax years ending June 30, 2022 and June 30, 2021. Proceeds are deposited by the District with the State Treasurer and used by the District to defray annual operation, maintenance and replacement cost. The respective counties collect property taxes on behalf of the District.

In 1993, the State legislature gave the District additional authority to provide replenishment services within the District's three-county service area. This authority is commonly referred to as the Central Arizona Groundwater Replenishment District (CAGRD). The CAGRD began enrolling members in 1995. The CAGRD is responsible for using renewable water supplies to replenish (or recharge) excess groundwater used by its members. All costs of the CAGRD are to be paid by its members through assessments based on replenishment services provided.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The accounting policies of the District conform to generally accepted accounting principles as applicable to an enterprise fund of a governmental unit. Accordingly, the District is accounted for using the flow of economic resources, measurement focus and the accrual basis of accounting, whereby revenues are recorded when they are earned, and expenses are recorded when the liability is incurred. CAWCD is a primary government with a single-blended component unit, the CAWCD Insurance Company, Inc. (Captive). However, the District has identified a number of financial activities that it wishes to track separately, referred to as funds and accounts:

- General Fund – Represents CAWCD's core business, the delivery of Colorado River water to central Arizona through the Central Arizona Project (CAP) and repayment of reimbursable construction costs and is, by an order of magnitude, the largest fund within the District.
- Central Arizona Groundwater Replenishment District Account (CAGRD) – Represents the activities of the CAGRD as authorized by Arizona Revised Statutes (ARS) § 48-3771 et. seq.
- Supplemental Water Account – Represents the activities related to a trust fund established by Section 7 of Public Law 98-530 and ARS § 45-3715.01 to acquire or conserve water to supplement Colorado River supplies.
- Captive Insurance Fund – Represents the activities related to the CAWCD Captive Insurance Company, Inc., to provide a self-insurance mechanism for health, property and casualty insurance.

These "funds" and "accounts" have been combined in the accompanying financial statements and all material inter-fund transactions have been eliminated.

The *statement of net position* presents the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three components:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and is reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on asset's use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of those assets which do not meet the definition of the two preceding categories. Unrestricted net position often are designated to indicate that management consider them to be available for general operations. The unrestricted component often has constraints on resources which are imposed by management but can be removed or modified by the District Board of Directors.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bond Issuance Costs and Premiums

Bond issuance costs are expensed immediately. Bond premiums are amortized over the term of the related bonds on the effective interest rate method. Bond premiums are presented as an increase of the face amount of bonds payable.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Investments

All funds, except the Captive, are to be invested in obligations issued or guaranteed by the United States or any of its agencies, collateralized repurchase agreements, obligations of the state and local governments, prime quality commercial paper and other instruments as set forth in the District's enabling legislation.

Investments are managed by the State Treasurer and maintained in investment pools (the state of Arizona Local Government Investment Pool (LGIP) 5 and the CAWCD Long-Term Pool 12). The LGIP 5 consists of participating interest earning investment contracts with maturities of less than one year. The investments are reported at fair value and the District's investments approximate the value of the pool shares and are considered a cash equivalent. The CAWCD Long-Term Pool 12 is recorded at fair value in accordance with GASBS No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Water Inventory

Water inventory is valued at cost, which approximates market, using the average flow of cost method. The water inventory adjustment recognizes that the cost of power used to pump water into Lake Pleasant should be recovered, through operations maintenance and replacement (OM&R) charges, in the year the water is delivered to customers, not the year in which it is pumped into Lake Pleasant. The water inventory adjustment is valued at the actual energy cost.

In 2002, the District entered into a water exchange agreement with Salt River Project (SRP) that allowed for an exchange of up to 150,000 acre-feet. Water inventory is valued at cost, which approximates market, using the average flow of cost method. Any intentionally created surplus credits (ICS) the District earns are expensed.

The District purchased long-term storage credits (LTSC) from outside organizations through CAGRD funds. These LTSC are recorded at cost using average cost valuation method. The LTSC are maintained in separate accounts for the Replenishment Reserve and general inventory. The Replenishment Reserve is required by state statute as a means to ensure a pool of LTSC is available to meet replenishment obligations in the event of a shortage or lack of other supply. The goal of the Replenishment Reserve is established statutorily and CAGRD must demonstrate progress toward the established goal. The general storage credits are LTSC that CAGRD holds that it has purchased or created and are available to meet its replenishment obligation or add to its Replenishment Reserve.

Capital Assets and Depreciation

Capital assets are initially recorded at cost. Contributed assets are recorded at acquisition value as of the date received. Internally constructed assets are recorded at cost plus an allocation of overhead costs. Depreciation is provided on the straight-line method based on the estimated useful lives of the assets ranging from three to fifty years. The costs of additions and replacements are capitalized. Work-in-process is capitalized as projects are completed. Major components of a project that have been completed and placed in service are depreciated. Repairs and maintenance are charged to expense as incurred. Retirements, sales and disposals are recorded by removing the cost and accumulated depreciation from the asset and accumulated depreciation accounts with any net resulting gain reflected in nonoperating revenue or any net resulting loss as Operating Expenses within the statements of revenues, expenses, and changes in net position.

Nondepreciable intangibles are water rights that are perpetual and do not decrease in value. Depreciable intangibles include water rights if agreements are for shorter terms (see Note 9 for further discussion) and computer software.

The Permanent Service Right is an intangible asset that represents that District's right to operate the CAP water delivery system (see Note 9).

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation (Continued)

Operating assets are capitalized when over \$25,000 and are stated at cost. Assets are depreciated on the straight-line method over the estimated useful lives as follows:

Land	Not Depreciated
Intangibles – Nondepreciable	Not Depreciated
Structures and Improvements	5 to 40 Years
Equipment	3 to 20 Years
Intangibles – Depreciable	3 to 100 Years

Investments

Investments held by governmental entities are reported at fair value. Fair value adjustments are included in interest income and other nonoperating revenues.

Restricted Assets

Restricted assets are primarily funds held by the State Treasurer or trustees that are restricted by enabling legislation or contract.

Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources are reported in the basic financial statement of net position in a separate section following assets and liabilities, respectively. The District elected the optional statement of net position presentation.

The District recognizes the consumption of net position that is applicable to a future reporting period as deferred outflows of resources. The deferred outflows of resources are related to the District's pension plan and other postemployment benefits (OPEB).

The District recognizes the acquisition of net position that is applicable to a future reporting period as deferred inflows of resources. The deferred inflows of resources relate to the District's pension and OPEB plans and customer deposits.

Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to the pensions, and pension expense, information about the fiduciary net position of the Arizona State Retirement System (ASRS) and additions to, or deductions from, ASRS's fiduciary net position have been determined on the same basis as they are reported by ASRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (see Note 17).

Other Postemployment Benefits (OPEB)

The District provides post-retirement healthcare insurance benefits for its retirees as a single-employer defined benefit plan which is administered through CAWCD Insurance Company, Inc. (Captive). Eligible retirees are provided medical, dental and life insurance benefits for spouses and family (see Note 19).

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The District records revenue from the sale of water, the sale of power, the levy of property taxes and the provision of certain contract services to other external or third-party entities. Water rates consist of water service capital charges and OM&R charges. Generally, OM&R charges are determined by the Board of Directors after giving consideration to the amount of OM&R costs to be paid by the various subcontractors and through property taxes. Water is delivered to subcontractors and other customers based on delivery requests. Revenue from OM&R charges is recognized as it is earned and revenue from water service capital charges is recognized monthly. Generally, OM&R charges for scheduled water deliveries are due in advance of delivery.

Revenues from contract services and the sale of power are recorded when earned.

Property taxes are recorded as a receivable when levied and the receivable is reduced when money is received from the counties.

Operating and Nonoperating Revenues

The District's primary operating revenues are water sales, capital charges associated with water sales, power and Lower Colorado River Basin Development Fund (BDF) revenues and CAGR rates and fees. The District's primary nonoperating revenues are property taxes and interest earnings.

Operating and Nonoperating Expenses

The District's primary operating expenses are salaries and related costs, pumping power, amortization/depreciation, and outside services (other operating expenses). The District's primary nonoperating expense is interest related to the federal debt repayment and interest on bonds and disbursements to the Arizona Water Bank Authority (AWBA).

Application of Restricted or Unrestricted Resources

In cases where an expense is incurred for purposes for which both restricted and unrestricted net position is available, the expense is applied to the restricted net position first.

Statement of Cash Flows

For the purpose of the statement of cash flows, cash and investments with a maturity of less than one year at the time of purchase are treated as cash and cash equivalents due to their high liquidity.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 MASTER REPAYMENT AGREEMENT

The Agreement

The Bureau of Reclamation and the District have a contract for delivery of water and repayment of costs of the CAP. This contract (the Master Repayment Agreement) was originally entered into in 1972 and amended in 1988. In the Master Repayment Agreement, Reclamation agreed to construct the CAP and the District agreed to repay various reimbursable construction costs of the CAP, various OM&R costs during construction and interest during construction on various costs.

Commencement of Repayment

Reclamation notified the District that the water supply system, the first CAP construction stage, was substantially complete on October 1, 1993. This notification initiated repayment by the District for the water supply system. Reclamation notified the District that the regulatory storage facilities stage, consisting of New Waddell and Modified Roosevelt Dams, was substantially complete on September 30, 1996. This notification initiated repayment by the District for the regulatory storage facilities stage.

The Master Repayment Agreement requires the District to make annual payments to the United States on the repayment obligation related to the completed construction stages. These payments are required to be made over a 50-year period and are based on paying a percentage of the remaining outstanding repayment obligation, plus interest, with each construction stage having a separate 50-year repayment period as follows: contract years 1-7: 1%; 8-14: 1.3%; 15-21: 1.6%; 22-28: 2%; 29-35: 2.6%; and 36-50: 2.7%.

Repayment Litigation and Repayment Settlement

As a result of disputes between the District and the United States regarding the amount of the District's repayment obligation, the District filed a lawsuit against the United States in July 1995, seeking a judicial determination of the District's repayment obligation. The United States also filed a lawsuit against the District. The two lawsuits were consolidated into a single action in the Federal District Court (the Court), in Phoenix, Arizona (the Repayment Litigation). On May 9, 2000, the litigation was settled, contingent upon the satisfaction of certain conditions within a specified time period (the Repayment Settlement). On April 8, 2003, the settlement was amended to extend the time for satisfaction of the conditions necessary for entry of final judgment. On December 10, 2004, the Arizona Water Settlements Act was enacted (the Settlements Act). The Settlements Act facilitated final judgment in the Repayment Litigation by authorizing actions that were necessary to satisfy the conditions of the Repayment Settlement. These conditions were subsequently satisfied. On November 21, 2007, a final judgment was entered based upon a stipulation for judgment filed by all of the parties to the Repayment Litigation. The time for appeal of the final judgment has expired. Accordingly, the Repayment Settlement is now fully effective. The major matters resolved by the Repayment Settlement are as follows.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 MASTER REPAYMENT AGREEMENT (CONTINUED)

The Arizona Water Settlement

The Repayment Settlement required that there be a reallocation of CAP water supplies such that the total amount of CAP water allocated for federal uses be increased to 667,724 acre-feet, or approximately 47% of average annual CAP supplies. The remaining CAP supplies, 747,276 acre-feet, or approximately 53% of average annual CAP supplies, were required to be made available for non-Indian agricultural, municipal, and industrial use.

This reallocation was accomplished through the relinquishment of long-term CAP entitlements by non-Indian agricultural CAP subcontractors and the eventual reallocation of those entitlements and other, uncontracted non-Indian agricultural (NIA) priority CAP water to Indian and municipal and industrial (M&I) water users. In return for the receipt of certain benefits, including the opportunity to purchase excess CAP water under short-term contracts at energy-only rates through 2030, NIA CAP subcontractors were offered the opportunity to relinquish their rights to NIA water under their long-term CAP subcontracts. All of the NIA CAP subcontractors agreed to permanently relinquish their entitlements to NIA water. (The Arizona State Land Department, a landowner within the Maricopa Stanfield Irrigation and Drainage District (MSIDD), initially elected to retain an entitlement of 9,026 acre-feet of MSIDD's entitlement under a long-term NIA CAP subcontract but was subsequently terminated on September 1, 2009.)

On August 25, 2006, the Secretary of the Interior (Secretary) reallocated 197,500 acre-feet of the relinquished and uncontracted NIA water for use by Arizona Indian tribes, bringing the total amount of CAP water allocated for federal use to 650,724 acre-feet. Under the Settlements Act, an additional 17,000 acre-feet of M&I priority CAP water may be transferred from nonfederal to federal uses in the future. If that additional water ultimately is not transferred, the District and the United States would adjust the District's repayment obligation as described below.

In the August 25, 2006 allocation decision, the Secretary also reallocated up to 96,295 acre-feet of NIA priority CAP water to the Arizona Department of Water Resources to be held in trust for eventual reallocation to non-Indian M&I entities and reallocated 65,647 acre-feet of previously uncontracted M&I priority CAP water to M&I entities. New CAP subcontracts, incorporating the additional allocations of M&I water and certain amendments required by the Settlements Act, were offered to all subcontractors of CAP water service. All of those subcontracts were fully executed, bringing the total amount of non-Indian M&I priority CAP water under subcontract to 620,678 acre-feet. In 2021, 44,530 acre-feet of the 96,295 acre-feet of NIA priority CAP water was allocated to M&I subcontractors. This, together with the 51,765 acre-foot of NIA priority water still allocated to the Arizona Department of Water Resources, and the 47,303 acre-feet of Hohokam Cliff Dam Replacement allocation (a previous settlement) brings the total amount of CAP water currently in non-Indian hands to 764,276 acre-feet.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 MASTER REPAYMENT AGREEMENT (CONTINUED)

Repayment Obligation

The Repayment Settlement established the principal amount of the District's repayment obligation for the water supply system and regulatory storage facilities stages of the CAP at \$1,646,462,500 based upon the agreement to increase the amount of CAP water allocated for federal use to 667,724 acre-feet. The Repayment Settlement provides that the repayment obligation is subject to further adjustment, up or down, by \$1,415 per acre-foot if the total amount of CAP water ultimately made available for federal use is not 667,724 acre-feet. The District's repayment obligation would vary inversely with the amount of CAP water allocated for federal use. Thus, if the total amount of CAP water ultimately made available for federal use is less than 667,724 acre-feet, the District's repayment obligation would be increased by \$1,415 per acre-foot of the difference. There was no adjustment to the District's repayment obligation related to the CAP water allocated for federal use in 2021.

The Repayment Settlement provided that 73% of the District's repayment obligation will bear interest at the rate established in the Master Repayment Agreement of 3.342% per annum, and 27% of the repayment obligation will be noninterest bearing. The Repayment Settlement fixed these percentages for the duration of the repayment period.

Construction Deficiencies and Other Credits

Certain disputes regarding financial responsibility for CAP construction deficiencies were resolved by the Repayment Settlement, with the District receiving appropriate credit against payments due under its repayment obligation for work performed by the District to correct these deficiencies. Certain other credits against the annual payments due from the District were also recognized and applied in the Repayment Settlement.

In 2011, the District applied a one-time prepayment of \$12,000,000 from the sale of NGS Surplus Power pursuant to the Repayment Settlement. This amount is in lieu of the last \$12,000,000 due of the noninterest bearing portion of the Repayment Obligation.

Application of Basin Development Fund Revenues

The Repayment Settlement provided that all net miscellaneous revenues and net power revenues accumulating in the BDF of the United States Treasury in each year will be credited annually against the amount due from the District on its repayment obligation.

NOTE 3 OPERATIONS

Operations and Maintenance Agreement

Reclamation has transferred responsibility for operation and maintenance of completed CAP features to the District. The District performs these responsibilities under the Master Repayment Agreement, an agreement with Reclamation for the operation and maintenance of the facilities (the OM&R Transfer Contract), and an Operating Agreement between Reclamation and the District that took effect as part of the Repayment Settlement.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 OPERATIONS (CONTINUED)

Water Delivery Contracts and Subcontracts

Long-term CAP water service began pursuant to contracts and subcontracts on October 1, 1993, upon notice of completion of the water supply system. Originally, the term of the contracts and subcontracts was generally 50 years beginning January 1, 1994. The Settlements Act required the Secretary to offer to amend all CAP contracts and subcontracts to, among other things, change the term of the contracts and subcontracts from 50 years to permanent water service, with an initial delivery term of 100 years. Pursuant to the Settlements Act, the District offered 60 new subcontracts and all were executed. In addition, the United States has entered into long-term contracts with eleven Indian entities for the delivery of CAP water. The District is not a party to these contracts but is obligated to deliver CAP water to Indian contractors under the Master Repayment Agreement.

The non-Indian subcontracts require the payment of a water service capital charge and an OM&R charge. For Municipal and Industrial (M&I) subcontractors, the water service capital charge is applicable to each subcontractor's maximum annual entitlement to CAP water. Under the M&I water service subcontracts and current District pricing structure, the M&I water service capital charge is a variable charge based on the estimated amount required to make the federal repayment less amounts available from the BDF or property taxes. The water service capital charge will not be greater than necessary to amortize project capital costs allocated to the M&I function with interest. Indian contractors of CAP water pay no water service capital charge, since the capital costs associated with the delivery of CAP water to Indian entities are not reimbursable by the District pursuant to the Master Repayment Agreement.

The OM&R costs of the CAP are of two types: energy costs and fixed costs. Energy costs are incurred to pump water from the Colorado River through the CAP aqueduct system and fixed costs are the nonenergy costs associated with operation, maintenance, and replacement. The District completed a cost-of-service study to better define what components properly constitute fixed OM&R costs and how to allocate those costs among classes of CAP water users.

M&I subcontractors and Indian contractors must pay OM&R charges on water scheduled for delivery.

Indian tribes, or the United States on behalf of Indian tribes, pay the fixed OM&R charges and pumping energy charges associated with the delivery of CAP water to Indian tribes. Under the Settlements Act, the United States may use funds available in the BDF to pay Indian fixed OM&R charges. The United States pays all OM&R charges for water delivered to the Ak-Chin Indian Community pursuant to a 1984 settlement of that tribe's water rights claims. Disputes that existed with respect to the amounts of those charges and the proper method of calculating OM&R charges were resolved as part of the Repayment Settlement.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 OPERATIONS (CONTINUED)

Water Delivery Contract and Subcontracts (Continued)

As an integral part of the Repayment Settlement, the District also offers a special pool of excess water (the Ag Settlement Pool) to NIA water users pursuant to two-party contracts between the District and NIA water users. Those users pay pumping energy charges, but not fixed OM&R charges, for that water.

The District's Board of Directors uses the District's Long-Range Financial Plan (LRFP) to assist in setting rates for water service. In 2005, the Board of Directors adopted a two-year planning cycle. The Board revised the policy in 2010. As a result, water service charges are set every other year, including firm rates for the next year, provisional rates for the following year, and advisory rates for the subsequent four years. The provisional rates become firm the subsequent year unless updated by the Board prior to the commencement of the second year during the rate update process. The water service charges charged to M&I subcontractors and the United States on behalf of Indian contractors of CAP water service for 2021 were confirmed by the Board of Directors on June 4, 2020, at which time the Board also approved provisional rates for 2022 and advisory rates for 2023 through 2026.

Details regarding water deliveries and charges are set forth in the unaudited tables appended to these financial statements as Statistical Section.

POWER

The Navajo Generating Station supplied the majority of power to CAP prior to 2020. It was taken out of service in mid-November 2019 and is no longer a method of power supply to CAP.

Hoover Surcharge

The Hoover Act also provided for the addition of a surcharge to the rates for energy sold in Arizona from the Boulder Canyon (Hoover) and Parker-Davis projects of 4.5 mills per kilowatt-hour. Revenues from the surcharge on Hoover power sales began in 1987 and revenues from Parker-Davis power sales began in 2005. Revenues from this surcharge are credited to the Basin Development Fund.

The District records these revenues as funds held by the federal government as of December 31 of each year and then applies them against the annual payment due from the District the following January 20. The application of these revenues against the annual payments due from the District under the Master Repayment Agreement is required by the Repayment Settlement.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 OPERATIONS (CONTINUED)

POWER (CONTINUED)

Market Purchases

CAWCD has an agreement with an energy cooperative to handle trading, scheduling, imbalance and interchange services to fulfill the daily/short-term power purchasing needs. CAWCD has another agreement with a firm to handle the market forward purchases, most of which is accomplished via energy auctions.

Long-Term Contracts

In addition to Hoover Dam, CAWCD currently has 2 long-term power purchase agreements. The first is a 20-year agreement with a solar facility to provide energy from a 30 MW facility. The second is a 5-year agreement, which began in January 2020, with SRP for 35 MW. These two agreements provided over 12% of the power required for pumping needs in 2021.

MULTI-SPECIES CONSERVATION PROGRAM

On March 3, 2005, the District's Board of Directors adopted a resolution authorizing participation in the Lower Colorado River Multi-Species Conservation Program (LCR MSCP) and approving related documents.

The LCR MSCP is a comprehensive program for the protection of 26 covered species and their habitat in the Lower Colorado River Basin, including six endangered and threatened species. The purpose of the LCR MSCP is to comply with the Endangered Species Act (Act) and thereby protect existing and future activities associated with water use and power production.

The LCR MSCP is intended to satisfy the requirements of Section 7 of the Act for the federal agencies involved and the requirements for issuance of a Section 10 permit to the non-federal participants for the non-federal activities covered by the program.

The covered Arizona activities include on-going diversions of Colorado River water by users such as the CAP, future diversions, including transfers of Colorado River entitlements and changes in the points of diversion of up to 200,000 acre-feet per year, and on-going and future use of hydropower from Hoover, Parker and Davis Dams. The Section 10 permit issued to Arizona participants, including the District, authorizes the "incidental taking" of covered species during the course of carrying out covered activities.

The total costs of the program are approximately \$626,000,000, in 2003 dollars, over the 50-year period of the program and the permit (adjusted for inflation over the fifty years this amount is estimated to be \$1,209,055,000). The federal government will bear 50% of this cost. The Lower Basin States of Arizona, California and Nevada will bear the other 50%. Of the share allocated to the States, Arizona will bear 25%, or approximately \$78 million. The payments due each fiscal year will be indexed for inflation on an annual basis. The District's cost associated with the program was \$3,043,007 in 2021.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 OPERATIONS (CONTINUED)

MULTI-SPECIES CONSERVATION PROGRAM (CONTINUED)

The Arizona participants in the program include 26 entities that are agencies that have been actively involved in developing the program since its inception or are water or power users that want the protection of the Section 10 permit. The documents include: an Implementing Agreement among state and federal participants; a Funding and Management Agreement among state and federal participants; a Trust Indenture and Joint Payment Agreement from Arizona participants to a trustee; and a Permit issued by the United States Fish and Wildlife Service.

The Implementing Agreement essentially defines the relationship of the parties to the Fish and Wildlife Service with respect to the LCR MSCP. The Funding and Management Agreement defines the obligations of the state parties and Reclamation with respect to payment of LCR MSCP costs. The Trust Indenture and Joint Payment Agreement from Arizona participants to a trustee defines the relationship of the Arizona parties with respect to payment of Arizona's share of LCR MSCP costs. The Permit issued by the United States Fish and Wildlife Service is the document that gives the state parties the right to "take" species during the course of carrying out otherwise lawful activities such as water diversion and power use.

The Funding and Management Agreement allowed Arizona to pay less than 25% of the States' costs during the first ten years, in return for agreeing to make up the difference between what it pays in the early years and 25% over the next 20 years, with an inflation adjustment at the agreed rate. The District has agreed to underwrite payment of Arizona's share of LCR MSCP costs. The District may elect to pay the full 25% at any time.

Under the Trust Indenture and Joint Payment Agreement, water and power users named in the Permit are required to share in paying Arizona's share of MSCP costs. Pre-1968 and post-1968 water users (including the District) paid 25 cents per acre-foot of consumptive use of Colorado River water during the first ten years of the program; pre-1968 water users pay 50 cents per acre-foot thereafter and post-1968 water users (including the District) pay \$1.00 per acre-foot thereafter. These amounts are in 2003 dollars and are to be escalated by a specified inflation index. Power users in Arizona will pay 12.5% of Arizona's costs. The District will have the obligation under the Trust Indenture and Joint Payment Agreement to pay any portion of the Arizona obligation that is not covered by the payments made by other Arizona participants. No party will have any right to enforce the obligation to pay other than through requesting that the Fish and Wildlife Service suspend or revoke the Permit as to any party that fails to pay its share.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 OPERATIONS (CONTINUED)

CENTRAL ARIZONA GROUNDWATER CONSERVATION DISTRICT (CAGR D)

CAGR D is operating under the 2015 Plan of Operation. The Plan, which was developed through a lengthy stakeholder process, was submitted to the Arizona Department of Water Resources (ADWR) on December 29, 2014. On August 15, 2015, the ADWR Director found the Plan to be consistent with the management goals of the Phoenix, Pinal and Tucson AMAs and subsequently approved the Plan. Statutes require CAGR D to prepare and submit a new plan to ADWR every ten years. The 2015 Plan is effective through December 31, 2024.

CAGR D was established with the requirement that all of the costs of CAGR D be paid by its members. CAGR D has three primary sources of revenues: annual replenishment assessments, up-front fees and membership dues. In addition, CAGR D accrues interest on the reserves established by these sources. CAGR D rates go into effect following the Board approval at its June Board meeting.

Annual replenishment assessments are collected from CAGR D members based on the volume of excess groundwater they used in the previous year. CAGR D's assessment rates are established by the individual AMA and consist of the following four components: (a) water and replenishment; (b) administrative; (c) infrastructure and water rights; and (d) replenishment reserve. Each assessment component is specifically assigned to cover costs incurred by CAGR D.

CAGR D has ongoing operating expenses and costs related to administration, planning, membership enrollment, water supply acquisition, annual reporting and satisfaction of annual replenishment obligation. The largest expenses incurred by CAGR D result from purchasing and recharging water to meet existing obligation and acquisition of water rights to ensure satisfaction of future replenishment obligation.

NOTE 4 TAXING AUTHORITY

The District has the authority to levy two limited ad valorem taxes against all taxable property within its boundaries. The first ad valorem tax, which may not exceed 10 cents per \$100 of assessed valuation, is for the District's operations and payment of the District's repayment obligation to the United States. The second ad valorem tax, which may not exceed 4 cents per \$100 of assessed valuation, is for water storage to the extent that it is not required for the District's operations or payment of the repayment obligation.

The ad valorem property tax is levied against all taxable property in the District. Prior to 2015 property taxes were based on Full Cash Value (FCV). Starting in 2015, the property taxes are based on Primary (Limited) Assessed Value (LPV).

Tax Year	General Tax Rate	Water Storage Tax Rate	Period Collected
2020	\$ 0.10	\$ 0.04	October 1, 2020 to September 30, 2021
2021	\$ 0.10	\$ 0.04	October 1, 2021 to September 30, 2022

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 TAXING AUTHORITY (CONTINUED)

The property taxes due to the District are billed, along with State, County and other property taxes, in September of each year and are payable in two installments, October and March. The delinquent tax dates are November 1 and May 1 and delinquent taxes are subject to a penalty of 16% per annum unless the full year tax is paid by December 31. At the close of the tax collection period, the County Treasurer prepares a delinquent property tax list and the property so listed is advertised for sale in February of the succeeding year. In the event that there is no purchaser for the property at the tax sale, the title to such property is vested in the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent and current taxes.

Additional information concerning the full cash value and assessed value of property within the District's service area, tax levies, and tax collections appears in the Other District Information section.

NOTE 5 CASH AND INVESTMENTS

Cash and Deposits

The CAWCD and Captive accounts are on demand deposits at Bank of America and First Hawaiian Bank, respectively. As of December 31, 2021, the District reported \$15,457,000 in cash on its general ledger with bank balances of \$13,601,000 and a nonnegotiable certificate of deposit totaling \$2,396,000. The District's cash balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Pursuant to Arizona Revised Statutes (A.R.S.), Title 35, Chapter 10, all uninsured deposits of the CAWCD are collateralized as part of the Arizona Statewide Collateral Pool Program as administered by the Arizona Office of the Treasurer. All securities pledged are held in book-entry form and held at the Federal Reserve Bank.

Investments

As a multi-county water conservation district, the District's Enabling Act prescribes that the Arizona State Treasurer holds the District's investments, including the restricted assets in Note 7. The District had money in CAWCD Long-Term Pool 12 and LGIP-Pool 5 (Local Government Investment Pool). The District follows the Arizona State Treasury Investment Policy Statement. The target duration of the CAWCD Long-Term Pool 12 is 4.5 years. Securities, at time of purchase, will carry, as a minimum, an A or better rating (or equivalent) by any Nationally Recognized Statistical Rating Organization (NRSRO). Eligible securities include U.S. Treasury, U.S. agency, corporate notes, MBS/ABS, and money market instruments with a minimum of the top two ratings by any NRSRO or funds qualified in section IV (10) of the Arizona State Treasury Investment Policy Statement that invests in those assets. No state agency or general fund participation is allowed in this pool. CAWCD owns the securities in this pool (as opposed to shares).

The LGIP-Pool 5 is a pool used for liquid cash equivalent needs. The final maturity of any fixed-rate security shall not exceed 18 months from the settlement date of the purchase. The final maturity of any variable rate security shall not exceed two years. The dollar weighted average portfolio maturity shall not exceed 90 days.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

The investment pools themselves are not required to register (and are not registered) with the Securities and Exchange Commission under the 1940 Investments Advisors Act. The activity and performance of the pools are reviewed monthly by the State Board of Investment in accordance with A.R.S. §35 311. However, the State Treasurer's Office only invests in SEC-registered investment company shares that have readily available share prices. The Master Custody Services for the Office of the Arizona State Treasurer is State Street Bank & Trust Company. The fair value of the District's position in the pool shares is the same as the value of the pool shares. Fair values of investments are determined using State Street Bank & Trust Company prices. State Street obtains security prices from independent, industry recognized data vendors who provide values that are either exchange based or matrix based. Matrix based pricing is the process of determining the price of a nonbenchmark security by adding (subtracting) a spread in basis points to the yield of a comparable benchmark that is actively priced. Equities are priced utilizing the primary exchange closing price. In the absence of a closing price, the bid price will be utilized.

The bid price is the price a buyer is willing to pay for a security. If no pricing source is available, the cost price or the last available price from any source will be utilized. All bonds are priced using an evaluated bid price, the closing trade/bid price or the most recent mid/bid price, except securities with a remaining maturity of 90 days or less are priced at amortized cost (amortizing premium/accreting discount on a straight-line to maturity method). The evaluated bid is based on a compilation of primary observable market information or a broker quote in a nonactive market. The mid/bid price is the midpoint between the best bid and offer. If no pricing source is available, the cost or the last available price from any source will be utilized.

The District's portion of pooled investments (current, noncurrent, and restricted assets, excluding \$2,250,000 of restricted cash) as of December 31, 2021 consisted of the following (stated at fair value):

	<i>(In Thousands)</i>
Local Government Investment Pool 5	\$ 110,918
Local Government Investment CAWCD Pool 12	620,574
BBVA Bank	4,132
Zions Bank	6,317
Total	<u>\$ 741,941</u>

Pool 5 is rated by Standard & Poor's Rating Service. The rating at December 31, 2021 was AAAs/S1+. According to S&P Global Ratings, a 'AAA' rated fund's portfolio exposure is extremely strong, and a 'S1+' rated fund exhibits very low volatility of monthly returns. Pool 12 is not rated by a nationally recognized statistical rating organization. The District does not have a credit risk policy for its pooled investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The District does not have an interest rate risk policy for its pooled investments.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

At December 31, 2021, the interest rate risks of the two pools in the aggregate are:

	Fair Value <i>(In Thousands)</i>	Weighted- Average Maturity (Years)
Local Government Investment Pool 5	\$ 110,918	0.15
CAWCD Long-Term Pool 12	620,574	6.44
Money Market Funds	10,449	0.00
Total	<u>\$ 741,941</u>	<u>6.59</u>

The Board of Directors has designated end of year strategic reserve targets that are invested in Pool 12 investments. As of December 31, 2021, the reserves targets are as follows: capital reserves of \$70,000,000, contingency reserves of \$8,000,000 and operating reserves of \$75,000,000.

NOTE 6 WATER INVENTORY

The District maintains several types of water inventory (see Note 1).

Lake Inventory

Lake inventory is valued at the actual energy cost that was used to store water in the lake. The District's share of Lake Pleasant storage as of December 31, 2021 was 485,415 acre-feet valued at \$24,330,574. Typically, Lake Roosevelt has an inventory balance, but through mutual agreement ended the year with an amount owed to Salt River Project of 10,619 acre-feet with a cost of \$49/acre-foot.

Replenishment Reserve Long Term Storage Credits (LTSC)

The District, through the CAGRDR, is statutorily required to establish a Replenishment Reserve. The purpose of the Replenishment Reserve is to help ensure that CAGRDR is capable of meeting its replenishment obligation and to enhance rate stability in times of water supply shortage or infrastructure failure. CAGRDR can use LTSC from the Replenishment Reserve to offset its annual replenishment obligation, rather than acquiring spot-market water supplies, which may be more expensive during shortage or outage conditions. The Reserve Target, calculated for each Active Management Area (AMA), is based on that specific AMA's projected obligation from the current CAGRDR Plan of Operation. CAGRDR has purchased some of the LTSC from CAWCD that were stored in previous years. The CAWCD credits do not have an inventory valuation. The balance of the Replenishment Reserve inventory as of December 31, 2021 is:

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 WATER INVENTORY (CONTINUED)

Replenishment Reserve Long Term Storage Credits (LTSC) (Continued)

	<u>Acre-Feet</u>	<u>Inventory Value</u> <i>(In Thousands)</i>
Phoenix AMA		
External purchases	125,300	\$ 12,822
CAWCD purchases	125,174	-
Tucson AMA		
External purchases	36,948	4,182
CAWCD purchases	3,988	-
Pinal AMA		
CAWCD purchases	5,783	-
Total	<u>297,193</u>	<u>\$ 17,004</u>

Infrastructure and Water Rights Inventory (I&WR)

CAGRDR has acquired LTSC from outside organizations through CAGRDR I&WR funds. These LTSC are recorded at cost using average cost valuation method. The credits are available to be utilized to fulfill obligations or be transferred to the Replenishment Reserve. In 2020, CAGRDR and the Gila River Indian Community entered into a 25-year agreement to exchange 15,000 AF per year of Pinal LTSC for Phoenix LTSC. The parties also entered into a 25-year agreement to lease CAGRDR 18,185 AF/year of the Gila River Indian Community NIA priority water. The balance of the I&WR LTSC inventory as of December 31, 2021 is:

	<u>Acre-Feet</u>	<u>Inventory Value</u> <i>(In Thousands)</i>
Phoenix AMA	390,405	\$ 86,930
Tucson AMA	163,547	30,581
Pinal AMA	345,000	62,100
Total	<u>898,952</u>	<u>\$ 179,611</u>

CAWCD LTSC Inventory

The District has internally created LTSC of 525,507 acre-feet as of December 31, 2021. These credits do not have an inventory valuation and are dedicated to CAGRDR for its Replenishment Obligation and Replenishment Reserve.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 RESTRICTED ASSETS

Restricted assets consist of the following at December 31, 2021:

	<i>(In Thousands)</i>
Master Repayment Agreement Repayment Reserves	\$ 53,709
Bond Trust Account	6,317
Restricted Power Agreement	187
Supplemental Water Account	9,164
CAGR Account	27,031
Captive Insurance Company	2,250
9(d) Reserve Account	15,011
Total	<u>\$ 113,669</u>

Master Repayment and Operating Reserves

The District is required under the terms of the Master Repayment Agreement to establish and fund over a ten-year period (1) an operations and maintenance reserve fund of \$4,000,000 for extraordinary costs of operations, maintenance and replacement of project works (interest must remain in the account), and (2) a repayment reserve fund of \$40,000,000 for the purpose of assuring payments of future obligations.

At December 31, 2021, the fair value of the operations and maintenance and repayment reserves totaled \$6,678,000, and \$40,000,000, respectively, including accrued interest. See the cash and investments footnote (Note 5) for risk disclosures as of December 31, 2021 related to investments held by the Arizona State Treasurer.

The District redeemed its Series B bonds on November 1, 2007 and the Series A bonds were defeased in 2010. Per the Revised Stipulation Agreement, revenues from the Capacity Charge not necessary to pay debt service, costs, or rebate obligations associated with outstanding bonds or to fund reserves may be paid, at the District's option and in lieu of payment to Reclamation for deposit to the BDF, to CAWCD to be used by CAWCD solely to establish a reserve to cover the costs associated with major repair or replacement of CAP features.

At December 31, 2021, the fair value of the major repair and replacement reserve totaled \$7,031,000. See cash and investments (Note 5) for risk disclosures as of December 31, 2021 related to investments held by the Arizona State Treasurer.

Restricted Power Agreement

In 2018, a restricted asset was established for power agreements. Under the Power Purchase Agreement, PPA, a deposit is required for payment of liquidated damages prior to the start of construction of a solar power site. The initial deposit in 2018 was \$187,500. At December 31, 2021, the balance in the restricted power agreement account was \$187,500.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 RESTRICTED ASSETS (CONTINUED)

Bond Trust Accounts

Revenue bonds were issued by the District in 2016 to finance capital improvement project expenditures on transmission projects. The bond trust accounts include the project fund, the debt service funds and a reserve fund. Bond trust accounts held by the trustee may be invested in direct obligations of, or obligations guaranteed by the U.S. government, certificates of deposit, or obligations of this State, all subject to meeting certain ratings by national agencies. The trustee holds the investments in trust for the District and the bondholders pursuant to the trust agreement. The District is required under the terms of the bond indenture to maintain a debt service reserve of \$3,625,000.

As of December 31, 2021, the fair value of the bond project fund was \$-0- the debt service funds were \$2,691,000 and the debt service reserve fund was \$3,626,000.

Supplemental Water Account

In August 1985, the District's Board of Directors approved participation in an account established pursuant to legislation enacted by the Congress of the United States for the acquisition or conservation of water to supplement CAP water supplies (Supplemental Water account). The District and the United States government each have contributed \$1,000,000 to this account, which is administered by the District.

The District, acting as administrator of the account, is empowered to direct the expenditure of the trust funds in accordance with the provisions of a trust agreement between the District and the Arizona State Treasurer.

In November 2004, the Supplemental Water account was transferred from the LGIP to the CAWCD Long Term Pool, which invests primarily in U.S. Treasury, agency, corporate notes, mortgage backed securities/asset backed securities, and money market instruments with a minimum rating of A1/P1 and has a target duration of four to five years. See the cash and investments footnote (see Note 5) for the disclosures as of December 31, 2021 related to investments held by the Arizona State Treasurer.

CAGRD Account

The District is required by state statute to use replenishment reserve charges and fees within each active management area together with all interest earned on these charges and fees to store water in the active management area in advance of groundwater replenishment obligations for the purpose of developing long-term storage credits. See the cash and investments footnote (Note 5) for risk disclosures as of December 31, 2021 related to investments held by the Arizona State Treasurer.

Captive Insurance Company

The Hawaii Insurance Division has established certain minimum capital and surplus requirements for the Captive which are required to be maintained at all times. In 2011, the required reserve increased to \$2,250,000 due to the additional medical insurance benefits and claims that were handled by the Captive since 2012. As of December 31, 2021, the Captive was in compliance with the minimum capital and surplus requirements of the state of Hawaii.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 RESTRICTED ASSETS (CONTINUED)

9(d) Debt Reserve

This reserve is comprised of funds from revenues associated with the allocation of NIA water and provides the basis for a sinking fund, which will be for 9(d) debt service starting in 2026.

NOTE 8 AGRICULTURAL WATER RIGHTS

During 2007, as a result of the Arizona Water Settlement (Note 2), the Secretary of the Interior reallocated up to 96,295 acre-feet of NIA priority CAP water to the Arizona Department of Water Resources to be held by CAWCD for eventual reallocation to non-Indian M&I. In exchange for these water rights the District assumed payment of the Non-Indian Agricultural 9(d) debt (see Note 14).

The agricultural water rights were recorded at the cost of the 9(d) debt. In 2021, 44,530 acre-feet of the 96,295 acre-feet of NIA priority CAP water was allocated to M&I subcontractors. The remaining 51,765 acre-feet are anticipated to be reallocated by 2030. Upon allocation, recipients incurred a back capital charge, which goes toward the federal repayment, and a 9(d) debt charge. The 9(d) debt charge was deposited into a restricted fund to make the 9(d) debt payments beginning in 2026 (see Note 7). Subcontractors were offered a 5-year payment term for making the payments for the back capital charge and 9(d) charge, of which approximately half took advantage.

NOTE 9 CAPITAL ASSETS

The District reports investment in capital assets in two separate categories. The first category includes those capital assets that are operational in nature and are more common types of capital assets. The second is the permanent service right (described below) which is reported separately due to the significance of the asset. It is an asset unique to federally funded projects that are subsequently turned over to special municipal operating districts. This separation provides readers of the District's financials key relevant information.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9 CAPITAL ASSETS (CONTINUED)

The following table represents the changes in operating capital assets for the year ended December 31, 2021:

	December 31, 2020			December 31, 2021
	Balances	Increases	Decreases	Balances
	<i>(In Thousands)</i>			
Operating Assets not Depreciated:				
Land	\$ 3,198	\$ -	\$ -	\$ 3,198
Intangibles	3,930	16,754	-	20,684
Work-in-Process	21,412	21,942	(20,756)	22,598
Operating Assets being Depreciated:				
Land Improvements	9,839	1,112	-	10,951
Intangibles-Software	4,094	-	-	4,094
Intangibles-Water Rights	31,071	-	-	31,071
Structures and Improvements	222,235	4,931	-	227,166
Equipment	252,421	21,083	(1,713)	271,791
Total Operating Assets	<u>548,200</u>	<u>65,822</u>	<u>(22,469)</u>	<u>591,553</u>
Less Accumulated Depreciation for:				
Land Improvements	(3,844)	(682)	-	(4,526)
Intangibles-Software	(3,042)	(482)	-	(3,524)
Intangibles-Water Rights	(4,883)	(561)	-	(5,444)
Structures and Improvements	(92,383)	(10,124)	-	(102,507)
Equipment	(140,190)	(13,352)	1,611	(151,931)
Total Accumulated Depreciation	<u>(244,342)</u>	<u>(25,201)</u>	<u>1,611</u>	<u>(267,932)</u>
Operating Assets, Net	<u>\$ 303,858</u>	<u>\$ 40,621</u>	<u>\$ (20,858)</u>	<u>\$ 323,621</u>

Intangible assets consist of nondepreciable and depreciable assets. Non-depreciable assets are perpetual water rights and depreciable assets are water rights with an ending term date along with software.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9 CAPITAL ASSETS (CONTINUED)

Permanent Service Right

The District's interest in the CAP represents a permanent service right pursuant to the Master Repayment Agreement and Repayment Settlement. The permanent service right represents the District's right to use the CAP water delivery system for the purpose of fulfilling its responsibility of delivering water as provided in the Master Repayment Agreement and to collect revenues produced by the CAP. The District has used the repayment obligation specified in the Repayment Settlement, plus certain advances to the federal government and other adjustments, in recording the permanent service right. The cost of the permanent service right may be adjusted in the future as a result of determinations to be made as a consequence of the Repayment Settlement.

Although the District's interest in the CAP is reflected in the accompanying statements of net position, the United States retains a paramount right or claim in the CAP arising from the original construction and operation of the CAP as a Federal Reclamation Project. The District's right to the possession and use of, and to all revenues produced by the CAP, is evidenced by the Master Repayment Agreement, various laws and other agreements with the United States. Legal title to the CAP will remain with the United States until otherwise provided by Congress.

The District amortizes/depreciates the permanent service right on the straight-line method over the original estimated useful lives of the major components of the CAP; generally, 100 years for the aqueduct, 50 years for buildings and structures and 20 years for the pumping plant equipment.

The following table represents the changes in the permanent service right for the year ended December 31, 2021:

	December 31, 2020 Balances	Increases	Decreases	December 31, 2021 Balances
		<i>(In Thousands)</i>		
Permanent Service Right	\$ 1,789,627	\$ -	\$ -	\$ 1,789,627
Less Accumulated Amortization/ Depreciation				
Permanent Service Right	(746,792)	(23,000)	-	(769,792)
Permanent Service Right Asset, Net	<u>\$ 1,042,835</u>	<u>\$ (23,000)</u>	<u>\$ -</u>	<u>\$ 1,019,835</u>

The cost of periodic maintenance is charged to operations expense and the cost of major replacements is capitalized.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10 DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows consist of the following:

	<i>(In Thousands)</i>
Deferred Outflows ASRS Pension	\$ 12,363
Deferred Outflows OPEB	5,158
Total	<u>\$ 17,521</u>

With the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, an additional line item was created, Deferred Outflows ASRS Pension. See Note 17 for further explanation.

With the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, an additional line item was created, Deferred Outflows OPEB. See Note 19, for further explanation.

NOTE 11 ASSET RETIREMENT OBLIGATION

The District is responsible for a minority share of the decommissioning costs of NGS and the related Kayenta mine and has recorded the obligation in accordance with GASBS 83 – Certain Asset Retirement Obligations.

In early 2017, the NGS owners indicated that it was not economically feasible to operate the coal-fired plant past 2019 and the plant ceased operation in November 2019. The asset retirement obligation primarily relates to final plant decommissioning and costs related to the closure of the mine.

The District's proportionate share of the remaining decommissioning cost is \$42.5 million as of December 31, 2021, of which \$18 million is due within one year. This represents 24.3% of the remaining total decommissioning costs.

The CAWCD Board established a committed reserve for the asset retirement obligation with a balance of \$37.1 million as of December 31, 2021.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11 ASSET RETIREMENT OBLIGATION (CONTINUED)

The following schedule shows the change in the District's asset retirement obligations during the year ended December 31, 2021:

	<i>(In Thousands)</i>
Balance - January 1	\$ 52,517
Decommission Payments	<u>(10,009)</u>
Balance - December 31	42,508
Less Amounts Due Within One Year	<u>(18,060)</u>
Asset Retirement Obligation, Due After One Year	<u><u>\$ 24,448</u></u>

NOTE 12 BONDS PAYABLE

Bonds payable consist of the following:

Water Delivery O&M Revenue Bonds, Series 2016 (2016 Bonds)

Original maturity amount of \$45,460,000, due in varying amounts through 2036; interest rates vary among individual maturities ranging from 2.00% to 5.00%.	<i>(In Thousands)</i> \$ 45,460
Original Issue Premium (OIP)	<u>8,848</u>
Total Issuance	54,308
Less Principal Payments	(7,785)
Less Premium Amortization	<u>(4,634)</u>
Balance Series 2016 as of December 31, 2021	41,889
Less Bonds Payable, Due Within One Year	<u>(1,760)</u>
Bonds Payable, Due After One Year	<u><u>\$ 40,129</u></u>

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 12 BONDS PAYABLE (CONTINUED)

Payments to Maturity-Bonds

The required annual payments for debt service are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u> <i>(In Thousands)</i>	<u>Total</u>
2022	\$ 1,760	\$ 1,819	\$ 3,579
2023	1,845	1,729	3,574
2024	1,940	1,635	3,575
2025	2,035	1,545	3,580
2026	2,120	1,452	3,572
2027 - 2031	12,290	5,518	17,808
2032 - 2036	15,685	2,037	17,722
Total	<u>\$ 37,675</u>	<u>\$ 15,735</u>	<u>\$ 53,410</u>

Water Delivery O&M Revenue Bonds Series 2016 are secured by a pledge of revenues. The bonds are secured by revenues derived by the District from the Fixed O&M charges and capital replacement charges ("Big R" charges) to the extent attributable to the debt service on the bonds. Pledged Revenues do not include any income or moneys derived from taxes or assessments authorized by the Act, Power Revenues, "Big R" charges other than Bond Replacement charges, Rate Stabilization charges or the proceeds or investment income of any bonds of the District, other than the Bonds and Parity Obligations.

The Water Delivery O&M Revenue Bonds Series 2016 are subject to optional redemption prior to maturity. The Bonds maturing prior to January 1, 2027 will not be subject to redemption prior to their stated maturity dates. The Bonds maturing on or after January 1, 2027 will be subject to call for redemption prior to maturity, at the option of the District, in whole or in part, on January 1, 2026 or on any date thereafter, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption, but without premium.

Changes in bonds payable during the year ended December 31, 2021 are summarized below:

	<u>December 31, 2020 Balance</u>	<u>Additions</u>	<u>Reductions</u> <i>(In Thousands)</i>	<u>December 31, 2021 Balance</u>	<u>Amount Due Within One Year</u>
2016 Bonds	\$ 39,400	\$ -	\$ (1,725)	\$ 37,675	\$ 1,760
Bond Premium	4,897	-	(683)	4,214	-
Bonds Payable	<u>\$ 44,297</u>	<u>\$ -</u>	<u>\$ (2,408)</u>	<u>\$ 41,889</u>	<u>\$ 1,760</u>

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 12 BONDS PAYABLE (CONTINUED)

Payments to Maturity-Bonds (Continued)

Water Acquisition Revenue Bonds, Series 2019 (2019 Bonds)

Original maturity amount of \$20,000,000, due through 2025, with an interest rate of 2.45%.	<i>(In Thousands)</i> \$ 20,000
Less Principal Payments	<u>(5,040)</u>
Balance Series 2019 as of December 31, 2021	14,960
Less Bonds Payable, Due Within One Year	<u>(3,605)</u>
Bonds Payable, Due After One Year	<u><u>\$ 11,355</u></u>

The required annual payments for debt service are as follows:

	Principal	Interest	Total
	<i>(In Thousands)</i>		
<u>Year Ending December 31,</u>			
2022	\$ 3,605	\$ 322	\$ 3,927
2023	3,695	233	3,928
2024	3,785	141	3,926
2025	<u>3,875</u>	<u>48</u>	<u>3,923</u>
Total	<u><u>\$ 14,960</u></u>	<u><u>\$ 744</u></u>	<u><u>\$ 15,704</u></u>

Water Acquisition Revenue Bonds Series 2019, which are Private Placement Bonds, are secured by a pledge of revenues. The bonds are payable solely from CAGR infrastructure and water rights revenues comprised of enrollment fees, activation fees, the infrastructure on water rights component, and annual membership dues. Pledged Revenues do not include any income or moneys derived from taxes or assessments authorized by the Act, Power Revenues, District Operating and Maintenance Revenue, Water Delivery Charges, Replacement Charges other than that portion of the Replacement Charges attributable to debt service for the bonds, or the proceeds or investment income of any bonds of the District, other than the Bonds.

The Water Acquisition Revenue Bonds Series 2019 are subject to optional redemption prior to maturity. The Bonds will be subject to call for redemption prior to maturity, at the option of the District, in whole or in part, on July 1, 2022 or on any date thereafter, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption, but without premium.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 12 BONDS PAYABLE (CONTINUED)

Payments to Maturity-Bonds (Continued)

Changes in bonds payable during the year ended December 31, 2021 are summarized below:

	December 31, 2020 Balance	Additions	Reductions (In Thousands)	December 31, 2021 Balance	Amount Due Within One Year
Bonds Payable	<u>\$ 18,480</u>	<u>\$ -</u>	<u>\$ (3,520)</u>	<u>\$ 14,960</u>	<u>\$ 3,605</u>

NOTE 13 REPAYMENT OBLIGATION

Payments to Maturity

The required annual payments under the Repayment Settlement on the repayment obligation, described in Note 2, are as follows:

	Principal	Interest (In Thousands)	Total
<u>Year Ending December 31,</u>			
2022	\$ 40,456	\$ 19,020	\$ 59,476
2023	40,456	17,689	58,145
2024	40,456	16,357	56,813
2025	42,808	15,025	57,833
2026	42,808	13,609	56,417
2027-2031	217,805	46,686	264,491
2032-2036	222,272	11,617	233,889
2037-2041	222,271	-	222,271
2042-2045	108,660	-	108,660
Total	<u>\$ 977,992</u>	<u>\$ 140,003</u>	<u>\$ 1,117,995</u>

Amounts Recorded in Financial Statements

December 31, 2020 Balance	Additions	Reductions (In Thousands)	December 31, 2021 Balance	Amount Due Within One Year
<u>\$ 1,010,921</u>	<u>\$ -</u>	<u>\$ (32,929)</u>	<u>\$ 977,992</u>	<u>\$ 40,456</u>

The repayment obligation and amounts due on that obligation reported in these financial statements reflect the terms of the Repayment Settlement.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 NON-INDIAN AGRICULTURAL 9(d) DEBT

During 2007, and as the result of the Arizona Water Settlement Act (see Note 2), long-term entitlements to CAP Non-Indian Agricultural (NIA) water were relinquished by CAP NIA subcontractors. Those rights will be reallocated to municipal and industrial (M&I) users (see Note 8). In exchange for relinquishing their rights, the NIA subcontractors were relieved of future payments due to the federal government known as NIA 9(d) debt. CAWCD became responsible for the 9(d) debt payments related to the Agricultural Water Rights that are held for M&I reallocation. Upon reallocation, the District has begun to collect and will continue to collect 9(d) charges from those M&I users sufficient to repay the District's costs in facilitating the relinquishment of the agricultural water rights.

The required annual payments related to the Non-Indian Agricultural 9(d) debt obligation are as follows:

	<u>Principal</u>	<u>Interest</u> <i>(In Thousands)</i>	<u>Total</u>
<u>Year Ending December 31,</u>			
2022-2026	\$ 2,718	\$ -	\$ 2,718
2027-2031	28,291	-	28,291
2032-2036	25,600	-	25,600
2037-2041	19,746	-	19,746
2042-2047	12,364	-	12,364
Total	<u>\$ 88,719</u>	<u>\$ -</u>	<u>\$ 88,719</u>

NOTE 15 OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities consist of the following:

	<i>(In Thousands)</i>
Retirees Health Insurance (Note 19)	\$ 8,350
Net Pension Liability (Note 17)	62,308
Recovery Liability	2,000
Power Agreement Liability	187
Total	<u>\$ 72,845</u>

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 15 OTHER NONCURRENT LIABILITIES (CONTINUED)

UNDERGROUND WATER STORAGE AND RECOVERY

The Arizona Water Banking Authority (AWBA) and Southern Nevada Water Authority (SNWA) previously entered into agreements under which AWBA agreed to store 1,250,000 acre-feet of water within Arizona for the benefit of SNWA. Through 2012, 646,199 acre-feet of water had been stored under this agreement on behalf of SNWA. The parties signed an amended agreement in 2013, eliminating AWBA's obligation to store any water beyond the amount already stored. Additional water may be stored in future years if SNWA and AWBA both agree. During 2018, AWBA stored an additional 13,500 acre-feet on behalf of SNWA, bringing the total stored for SNWA to 659,699 acre-feet. AWBA creates long term storage credits (LTSC) from the deliveries, less a cut to the aquifer. Currently, AWBA has 613,846 acre-feet of LTSC designated for SNWA. When SNWA calls on the stored water, the District, as the recovery agent for AWBA, will recover stored water and forbear diversion of an equivalent volume of Colorado River water.

NOTE 16 DEFERRED INFLOWS OF RESOURCES

Deferred inflows consist of the following:

	<i>(In Thousands)</i>
Customer Deposits - Water	\$ 2,064
Customer Deposits - Rate Stabilization	23,744
Customer Deposits - Voluntary Rate Stabilization	7,269
Customer Deposits - Programs	23,609
Deferred Inflows ASRS Pension	20,636
Deferred Inflows OPEB	17,261
Total	<u><u>\$ 94,583</u></u>

In 2003, the Bureau of Reclamation prepaid the District for 31,270 acre-feet of water to be delivered to Maricopa County Municipal Water District (MWD) at a future date no later than December 31, 2034. The water is owed to MWD for construction activities relating to New Waddell Dam, and MWD has the discretion to determine when to receive the water. The water is priced at 2003 rates (\$2,064,000) and the interest earned on the prepayment is available to the District to offset the future cost of delivering the water to MWD.

Starting in 2012, the District began collecting a portion of the water delivery rate that is dedicated to a potential future water shortage. This portion of the rate has been deposited into a separate state treasurer account for rate stabilization and has the corresponding Customer Deposits – Rate Stabilization liability. The Board has set a target of approximately \$30 million for this reserve and will continue to collect it to attain this target (including interest) or until such times the funds are needed to assist customers in reducing the Water Delivery charge. 2018 was the last year that rate stabilization was a component of the water delivery rate. The fund will continue to earn interest until the reserve is used to assist customers.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 16 DEFERRED INFLOWS OF RESOURCES (CONTINUED)

After the 2014 Rate Reconciliation was completed, there was approximately \$10.5 million more collected from the published 2014 water delivery rates than the reconciled actual costs due to lower than budgeted energy costs. A customer workshop was held to discuss the interest in a voluntary one-year supplemental shortage program to help mitigate immediate rate impacts and allow them to be phased in over a longer time. Twenty-six of the thirty-four M&I and federal customers that responded opted-in to the program. A separate state treasurer account was established and interest will remain in the account until such time the funds are withdrawn.

An agreement between the Gila River Indian Community (GRIC) and CAWCD allows GRIC to generate Intentionally Created Surplus (ICS), leaving water in Lake Mead for future use, by reducing the amount of water delivered to GRIC through the CAP Canal. In the agreement, GRIC is required to pre-pay CAWCD for the Fixed OM&R portion of the CAP delivery charge on the volume of water conserved for the creation of ICS. GRIC began creating ICS in 2019 and has a total of 240,000 ICS at a cost of \$23,609,000 as of December 31, 2021.

NOTE 17 PENSION PLANS

The District contributes to the Arizona State Retirement System plan described below. The plan is a component unit of the State of Arizona. At December 31, 2021, the District reported the following aggregate amounts related to the pension plan to which it contributes:

Statements of Net Position and Statements of Activities	Business Type Activities
	<i>(In Thousands)</i>
Net Pension Liability	\$ 62,308
Deferred Outflows of Resources	12,363
Deferred Inflows of Resources	20,636
Pension Expense	4,826

(includes 401k savings plan ER contributions - See Note 18)

Arizona State Retirement System

Plan Descriptions – District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium benefit (OPEB) plan; and a cost-sharing, multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report may be obtained by writing to the Arizona State Retirement System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910 or by calling (602) 240-2000 or 1-800-621-3778. The report is also available on its website at www.azasrs.gov.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 17 PENSION PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Benefits Provided – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date	
	Before 1-Jul-11	On or After 1-Jul-11
Years of Service and Age Required to Receive Benefit	Sum of Years and Age Equals 80 10 Years Age 62 Any Years Age 65	30 Years Age 55 25 Years Age 60 10 Years Age 62 Any Years Age 65
Final Average Salary is Based on	Highest Consecutive 36 Months of the Last 120 Months	Highest Consecutive 60 Months of the Last 120 Months
Benefit Percentage per Year of Service	2.1% to 2.3%	2.1% to 2.3%

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

The District's financial statements present an OPEB liability as it relates to the District's single-employer defined benefit plan (see Note 19). The ASRS health insurance premium benefit plan and long-term disability plan balances are not significant to the District's financial statements and are therefore omitted in this note and the basic financial statements.

Contributions – Pursuant to the Arizona Revised Statutes, contribution requirements for active members and their participating employers are established and may be amended by the ASRS Board. Contribution rates are actuarially determined and are expected to finance the costs of benefits earned by members during the year and any unfunded accrued liability. The cost of administering the Plan is financed through member and employer contributions and investment earnings. The contractually required contribution rate as a percentage of covered payroll for the period January 1, 2021 through June 30, 2021 was 12.04% for members and 11.65% for the District. The contractually required contribution rate as a percentage of covered payroll for the period July 1, 2021 through December 31, 2021 was 12.22% for members and 12.01% for the District.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 17 PENSION PLANS (CONTINUED)

Arizona State Retirement System (Continued)

In addition, the District is required by statute to pay an Alternate Contribution Rate (ACR) for retired ASRS members who return to work. The ACR contribution rate for the period January 1, 2021 through June 30, 2021 was 10.14%. The ACR contribution rate for the period July 1, 2021 through December 31, 2021 was 10.13%.

The District's contribution to the pension plan for the year ended December 31, 2021 was \$6,380,313.

Pension Liability – At December 31, 2021, the District reported a liability of \$62,307,775 for its proportionate share of the ASRS' net pension liability. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021.

Total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on results of an actuarial experience study for the five-year period ended June 30, 2016.

The District's proportion of the net pension liability was based on the District's actual contributions relative to the total of all participating employer's contributions. The District's proportion measured as of June 30, 2021 was 0.47420%, which was a decrease of 0.00155 from its proportion measured as of June 30, 2020.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended December 31, 2021, the District recognized a pension expense for ASRS of \$3,665,835. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>(In Thousands)</u>	<u></u>
Differences Between Expected and Actual Experience	\$ 950	\$ -
Changes of Assumptions or Other Inputs	8,110	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	19,741
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	895
Contributions Subsequent to the Measurement Date	3,303	-
Total	<u>\$ 12,363</u>	<u>\$ 20,636</u>

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 17 PENSION PLANS (CONTINUED)

Arizona State Retirement System (Continued)

The \$3,303 thousand reported as deferred outflows of resources related to ASRS pensions resulting from the District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u> <u>(In Thousands)</u>
2022	\$ (568)
2023	147
2024	(4,352)
2025	(6,803)
Total	<u>\$ (11,576)</u>

Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial Valuation Date	June 30, 2020
Actuarial Roll Forward Date	June 30, 2021
Actuarial Cost Method	Entry age normal
Asset Valuation	Fair value
Discount Rate	7.0%
Projected Salary Increases	2.9% to 8.4%
Inflation	2.3%
Permanent Benefit Increase	Included
Mortality Rate	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2016 and rolled forward using generally accepted actuarial procedures to June 30, 2021. A new experience study, adopted in July of 2021 will be utilized in the roll forward of the actuarial valuation in 2022 and future years.

The long-term contribution to expected real return on ASRS pension plan investments was determined to be 4.70% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return, geometric basis, by the target asset allocation percentage excluding any expected inflation. On June 29, 2018, the ASRS Board approved updated strategic asset allocation targets, to be effective beginning July 2018. The ASRS' estimates of geometric real rates of return for each major asset class are summarized in the following table:

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 17 PENSION PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Asset Class	Target Asset Allocation Effective July 1, 2018	Real Return Geometric Basis	Long-Term Contributions to Expected Real Return
Equity	50 %	4.90 %	2.45 %
Credit	20	5.20	1.04
Real Estate	20	5.70	1.14
Interest Rate			
Sensitive Bonds	10	0.70	0.07
Total	100 %		4.70 %

Discount Rate – The discount rate used to measure the ASRS total pension liability was 7.0%. The rate has been lowered in the roll forward from 7.5% which was used for the actuarial assumptions at the valuation date. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the funding policy of the ASRS Board, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the Retirement Fund's fiduciary net position was projected to be available to make all the projected future benefit payments of current members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate – The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate at June 30, 2021.

	1% Decrease (6.0%)	Current Discount Rate (7.0%) <i>(In Thousands)</i>	1% Increase (8.0%)
District's Proportionate Share of the Net Pension Liability	\$ 98,005	\$ 62,308	\$ 32,546

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 18 SAVINGS AND DEFERRED COMPENSATION PLANS

The District has adopted and maintains the Central Arizona Water Conservation District Savings Plan (Savings Plan), a defined contribution plan, in accordance with Section 401(k) of the Internal Revenue Code. The Savings Plan provides that all active, nonunion employees are eligible to participate as of their date of employment. The Savings Plan is governed by the Board of Trustees.

Eligible employees are allowed to contribute up to 98% of their biweekly compensation, subject to IRS limits, and the District has agreed to contribute to an employee's account an amount equal to one-half of the amount contributed by the employee up to 3% of the employee's biweekly compensation. Contributions expense, paid by the District for the Savings Plan for the year ended December 31, 2021 was approximately \$1,160,449. Accrued benefits attributable to the District's contributions on behalf of participants vest 20% for each year of completed service.

The District has adopted and maintains the Central Arizona Water Conservation District Deferred Compensation Plan in accordance with Section 457 of the Internal Revenue Code. The District does not make contributions to this plan. Only employee contributions are accepted.

NOTE 19 POSTEMPLOYMENT HEALTHCARE PLAN

The District follows Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB Statement No. 75), for certain postemployment health care benefits provided by the District.

Plan Description

The District provides post-retirement healthcare insurance benefits for its retirees as a single-employer defined benefit plan which is administered through CAWCD Insurance Company, Inc. (Captive). Eligible retirees are provided medical, dental and life insurance benefits for spouses and family. The Captive provides benefits to eligible retirees through the same plan as active employees and their beneficiaries. Because retirees are able to participate in the same plan and pay the same rates as active employees, an implicit rate subsidy exists through the duration of the coverage. Upon retirement, employees hired prior to January 1, 2016 have the choice of participating in the Arizona State Retirement System retiree healthcare plan or the District's healthcare plan. Employees hired on or after January 1, 2016 have the option to participate in the ASRS retiree healthcare plan but do not have the option to participate in the District's plan. To be eligible a retiree must qualify to receive retirement benefits from the Arizona State Retirement System and elect coverage at date of retirement. The District does not issue a separate financial report for the OPEB plan.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 19 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Plan Description (Continued)

At December 31, 2020 (measurement date), plan membership consisted of the following:

Current Active Members	324 *
Current Retirees and Dependents	130
Total	<u>454</u>

**Excludes 142 active employees hired on or after January 1, 2016.*

The retiree's contribution rate structure for 2021 is as follows:

Retirees Monthly Medical Rates (Prior to ASRS Subsidy)

Pre Age 65	
Retiree Only	\$ 682.28
Retiree + 1	1,664.80
Retiree + Family	2,237.84
Post Age 65	
Retiree Only	511.72
Retiree + 1	1,248.56
Retiree + Family	1,494.24

Retirees Monthly Dental Rates

Retiree Only	32.87
Retiree + 1	92.25
Retiree + Family	152.31

Retirees Monthly Life Insurance Rates

Retiree Only	3.00
Retiree + 1	4.00

Funding Policy

Benefit provisions for the District's OPEB plan under Captive are pursuant to the District's policy and can be amended by the District Governing Board. The current funding policy is pay-as-you-go for OPEB benefits. There are no dedicated assets at this time to offset the OPEB liability.

OPEB Liability

The plan's total OPEB liability of \$8,349,889 was reported as of December 31, 2021 and was measured by an actuarial valuation as of December 31, 2020. The total OPEB liability as of December 31, 2020 reflects the following changes of actuarial assumptions and benefit terms for the Captive plan:

- Discount rate was decreased to 2.10% from 2.74%
- Future healthcare cost trend rates were updated to reflect recent experience (including improved pharmacy rebates) and known 2022 retiree contribution
- The Medicare value factor was changed from 13.5% of total medical costs to 11% due to a transition to using an external (vs. proprietary) model that reflects updated data and methods to refine the impact of Medicare on medical costs for eligible members

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 19 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

OPEB Liability (Continued)

- Pre-retirement and disabled mortality tables were switched to their headcount-weighted counterparts

The following table shows changes in the District's OPEB liability, the District's annual OPEB cost for the year, and the amount actually contributed to the Captive plan.

	<i>(In Thousands)</i>
Balances at January 1, 2021	\$ 21,455
Changes for the Year:	
Service Cost	995
Interest	608
Differences Between Expected and Actual Experience	(1,883)
Changes in Assumptions	(12,306)
Expected Benefit Payments	(519)
Net Changes	<u>(13,105)</u>
Balances at December 31, 2021	<u>\$ 8,350</u>

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2021, the District recognized OPEB expense of \$(1,732,967). The following chart reflects the deferred outflows and inflows of resources related to the OPEB single-employer plan.

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
	<i>(In Thousands)</i>	
Change of Assumptions or Other Inputs	\$ 3,911	\$ 10,105
Differences Between Expected and Actual Experience	728	7,156
Benefits Paid Subsequent to the Measurement Date	519	-
Total	<u>\$ 5,158</u>	<u>\$ 17,261</u>

The \$519,128 reported as deferred outflows of resources related to OPEB resulting from District benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 19 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

OPEB Expense and Deferred Outflows and Inflows of Resources (Continued)

<u>Year Ending December 31,</u>	<u>Amount</u> <u>(In Thousands)</u>
2022	\$ (3,336)
2023	(3,336)
2024	(2,625)
2025	(1,872)
2026	(1,453)
Thereafter	-
Total	<u>\$ (12,622)</u>

Actuarial Methods and Assumptions

Calculations and projections are based on the benefits provided under the terms of the substantive plan (the plan understood by the District and the plan members) in effect at the time of valuation on the pattern of sharing costs between the District and plan members. The projection of benefits does not incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the District and plan members in the future.

Actuarial calculations reflect a long-term perspective, and the methods and assumptions use techniques designed to reduce short-term volatility in accrued liabilities and the actuarial value of assets.

The calculation of an accounting obligation does not, in and of itself, imply that there is any legal liability to provide the benefits valued, nor is there any implication that the District is required to implement a funding policy to satisfy the projected expense.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 19 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The District's actuarial methods and significant assumptions for the Captive single-employer postemployment plan for the most recent actuarial valuation are as follows:

Actuarial Valuation Date	December 31, 2020
Measurement Date	December 31, 2020
Actuarial Cost Method	Entry Age, level % of pay
Salary Increase	Wage inflation rate of 2.7% plus a merit component
Asset Valuation Method	N/A - No assets in qualified OPEB Trust
Discount Rate	2.12% (Based on the Bond Buyer or 20-Bond GO Index as of 12/26/2020)
Health Care Cost Trend Range	Medical: 4.5% - 7.0% Drug: 4.5% - 7.0%
Contribution Trend Rates	4.5% - 6.75%
Mortality Rates:	
Pre-Retirement	RP-2014 Headcount weighted employee mortality table generational improvements in accordance with Ultimate M 2017 Unisex scales are projected from the year 2014
Post-Retirement	2017 State Retirees of Arizona Employee mortality table projected generationally from 2017 in accordance with Ultimate MP 2017 Unisex scales
Disabled	RP-2014 Headcount weighted Disabled Retiree mortality table generational improvements in accordance with Ultimate M 2017 Unisex scales are projected from the year 2014

Benefit projections assume the specified premium amount will follow the current practice of being paid for entirely by the retiree or on behalf of the retiree. The specified premium amounts are projected to increase at the contribution trend rates noted above. Demographic assumptions used in the December 31, 2020 valuation were based on the results of an Arizona State Retirement System actuarial experience study for the 5-year period ended June 30, 2016.

Discount Rate

The discount rate for OPEB funded entirely on a pay-as-you-go basis is the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). For this purpose, the Bond Buyer 20-Bond GO Index as of December 26, 2020 was used.

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 19 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Sensitivity Analysis

The following table shows the net impact of the OPEB liability calculated using the discount rate of 2.12%, as well as what the District's liability would be if the discount rate is 1% less than and 1% greater than the current rate:

	1% Decrease (1.12%)	Current Discount Rate (2.12%) <i>(In Thousands)</i>	1% Increase (3.12%)
Captive OPEB Liability	\$ 9,824	\$ 8,350	\$ 7,219

The following table presents the OPEB liability calculated using the healthcare cost trend rate, as well as what the OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% less than and 1% greater than the current rate:

	1% Decrease in Healthcare Rates	Current Healthcare Rates <i>(In Thousands)</i>	1% Increase in Healthcare Rates
Captive OPEB Liability	\$ 7,429	\$ 8,350	\$ 9,548

NOTE 20 RISK MANAGEMENT AND CAPTIVE INSURANCE

The District maintains a risk management program to protect it from financial harm by identifying, analyzing, and controlling risk at the lowest possible cost. Under this program, the District believes it is more economical to manage risks internally and commercially insure only for catastrophic loss. The District's Board of Directors has designated \$5,000,000 of noncurrent unrestricted investments as a reserve for property and liability damages. With the exception of automobile physical damage, cyber liability and its retentions, crime insurance and commercial excess insurance policies, the District insures itself through the CAWCD Insurance Company, Inc. (Captive).

The Captive was incorporated under the laws of the State of Hawaii as a nonprofit captive insurance company pursuant to Article 19 of Chapter 431 of the Hawaii Revised Statutes. The Captive received its Certificate of Authority from the Hawaii Insurance Division on December 18, 2003, and operations commenced on January 1, 2004. The Certificate of Authority enables the Captive to operate as a captive insurance company in the State of Hawaii. The District is the sole member of the Captive. The Captive provides up to \$2,000,000 of coverage for property and liability exposures, as well as the full risk exposure for the medical benefits programs.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 20 RISK MANAGEMENT AND CAPTIVE INSURANCE (CONTINUED)

Reserve for Losses and Loss Expenses

The reserve for losses and loss expenses includes the unpaid accumulation of case reserves for open reported claims, estimates for losses incurred but not reported as determined through consultation with an actuary and estimates of expenses for investigating and adjusting incurred losses. The case reserve for each open loss is a collaboration to determine valuation and is confirmed by the district risk management and legal staff, in concert with professional input from attorneys, adjusters, and evidence-based medicine analysis. These estimates are subject to changes due to ongoing discovery, diagnostic treatment analysis, professional medical prognosis and state regulations. Management believes the case reserves for open claims are timely managed and accurate.

The following table provides a reconciliation of the beginning and ending balances of the reserve for losses and loss expenses (included in accounts payable) at December 31, 2021 and 2020:

	2021	2020
	<u>(In Thousands)</u>	
Balance at January 1	<u>\$ 3,641</u>	<u>\$ 5,421</u>
Add Provision for Losses and Loss Expenses for Claims Occurring During:		
Current Year	8,698	8,325
Prior Year	<u>(388)</u>	<u>109</u>
	<u>8,310</u>	<u>8,434</u>
Deduct Losses and Loss Expense Payments for Claims Occurring During:		
Current Year	8,258	7,824
Prior Year	<u>391</u>	<u>2,390</u>
	<u>8,649</u>	<u>10,214</u>
Balance at December 31	<u><u>\$ 3,302</u></u>	<u><u>\$ 3,641</u></u>

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 20 RISK MANAGEMENT AND CAPTIVE INSURANCE (CONTINUED)

CAWCD Insurance Company, Inc.

The District has consolidated the Captive's financial statement amounts as a blended component unit. The condensed component unit information for the CAWCD Insurance Company, Inc. for the year ended December 31, 2021 and combining financial statements are as follows:

Condensed Combining	CAWCD	Captive	Eliminations	Total
Statement of Net Position	<i>(In Thousands)</i>			
Current Assets	\$ 385,316	\$ 9,078	\$ -	\$ 394,394
Noncurrent Assets	2,061,304	2,250	(2,350)	2,061,204
Total Assets	2,446,620	11,328	(2,350)	2,455,598
Deferred Outflows of Resources	17,521	-	-	17,521
Total Assets and Deferred Outflows of Resources	<u>\$ 2,464,141</u>	<u>\$ 11,328</u>	<u>\$ (2,350)</u>	<u>\$ 2,473,119</u>
Current Liabilities	\$ 169,035	\$ 3,396	\$ -	\$ 172,431
Noncurrent Liabilities	1,175,032	-	-	1,175,032
Total Liabilities	1,344,067	3,396	-	1,347,463
Deferred Inflows of Resources	94,583	-	-	94,583
Net Investment in Capital Assets	308,615	-	-	308,615
Restricted Net Position	91,283	2,250	-	93,533
Unrestricted Net Position	625,593	5,682	(2,350)	628,925
Total Net Position	<u>1,025,491</u>	<u>7,932</u>	<u>(2,350)</u>	<u>1,031,073</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 2,464,141</u>	<u>\$ 11,328</u>	<u>\$ (2,350)</u>	<u>\$ 2,473,119</u>

Condensed Combining	CAWCD	Captive	Eliminations	Total
Statement of Activities	<i>(In Thousands)</i>			
Operating Revenues	\$ 314,142	\$ 11,193	\$ (11,193)	\$ 314,142
Operating Expenses	237,935	8,544	(11,193)	235,286
Operating Income (Loss)	76,207	2,649	-	78,856
Nonoperating Income	61,807	24	-	61,831
Changes in Net Position	138,014	2,673	-	140,687
Net Position - Beginning of Year	887,477	5,259	(2,350)	890,386
Net Position - End of Year	<u>\$ 1,025,491</u>	<u>\$ 7,932</u>	<u>\$ (2,350)</u>	<u>\$ 1,031,073</u>

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 20 RISK MANAGEMENT AND CAPTIVE INSURANCE (CONTINUED)

CAWCD Insurance Company, Inc. (Continued)

Condensed Combining Statement of Cash Flows	CAWCD	Captive	Eliminations	Total
	<i>(In Thousands)</i>			
Net Cash Provided by Operating Activities	\$ 93,345	\$ 2,404	\$ -	\$ 95,749
Net Cash Provided by Noncapital Financing Activities	82,731	-	-	82,731
Net Cash Used by Capital and Related Financing Activities	(59,942)	-	-	(59,942)
Net Cash Provided (Used) by Investing Activities	(135,148)	25	-	(135,123)
Net Increase in Cash and Cash Equivalents	(19,014)	2,429	-	(16,585)
Cash and Cash Equivalents - Beginning of Year	111,130	6,494	-	117,624
Cash and Cash Equivalents - End of Year	<u>\$ 92,116</u>	<u>\$ 8,923</u>	<u>\$ -</u>	<u>\$ 101,039</u>

NOTE 21 SELF INSURANCE

The District is self-insured for workers compensation. Medical, prescriptions, dental, vision, property, and casualty lines are insured in the District's owned single parent Captive insurance company.

The District was authorized to self-insure Workers Compensation by the Industrial Commission of Arizona effective January 1, 2011. Through the Captive, a deductible reimbursement/indemnity policy was issued, and separate bank account was established for workers' compensation. Contributions from inception to December 31, 2021 total \$3,767,274. Cumulative amounts paid since inception for Workers Compensation claims expenses and incurred but not reported reserves (IBNR) totaled \$3,406,176 at the end of 2021. Direct costs associated with Workers Compensation from the inception in 2011 to present are \$799,176 and \$13,505 in interest income has been generated. The ending 2021 balance results in an unencumbered ending balance of \$361,098.

Self-Insured Paid Claims:	2021	2020	2019
Medical, Dental, Vision (MDV)	\$ 8,185,217	\$ 7,782,637	\$ 8,086,865
IBNR - MDV	1,113,300	1,071,897	1,050,060
Property Casualty (PC)	189,691	2,179,520	122,948
IBNR - PC	505,564	829,848	2,622,368
Workers Compensation (WC)	274,105	249,874	167,068
IBNR - WC	1,682,118	1,739,223	1,785,098

Insurance settlements have not exceeded coverage in any of the past three years.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 22 COMMITMENTS AND CONTINGENCIES

Contingency Reserve

The District's Board of Directors has designated \$8,000,000 of noncurrent unrestricted investments to act as a contingency reserve. Of this amount, \$5,000,000 has been set aside to be available for property and liability damages to respond to any claims, judgments, and related costs against the District, its officers, directors, and employees, if any, in excess of the outstanding insurance coverage. \$1,000,000 has been designated to be available for incurred but not reported (IBNR) claims under the District's self-funded medical insurance program. \$2,000,000 has been set aside to be available for extraordinary regulatory costs.

NOTE 23 NEW PRONOUNCEMENTS

During the year ended December 31, 2021, the District implemented the following Governmental Accounting Standards Board Statements (GASBS), none of which materially impacted financial reporting:

GASBS No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans.

GASBS No. 98, Annual Comprehensive Financial Report.



REQUIRED SUPPLEMENTARY INFORMATION

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND SCHEDULE OF THE DISTRICT CONTRIBUTIONS
IN THE ARIZONA STATE RETIREMENT SYSTEM (ASRS) PLAN
DECEMBER 31, 2021**

Schedule of Proportionate Share of Net Pension Liability

Arizona State Retirement System	Measurement Date (June 30,)		
	2014	2015	2016
	<i>(In Thousands)</i>		
District's Proportion of the Net Pension Liability	0.504364%	0.493820%	0.494950%
District's Proportionate of the Net Pension Liability	\$ 74,629	\$ 76,920	\$ 79,890
District's Covered Payroll	\$ 40,827	\$ 40,793	\$ 41,558
District's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	182.79%	188.56%	192.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.49%	68.35%	67.06%

Schedule of District Contributions

Arizona State Retirement System	Reporting Date (December 31,)		
	2014	2015	2016
	<i>(In Thousands)</i>		
Contractually Required Contribution	\$ 5,191	\$ 5,373	\$ 5,287
Contributions in Relation to the Contractually Required Contribution	5,191	5,373	5,287
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Authority's Covered Payroll	\$ 41,016	\$ 42,362	\$ 42,297
Contributions as a Percentage of Covered Payroll	12.66%	12.68%	12.50%

* These pension schedules are intended to show information over a 10-year period.
Additional years' information will be displayed as it becomes available.

Measurement Date (June 30,)				
2017	2018	2019	2020	2021
<i>(In Thousands)</i>				
0.492510%	0.516110%	0.496170%	0.475750%	0.474200%
\$ 76,723	\$ 71,979	\$ 71,481	\$ 82,431	\$ 62,308
\$ 44,801	\$ 46,507	\$ 45,888	\$ 45,958	\$ 47,504
171.25%	154.77%	155.77%	179.36%	131.16%
69.92%	73.00%	73.24%	69.33%	78.58%

Reporting Date (December 31,)				
2017	2018	2019	2020	2021
<i>(In Thousands)</i>				
\$ 5,435	\$ 5,735	\$ 5,895	\$ 6,023	\$ 6,380
5,435	5,735	5,895	6,023	6,380
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 44,818	\$ 46,492	\$ 46,184	\$ 46,048	\$ 48,132
12.13%	12.34%	12.76%	13.08%	13.26%

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NOTE TO ASRS REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021**

NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATE

Actuarial determined contribution rates for ASRS are calculated as of June 30 one-year prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial Valuation Date	June 30, 2020
Actuarial Roll Forward Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation	Fair Value
Discount Rate	7.0%
Projected Salary Increases	2.9% to 8.4%
Inflation	2.3%
Permanent Benefit Increase	Included
Mortality Rates	2017 SRA Scale U-MP

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CHANGES IN TOTAL OPEB LIABILITY
DECEMBER 31, 2021 AND THREE YEARS PRIOR**

	Reporting Fiscal Year (Measurement Date)				
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017-2012 (2016-2011)
Total OPEB Liability:				<i>(In Thousands)</i>	
Balances at January 1, as Restated	\$ 21,455	\$ 16,036	\$ 16,441	\$ 23,113	Information not available
Changes for the Year:					
Service Cost	995	713	899	1,383	
Interest	608	679	589	914	
Differences Between Expected and Actual Experience	(1,883)	1,087	(3,521)	(9,937)	
Changes in Assumptions	(12,306)	3,333	2,053	1,599	
Expected Benefit Payments	(519)	(393)	(425)	(631)	
Net Changes	(13,105)	5,419	(405)	(6,672)	
Balances at December 31,	<u>\$ 8,350</u>	<u>\$ 21,455</u>	<u>\$ 16,036</u>	<u>\$ 16,441</u>	
Covered Employee Payroll	\$ 38,906	\$ 38,566	\$ 42,069	\$ 34,781	
Plan Total OPEB Liability as a Percentage of Covered Employee Payroll	21.46%	55.63%	38.12%	47.27%	

*This schedule is intended to show information over a 10-year period
Additional year's information will be displayed as it becomes available
There are no assets accumulated in a trust to pay related benefits for the OPEB plan.*



SUPPLEMENTARY INFORMATION

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
COMBINING SCHEDULE OF NET POSITION – BY FUND AND ACCOUNT
DECEMBER 31, 2021
(In Thousands)

ASSETS	<u>Total</u>	<u>Eliminations</u>
CURRENT ASSETS		
Cash	\$ 13,207	\$ -
Investments	87,832	-
Total Cash and Cash Equivalents	<u>101,039</u>	<u>-</u>
Receivables:		
Due from Water Customers	273	-
Property Taxes, Less Allowance of \$866	42,072	-
NIA and Other Receivables	18,161	(6,838)
Water Inventory	220,945	-
Funds Held by Federal Government	8,878	-
Interfund Receivable	-	(634)
Other Assets	3,026	(159)
Total Current Assets	<u>394,394</u>	<u>(7,631)</u>
NONCURRENT ASSETS		
Investments	542,690	(2,350)
Restricted Assets	113,669	-
Agricultural Water Rights	47,692	-
Capital Assets:		
Operating Assets, Less Accumulated Depreciation of \$267,932	323,621	-
Permanent Service Right, Less Accumulated Amortization of \$769,792	1,019,835	-
Long-Term NIA Receivable	11,697	(21,445)
Other Assets	2,000	-
Total Noncurrent Assets	<u>2,061,204</u>	<u>(23,795)</u>
Total Assets	2,455,598	(31,426)
DEFERRED OUTFLOWS OF RESOURCES		
Pension Valuation	12,363	-
OPEB Valuation	5,158	-
Total Deferred Outflows of Resources	<u>17,521</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,473,119</u>	<u>\$ (31,426)</u>

General Fund	Supplemental Water Account	Central Arizona Ground Water Replenishment District Account	Captive Insurance Company
\$ 4,139	\$ -	\$ -	\$ 9,068
62,042	-	25,790	-
<u>66,181</u>	<u>-</u>	<u>25,790</u>	<u>9,068</u>
273	-	-	-
42,072	-	-	-
11,908	-	13,091	-
24,330	-	196,615	-
8,878	-	-	-
-	-	634	-
2,611	-	564	10
<u>156,253</u>	<u>-</u>	<u>236,694</u>	<u>9,078</u>
522,629	-	22,411	-
75,225	9,164	27,030	2,250
47,692	-	-	-
297,182	-	26,439	-
1,019,835	-	-	-
33,142	-	-	-
2,000	-	-	-
<u>1,997,705</u>	<u>9,164</u>	<u>75,880</u>	<u>2,250</u>
2,153,958	9,164	312,574	11,328
12,363	-	-	-
5,158	-	-	-
<u>17,521</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,171,479</u>	<u>\$ 9,164</u>	<u>\$ 312,574</u>	<u>\$ 11,328</u>

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
COMBINING SCHEDULE OF NET POSITION – BY FUND AND ACCOUNT
DECEMBER 31, 2021
(In Thousands)

	<u>Total</u>	<u>Eliminations</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 44,213	\$ (6,997)
Accrued Payroll, Payroll Taxes and Other Accrued Expenses	9,578	-
Water Operations and Capital Charges Unearned Revenue	34,623	-
Interfund Payable	-	(634)
Asset Retirement Obligation, Due Within One Year	18,060	-
Current Liabilities Payable from Restricted Assets, Advances to Federal Government, and Other Noncurrent Assets:		
Accrued Interest Payable	20,136	-
Federal Repayment Obligation, Due Within One Year	40,456	-
Bonds Payable, Due Within One Year	5,365	-
Total Current Liabilities	<u>172,431</u>	<u>(7,631)</u>
NONCURRENT LIABILITIES		
Asset Retirement Obligation, Due After One Year	24,448	-
Federal Repayment Obligation, Due After One Year	937,536	-
Bonds Payable, Due After One Year	51,484	-
Non-Indian Agricultural 9(D) Debt	88,719	-
Other Noncurrent Liabilities	72,845	(21,445)
Total Noncurrent Liabilities	<u>1,175,032</u>	<u>(21,445)</u>
Total Liabilities	<u>1,347,463</u>	<u>(29,076)</u>
DEFERRED INFLOWS OF RESOURCES		
Customer Deposits	56,686	-
Pension Valuation	20,636	-
OPEB Valuation	17,261	-
Total Deferred Inflows of Resources	<u>94,583</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	308,615	-
Restricted for Master Repayment Agreement	49,698	-
Restricted for Supplemental Water Account	9,164	-
Restricted for CAGRD Account	22,898	-
Restricted for Captive Insurance Company	2,250	-
Restricted for Bond Trust Account	9,335	-
Restricted for Power Agreement	188	-
Unrestricted	628,925	(2,350)
Total Net Position	<u>1,031,073</u>	<u>(2,350)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 2,473,119</u>	<u>\$ (31,426)</u>

General Fund	Supplemental Water Account	Central Arizona Ground Water Replenishment District Account	Captive Insurance Company
\$ 31,219	\$ -	\$ 16,595	\$ 3,396
9,578	-	-	-
34,623	-	-	-
634	-	-	-
18,060	-	-	-
19,953	-	183	-
40,456	-	-	-
1,760	-	3,605	-
<u>156,283</u>	<u>-</u>	<u>20,383</u>	<u>3,396</u>
24,448	-	-	-
937,536	-	-	-
40,129	-	11,355	-
88,719	-	-	-
72,845	-	21,445	-
<u>1,163,677</u>	<u>-</u>	<u>32,800</u>	<u>-</u>
<u>1,319,960</u>	<u>-</u>	<u>53,183</u>	<u>3,396</u>
56,686	-	-	-
20,636	-	-	-
17,261	-	-	-
<u>94,583</u>	<u>-</u>	<u>-</u>	<u>-</u>
297,136	-	11,479	-
49,698	-	-	-
-	9,164	-	-
-	-	22,898	-
-	-	-	2,250
5,386	-	3,949	-
188	-	-	-
404,528	-	221,065	5,682
<u>756,936</u>	<u>9,164</u>	<u>259,391</u>	<u>7,932</u>
<u>\$ 2,171,479</u>	<u>\$ 9,164</u>	<u>\$ 312,574</u>	<u>\$ 11,328</u>

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
BY FUND AND ACCOUNT
YEAR ENDED DECEMBER 31, 2021
(In Thousands)

	<u>Total</u>	<u>Eliminations</u>
OPERATING REVENUES		
Water Operations And Maintenance Charges	\$ 173,325	\$ (9,641)
Water Service Capital Charges	69,657	(25,170)
Power And Basin Development Fund Revenues	8,478	-
Other Operating Revenues	62,682	(11,299)
Total Operating Revenues	<u>314,142</u>	<u>(46,110)</u>
OPERATING EXPENSES		
Salaries And Related Costs	64,508	-
Pumping Power	63,243	-
Power Transmission	15,876	-
Hoover Capacity Charges	3,143	-
Amortization Of Permanent Service Right	23,000	-
Depreciation	25,201	-
Other Operating Expenses	40,315	(46,110)
Total Operating Expenses	<u>235,286</u>	<u>(46,110)</u>
Operating Income	<u>78,856</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES)		
Property Taxes	86,997	-
Interest Income And Other Nonoperating Revenues	4,542	(4,820)
Disbursements to AWBA	(2,378)	-
Loss on NIA Water Rights	(6,754)	4,661
Interest Expense And Other Nonoperating Expenses	(20,576)	159
Total Nonoperating Revenues (Expenses)	<u>61,831</u>	<u>-</u>
CHANGES IN NET POSITION	140,687	-
Net Position - Beginning of Year	<u>890,386</u>	<u>(2,350)</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,031,073</u></u>	<u><u>\$ (2,350)</u></u>

General Fund	Supplemental Water Account	Central Arizona Ground Water Replenishment District Account	Captive Insurance Company
\$ 182,966	\$ -	\$ -	\$ -
94,827	-	-	-
8,478	-	-	-
2,234	-	60,554	11,193
<u>288,505</u>	<u>-</u>	<u>60,554</u>	<u>11,193</u>
63,401	-	1,107	-
63,243	-	-	-
15,876	-	-	-
3,143	-	-	-
23,000	-	-	-
25,140	-	61	-
34,612	-	43,269	8,544
<u>228,415</u>	<u>-</u>	<u>44,437</u>	<u>8,544</u>
<u>60,090</u>	<u>-</u>	<u>16,117</u>	<u>2,649</u>
86,997	-	-	-
4,415	52	4,871	24
(2,378)	-	-	-
(11,415)	-	-	-
(20,210)	-	(525)	-
<u>57,409</u>	<u>52</u>	<u>4,346</u>	<u>24</u>
117,499	52	20,463	2,673
<u>639,437</u>	<u>9,112</u>	<u>238,928</u>	<u>5,259</u>
<u>\$ 756,936</u>	<u>\$ 9,164</u>	<u>\$ 259,391</u>	<u>\$ 7,932</u>



**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
STATISTICAL SECTION**

This section of the Central Arizona Water Conservation District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. These tables are presented in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 44, Economic Condition Reporting: The Statistical Section.

Financial Trends

These schedules contain trend information to help understand how the District's financial performance and fiscal health have changed over time.

Tables

A-D

Revenue Capacity

These schedules contain information to help assess the District's most significant revenue sources: water sales and property taxes.

E-J

Debt Capacity

These schedules contain information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue debt in the future.

K-L

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

M-P

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Q-R

Sources: Unless otherwise noted, the information in the tables is derived from the annual comprehensive financial report for the relevant year.

TABLE A

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
NET POSITION BY COMPONENT – LAST TEN YEARS
(Dollars in Millions)

	2012	2013	2014	2015
Net investment in capital assets	\$ 162	\$ 174	\$ 196	\$ 236
Restricted	92	88	87	79
Unrestricted	319	331	363	293
Total net position	<u>\$ 573</u>	<u>\$ 593</u>	<u>\$ 646</u>	<u>\$ 608</u>

TABLE A
(Continued)

2016		2017		2018		2019		2020		2021	
\$	231	\$	248	\$	260	\$	251	\$	273	\$	309
	79		85		101		75		75		93
	286		272		333		462		542		629
\$	596	\$	605	\$	694	\$	788	\$	890	\$	1,031

TABLE B

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
CHANGE IN NET POSITION – LAST TEN YEARS
(Dollars in Thousands)

	2012	2013	2014
Operating Revenues			
Water operations and maintenance charges	\$ 142,805	\$ 148,300	\$ 167,036
Water service capital charges	12,022	10,688	14,565
Power and Basin Development Fund revenues	21,611	28,555	29,665
Reimbursements and other operating revenues	19,407	24,171	27,518
Total operating revenues	195,845	211,714	238,784
Total operating expenses	220,718	216,981	227,415
Operating income (loss)	(24,873)	(5,267)	11,369
Nonoperating Revenues (Expenses)			
Property taxes, less assignment to AWBA	47,825	52,507	60,994
Gain (loss) on sale of assets	(3)	(22)	48
Interest income and other nonoperating income	7,708	681	7,174
Disbursements to AWBA	(531)	(706)	(495)
Loss on NIA Water Rights	-	-	-
Interest expense and other nonoperating expenses	(28,114)	(27,260)	(26,407)
Total nonoperating revenues (expenses)	26,885	25,200	41,314
Changes in net position	2,012	19,933	52,683
Net position at beginning of year	571,037	573,049	592,982
Cumulative effect of change in accounting principle/restatement adjustment	-	-	-
Net position at beginning of year	571,037	573,049	592,982
Net position at end of year	\$ 573,049	\$ 592,982	\$ 645,665

TABLE B
(Continued)

	2015		2016		2017		2018		2019		2020		2021
\$	164,298	\$	168,413	\$	182,814	\$	182,270	\$	177,157	\$	164,105	\$	173,325
	15,573		15,861		19,652		30,300		25,510		38,582		69,657
	22,288		15,097		30,261		27,819		52,703		16,079		8,478
	30,948		30,709		36,414		40,227		46,848		46,710		62,682
	233,107		230,080		269,141		280,616		302,218		265,476		314,142
	230,330		286,663		318,283		232,040		277,892		234,489		235,286
	2,777		(56,583)		(49,142)		48,576		24,326		30,987		78,856
	63,376		64,571		68,760		72,007		76,718		82,233		86,997
	-		-		-		-		-		-		-
	3,455		5,687		6,512		9,111		20,380		17,180		4,542
	(3,041)		(269)		(17,889)		(2,738)		(4,561)		(6,361)		(2,378)
	-		-		-		-		-		-		(6,754)
	(25,424)		(24,855)		(25,029)		(23,500)		(22,755)		(21,748)		(20,576)
	38,366		45,134		32,354		54,880		69,782		71,304		61,831
	41,143		(11,449)		(16,788)		103,456		94,108		102,291		140,687
	645,665		607,840		596,391		605,002		693,987		788,095		890,386
	(78,968)		-		25,399		(14,471)		-		-		-
	566,697		607,840		621,790		590,531		693,987		788,095		890,386
\$	607,840	\$	596,391	\$	605,002	\$	693,987	\$	788,095	\$	890,386	\$	1,031,073

TABLE C

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
SET WATER DELIVERY RATES FOR VARIOUS CLASSES OF WATER SERVICE
– LAST TEN YEARS**

Units = \$/Acre-Foot

(The Letter Designations in the Formulas Refer to the Rate Components Shown Below)

	2012	2013	2014	2015
Municipal and Industrial				
Long Term Subcontract (C+D)	\$ 122	\$ 129	\$ 146	\$ 157
Excess Water (A+C+D)	137	144	166	179
Recharge (A+C+D)	137	144	166	179
AWBA Interstate Recharge (A+C+D+G)	165	168	189	-
Federal (C+D)	122	129	146	157
Agricultural				
Settlement Pool (D)	49	53	67	75
Long Term Subcontract (B+C+D)	-	-	-	-
Agricultural Incentive				
Meet Settlement Pool Goals	(4)	(6)	(14)	(18)
Meet AWBA/CAGRD GSF Goals	(1)	(1)	(2)	(2)
Meet Recovery Goals	(1)	(1)	(2)	(2)
Miscellaneous	-	-	-	-
<u>RATE COMPONENTS</u>				
Capital Charges				
(A) Municipal and Industrial - Long Term Subcontract	15	15	20	22
(B) Agricultural - Long Term Subcontract	-	-	-	-
Delivery Charges				
(C) Fixed OM&R	73	76	79	82
(D) Pumping Energy Rate 1	49	53	67	75
(E) Pumping Energy Rate 2	-	-	-	-
(F) Pumping Energy Rate 3	-	-	-	-
(G) Property Tax Equivalency	28	24	23	-
(H) Lost Federal Revenues	-	-	-	-
<u>UNDERGROUND STORAGE FEES</u>				
Recharge O&M				
Phoenix AMA	8	8	8	9
Tucson AMA	15	15	15	15
Recharge Capital Charge				
Phoenix AMA	15	15	15	15
Tucson AMA	9	9	9	9

TABLE C
(Continued)

2016		2017		2018		2019		2020		2021	
\$	161	\$	164	\$	160	\$	158	\$	155	\$	160
	184		195		205		199		211		213
	184		195		205		199		211		213
	-		-		254		-		-		-
	161		164		160		158		155		160
	76		77		65		62		56		56
	-		-		-		-		-		-
	(15)		(12)		-		-		-		-
	(2)		(2)		(1)		-		-		-
	(2)		(2)		(1)		-		-		-
	-		-		-		-		-		-
	23		31		45		41		56		53
	-		-		-		-		-		-
	85		87		95		96		99		104
	76		77		65		62		56		56
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		49		-		-		-
	-		-		-		-		-		-
	10		12		13		13		13		13
	15		15		15		15		15		15
	15		15		15		15		15		15
	9		9		9		9		9		9

TABLE D

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT ASSESSMENT RATES
– LAST TEN YEARS
Units = \$/Acre-Foot**

	2012/13	2013/14	2014/15
Phoenix Active Management Area			
Water & Replenishment Component	\$ 137	\$ 160	\$ 172
Administrative Component	44	45	45
Infrastructure & Water Rights Component	204	245	294
Replenishment Reserve Charge	52	58	63
Total Assessment Rate (\$/AF)	437	508	574
Pinal Active Management Area			
Water & Replenishment Component	117	140	155
Administrative Component	44	45	45
Infrastructure & Water Rights Component	204	245	294
Replenishment Reserve Charge	56	65	70
Total Assessment Rate (\$/AF)	421	495	564
Tucson Active Management Area			
Water & Replenishment Component	161	183	196
Administrative Component	44	45	45
Infrastructure & Water Rights Component	204	245	294
Replenishment Reserve Charge	65	75	80
Total Assessment Rate (\$/AF)	474	548	615
Contract Replenishment Tax - Scottsdale			
Cost of Water	137	144	166
Cost of Transportation	-	-	-
Cost of Replenishment	-	-	-
Administrative Component	44	45	45
Total Tax Rate (\$/AF)	181	189	211
Enrollment Fee - Commercial Subdivisions	-	-	-
Enrollment Fee	165	198	237
Activation Fee	163	196	235
Member Land Annual Membership Dues (\$/Lot)			
Phoenix AMA	9.87	13.19	15.45
Pinal AMA	1.29	1.74	2.05
Tucson AMA	6.24	8.38	9.87
Member Service Area Annual Membership Dues (\$/AF)	14.88	20.08	23.67

TABLE D
(Continued)

2015/16		2016/17		2017/18		2018/19		2019/20		2020/21		2021/22	
\$	179	\$	186	\$	214	\$	192	\$	238	\$	239	\$	251
	45		32		36		40		41		47		50
	353		353		353		353		353		353		353
	67		89		101		90		95		103		114
	644		660		704		675		727		742		768
	160		175		204		204		211		243		272
	45		32		36		40		41		47		50
	353		353		353		353		353		353		353
	75		96		108		97		103		103		114
	633		656		701		694		708		746		789
	202		213		238		221		242		243		272
	45		32		36		40		41		47		50
	353		353		353		353		353		353		353
	85		108		131		103		102		103		114
	685		706		758		717		738		746		789
	179		184		195		205		199		211		213
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	45		32		36		40		41		47		50
	224		216		231		245		240		258		263
	-		500		700		924		1,094		1,184		1,205
	284		284		284		284		284		304		325
	282		282		282		282		282		302		323
	20.78		16.50		22.63		23.52		28.59		25.78		25.46
	2.80		10.57		14.88		15.35		19.36		18.65		18.90
	13.21		16.89		23.58		24.54		31.04		29.24		29.07
	32.34		52.68		74.44		76.53		97.22		93.73		95.51

TABLE E

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
ACRE/FEET OF WATER DELIVERED BY WATER CUSTOMER TYPE
– LAST TEN YEARS**

Description	2012	2013	2014
Municipal & Industrial	489,207	496,394	503,518
Agricultural	401,223	400,817	400,741
Federal	548,374	532,645	534,281
Recharge (Excess)	160,002	90,148	87,420
Interstate Water Banking	-	-	-
Total Water Delivered	1,598,806	1,520,004	1,525,960
Transfer/Exchange of credits to CAGR	-	13,323	9,706
	<u>1,598,806</u>	<u>1,533,327</u>	<u>1,535,666</u>
Capital Charges A/F Allocation	620,988	620,974	620,960

Note: Excludes transfer of stored water credits to CAGR

TABLE E
(Continued)

2015	2016	2017	2018	2019	2020	2021
494,984	540,665	590,309	616,725	608,921	620,739	597,150
318,279	280,797	257,851	242,849	256,143	255,415	246,083
551,728	530,141	490,525	563,156	443,221	482,449	480,219
84,218	79,307	18,630	43,000	6,065	66,238	—
-	-	-	13,500	-	-	-
1,449,209	1,430,910	1,357,315	1,479,230	1,314,350	1,424,841	1,323,452
8,794	4,995	14,892	—	—	—	—
1,458,003	1,435,905	1,372,207	1,479,230	1,314,350	1,424,841	1,323,452
620,946	620,932	620,918	620,743	620,729	620,714	668,003

TABLE F

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
PRINCIPAL REVENUE PAYERS (DOLLARS) – ANNUAL TOP TEN
– LAST TEN YEARS**

	2012	2013	2014
Payers			
Ak-Chin Indian Community	\$ 10,486,257	\$ 11,059,993	\$ 12,342,417
Arizona Water Banking Authority	16,494,584	10,643,489	12,234,634
Central AZ Groundwater Replenishment District	–	6,438,149	7,054,001
Central Arizona Irrigation & Drainage District	5,457,789	5,824,235	–
City of Mesa	6,475,243	6,007,296	7,092,079
City of Peoria	–	–	–
City of Phoenix	17,964,754	17,937,549	20,947,703
City of Scottsdale	9,079,276	9,952,476	11,423,999
City of Tucson	19,751,564	20,760,768	23,808,133
Gila River Indian Community	34,674,453	33,528,955	38,904,368
Maricopa Stanfield Irr. & Drainage District	5,221,823	–	6,342,489
San Carlos Apache Nation	–	–	–
Tohono O'odham Indian Nation	5,752,881	5,577,100	6,823,345
Town of Gilbert	–	–	–

Note: Includes revenue from water O&M and capital charges

TABLE F
(Continued)

2015	2016	2017	2018	2019	2020	2021
\$ 12,405,055	\$ 14,297,578	\$ 14,616,012	\$ 14,287,195	\$ 13,930,260	\$ 13,927,268	\$ 14,315,683
11,264,400	11,240,830	—	10,170,819	—	9,738,705	—
6,783,661	8,748,582	6,545,790	8,159,223	—	6,864,928	—
—	—	6,100,185	—	—	—	—
7,122,877	8,343,851	9,034,385	9,469,295	9,179,975	9,792,158	9,882,047
—	—	—	—	6,126,538	—	6,492,132
22,076,731	24,852,608	34,179,622	35,423,535	34,183,748	35,742,063	38,115,676
12,304,090	14,115,048	14,949,923	14,353,135	14,942,912	15,357,445	14,746,505
23,971,721	26,639,704	23,770,398	26,220,915	28,693,637	30,424,077	30,701,315
33,752,177	41,662,576	29,129,478	42,326,600	21,776,649	20,481,428	21,371,232
—	—	—	—	5,380,336	6,698,236	5,857,824
5,139,789	5,601,190	—	—	—	—	—
4,876,819	5,269,832	9,066,744	8,795,815	10,437,071	10,053,398	10,525,413
—	—	10,487,502	8,870,430	5,278,899	—	6,246,519

TABLE G

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
ACRE/FEET OF WATER DELIVERED BY CUSTOMER TYPE – TOP TEN CUSTOMERS
– LAST TEN YEARS**

Customer Type	2012	2013	2014
Municipal & Industrial			
Arizona Water Company	-	-	-
ASARCO	-	-	-
Central AZ Groundwater Replenishment District	27,841	42,873	42,454
City of Chandler	-	-	10,422
City of Glendale	10,735	13,128	10,179
City of Goodyear	-	-	-
City of Mesa	42,748	34,925	36,934
City of Peoria	12,849	12,542	13,495
City of Phoenix	104,018	96,404	93,860
City of Scottsdale	56,093	45,576	45,626
City of Tucson	144,172	144,172	142,315
EPCOR	18,611	20,619	20,473
Metro Domestic Water Improvement District	11,236	13,460	11,690
Town of Gilbert	7,235	-	-
Town of Oro Valley	-	7,000	-
Agricultural			
BKW Farms, Inc.	-	-	-
Central AZ Irrigation & Drainage District	120,597	124,369	126,978
Chandler Heights Citrus Irrigation District			
Harquahala Valley Irrigation District	50,873	43,735	34,580
HoHokam Irrigation & Drainage District	36,323	40,273	40,996
Kai Farms	-	-	-
Maricopa Stanfield Irrigation & Drainage District	114,611	118,184	124,546
Metro Domestic Water Improvement District	4,000	4,000	4,000
New Magma Irrigation & Drainage District	37,838	30,694	30,340
Queen Creek Irrigation District	12,000	12,000	12,006
Roosevelt Water Conservation District	5,000	5,000	5,000
Salt River Project	-	3,800	3,800
San Carlos Irrigation & Drainage District	12,749	11,866	11,243
Tonopah Irrigation District	3,460	-	-

TABLE G
(Continued)

2015	2016	2017	2018	2019	2020	2021
-	13,185	14,894	17,565	17,093	16,574	17,648
-	-	21,000	21,000	21,000	21,000	21,000
42,989	43,587	36,694	43,007	22,783	-	-
11,511	-	-	-	-	11,263	-
13,083	13,421	16,786	16,937	16,994	17,043	16,964
-	-	-	-	-	-	10,684
33,193	39,834	41,658	41,144	36,474	42,540	37,346
13,616	15,363	16,059	25,236	25,213	25,138	25,180
78,023	108,257	155,698	158,715	153,467	158,053	158,348
48,308	54,820	55,890	56,158	55,075	54,698	47,517
145,037	144,781	117,680	123,327	144,185	144,187	143,988
20,885	20,885	20,885	20,426	20,885	20,665	20,329
11,622	-	-	-	-	-	-
-	6,992	-	-	-	-	-
-	-	-	-	-	-	-
-	-	4	-	-	-	-
99,558	94,069	97,885	85,426	92,653	91,964	72,163
					167	28
37,691	34,282	25,922	27,239	29,285	27,083	25,512
36,230	37,551	31,228	29,084	30,473	29,456	30,442
-	11	-	-	-	-	-
111,735	100,949	95,626	92,686	95,799	102,656	104,604
-	-	-	-	-	-	-
7,591	-	-	-	-	-	-
8,500	4,598	3,500	2,900	2,415	-	-
1,253	41	-	6	-	-	1
3,800	-	-	-	-	-	-
8,613	7,035	1,386	5,508	2,346	1,425	9,063
1,364	2,261	2,300	-	3,052	2,664	4,270

TABLE G
(Continued)

Customer Type	2012	2013	2014
Recharge (Excess)			
Active Resource Management	6,000	-	-
Arizona Water Banking Authority	132,973	53,640	54,839
Bureau of Reclamation	12,231	6,297	11,381
Central AZ Groundwater Replenishment District	5,648	6,621	4,018
Central Arizona Irrigation and Drainage District	-	6,695	1,700
Cortaro Marana Irrigation District	-	1,953	1,852
HoHokam Irrigation & Drainage District	-	6,333	5,700
Maricopa Stanfield Irrigation & Drainage District	-	6,600	6,700
New Magma Irrigation & Drainage District	-	-	-
Queen Creek Irrigation District	-	-	-
Tonopah Irrigation District	-	-	-
Vidler Water Company	50	-	-
Federal			
Ak-Chin Indian Community	82,203	80,665	78,828
Central AZ Groundwater Replenishment District	-	-	-
City of Chandler	7,622	-	7,622
City of Goodyear	-	-	-
City of Mesa	-	-	-
City of Peoria	-	-	-
City of Phoenix	28,209	28,209	28,209
City of Scottsdale	10,981	25,178	25,178
Fort McDowell Yavapai Nation	13,933	13,933	13,933
Freeport McMoran Morenci	-	-	-
Gila River Indian Community	283,351	258,035	254,126
New Magma Irrigation & Drainage District	-	-	-
San Carlos Apache Tribe	27,706	29,078	30,780
San Xavier Co-op Farm	-	7,878	-
Schuk Toak	13,895	10,824	12,750
Tohono O'Odham Indian Nation	44,055	41,232	45,336
Town of Gilbert	12,049	12,049	12,049

TABLE G
(Continued)

2015	2016	2017	2018	2019	2020	2021
-	-	-	-	-	-	-
57,444	39,115	1,901	38,160	-	46,155	-
8,433	5,000	1,000	5,000	-	6,695	-
5,445	8,099	-	-	6,065	12,182	-
-	5,840	3,800	-	-	4,500	-
898	1,500	2,099	1,000	-	-	-
3,700	5,840	3,800	2,700	-	3,000	-
4,200	5,840	3,800	8,400	-	4,500	-
-	-	-	-	-	953	-
-	-	-	-	-	35	-
-	-	-	-	-	400	-
-	-	-	-	-	-	-
83,745	88,638	88,767	88,310	85,998	89,071	87,664
-	-	-	-	-	20,239	18,904
-	7,622	7,622	7,622	7,622	-	10,072
-	-	7,000	-	-	-	-
9,842	-	-	-	-	-	-
-	-	7,000	-	-	-	-
64,353	28,209	28,209	28,209	28,209	28,188	25,961
28,461	25,178	25,178	18,678	25,178	25,178	25,178
13,933	-	-	-	-	-	-
-	-	12,000	20,505	31,000	12,000	23,500
222,585	257,626	177,414	260,214	135,372	128,328	132,162
-	-	-	-	-	10,780	-
35,776	34,790	13,963	14,000	14,000	14,000	14,000
-	7,148	-	-	-	-	-
10,615	10,464	-	-	-	-	-
34,056	32,475	53,877	54,444	62,713	60,133	61,458
12,049	12,049	55,323	45,982	24,190	30,720	29,389

TABLE G
(Continued)

Customer Type	2012	2013	2014
Total			
Ak-Chin Indian Community	82,203	80,665	78,828
Arizona Water Banking Authority	132,973	54,640	59,839
Central AZ Groundwater Replenishment District	-	49,494	46,472
Central AZ Irrigation & Drainage District	120,597	131,064	128,678
City of Mesa	47,666	-	-
City of Phoenix	132,227	124,613	122,069
City of Scottsdale	67,074	70,754	70,804
City of Tucson	144,172	144,172	142,315
Gila River Indian Community	283,351	258,035	254,126
Harquahala Valley Irrigation District	50,873	-	-
HoHokam Irrigation & Drainage District	-	46,606	46,696
Maricopa Stanfield Irrigation & Drainage District	114,611	124,784	131,246
Resolution Copper Mining, LLC	-	-	-
Tohono O'Odham Indian Nation	-	-	-
Town of Gilbert	-	-	-
Capital Charges A/F Allocation			
EPCOR (Arizona American Water)	20,885	20,885	20,885
Arizona State Land Department (ADOT)	32,076	32,076	32,076
ASARCO, Ray Mine	21,000	21,000	21,000
Arizona Water Company	18,137	18,137	18,137
City of Glendale	17,236	17,236	17,236
City of Mesa	43,503	43,503	43,503
City of Peoria	25,236	25,236	25,236
City of Phoenix	122,204	122,204	122,204
City of Scottsdale	52,810	52,810	52,810
City of Tucson	144,172	144,172	144,172

TABLE G
(Continued)

2015	2016	2017	2018	2019	2020	2021
83,745	88,638	88,767	88,310	85,998	89,071	87,664
62,444	-	-	-	-	46,155	-
48,434	51,686	-	-	-	-	-
99,558	99,909	101,685	85,426	92,653	96,464	72,163
43,035	44,752	46,576	46,062	41,392	47,458	42,264
142,376	136,466	183,907	186,924	181,676	186,241	184,309
76,769	79,998	81,068	74,836	80,253	79,876	72,695
145,037	144,781	117,680	123,327	144,185	144,187	143,988
222,585	257,626	177,414	260,214	135,372	128,328	132,162
-	-	-	-	-	-	-
-	43,391	-	-	-	-	-
115,935	106,789	99,426	101,086	95,799	107,156	104,604
-	-	-	-	-	-	61,458
-	-	53,877	54,444	62,713	60,133	36,624
-	-	55,323	45,982	24,190	-	-
20,885	20,885	20,885	20,885	20,885	20,885	20,885
32,076	32,076	32,076	32,076	32,076	32,076	32,076
21,000	21,000	21,000	21,000	21,000	21,000	21,000
18,137	18,137	18,137	18,137	18,137	18,137	18,137
17,236	17,236	17,236	17,236	17,236	17,236	17,236
43,503	43,503	43,503	43,503	43,503	43,503	48,427
25,236	25,236	25,236	25,236	25,236	25,236	25,236
122,204	122,204	122,204	122,204	122,204	122,204	158,348
52,810	52,810	52,810	52,810	52,810	52,810	56,093
144,172	144,191	144,191	144,191	144,191	144,191	144,191

TABLE H

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
SCHEDULE OF CUSTOMER ACTIVITY – WATER DELIVERY CHARGES
AND CAPITAL CHARGES
YEAR ENDED DECEMBER 31, 2021**

Customer	WATER DELIVERY CHARGES					
	Municipal & Industrial		Agricultural		Excess	
	A/F Delivered	Revenue \$	A/F Delivered	Revenue \$	A/F Delivered	Revenue \$
Ak Chin Indian Community	–	–	–	–	–	92,883
Arizona State Land Department (ADOT)	537	165,272	–	–	–	–
Arizona Water Company	17,648	2,874,536	–	–	–	–
ASARCO, Inc.	21,000	3,360,000	–	–	–	–
Avondale, City of	5,416	866,560	–	–	–	–
Buckeye, Town of	251	40,160	–	–	–	–
Carefree Water Company	661	105,760	–	–	–	–
Cave Creek Water Company	2,044	353,664	–	–	–	–
CAGR D	8,311	1,202,935	–	–	–	–
Central AZ Irrigation & Drainage District	–	–	72,163	4,041,128	–	–
Chandler Heights Citrus Irrigation District	–	–	28	1,568	–	–
Chandler, City of	9,772	1,563,520	–	–	–	–
Chaparral City Water Company	7,050	1,321,336	–	–	–	–
Circle City Water Company	–	–	–	–	–	–
Community Water Company - Green Valley	–	–	–	–	–	–
El Mirage, City of	508	81,280	–	–	–	–
Eloy, City of	2,130	345,064	–	–	–	–
EPCOR	20,329	3,310,464	–	–	–	–
Florence, Town of	2,048	327,680	–	–	–	–
Flowing Wells Irrigation District	2,800	448,000	–	–	–	–
Freeport-Miami	2,906	464,960	–	–	–	–
Freeport McMoran Morenci	–	–	–	–	–	–
Freeport McMoran Sierrita	–	–	–	–	–	–
Gila River Indian Community	–	–	–	–	–	225,000
Gilbert, Town of	7,235	1,157,600	–	–	–	–
Glendale, City of	16,964	2,742,528	–	–	–	–
Goodyear, City of	10,684	1,715,472	–	–	–	–
Green Valley Water Company	–	–	–	–	–	–
Harquahala Valley Irrigation District	–	–	25,512	1,428,672	–	–
HoHokam Irrigation & Drainage District	–	–	30,442	1,704,752	–	–
Marana, Town of	2,336	373,760	–	–	–	–
Maricopa County Parks & Recreation	541	91,136	–	–	–	–
Maricopa Stanfield Irrigation & Drainage District	–	–	104,604	5,857,824	–	–
Mesa, City of	37,346	6,528,536	–	–	–	–

TABLE H
(Continued)

WATER DELIVERY CHARGES				SUBCONTRACTOR CAPITAL CHARGES		TOTAL PAID
Federal		Total		Acre-Feet Allocation	Revenue \$ (a)	
A/F Delivered	Revenue \$	A/F Delivered	Revenue \$			
87,664	14,222,800	87,664	14,315,683	—	—	\$14,315,683
—	—	537	165,272	32,076	1,700,028	1,865,300
—	—	17,648	2,874,536	18,137	961,261	3,835,797
—	—	21,000	3,360,000	21,000	1,113,000	4,473,000
—	—	5,416	866,560	5,416	287,048	1,153,608
—	—	251	40,160	251	13,303	53,463
—	—	661	105,760	1,300	68,900	174,660
—	—	2,044	353,664	2,606	138,118	491,782
18,904	3,024,640	27,215	4,227,575	8,311	440,483	4,668,058
—	—	72,163	4,041,128	—	—	4,041,128
—	—	28	1,568	—	—	1,568
10,072	1,611,520	19,844	3,175,040	11,606	615,118	3,790,158
—	—	7,050	1,321,336	8,909	472,177	1,793,513
—	—	—	—	3,932	208,396	208,396
—	—	—	—	2,858	151,474	151,474
—	—	508	81,280	508	26,924	108,204
—	—	2,130	345,064	2,171	115,063	460,127
—	—	20,329	3,310,464	20,885	1,106,905	4,417,369
—	—	2,048	327,680	2,048	108,544	436,224
—	—	2,800	448,000	2,854	151,262	599,262
—	—	2,906	464,960	—	—	464,960
23,500	3,760,000	23,500	3,760,000	—	—	3,760,000
10,000	1,600,000	10,000	1,600,000	—	—	1,600,000
132,162	21,146,232	132,162	21,371,232	—	—	21,371,232
29,389	4,705,464	36,624	5,863,064	7,235	383,455	6,246,519
5,346	855,360	22,310	3,597,888	17,236	913,508	4,511,396
7,000	1,120,000	17,684	2,835,472	10,742	569,326	3,404,798
—	—	—	—	1,900	100,700	100,700
—	—	25,512	1,428,672	—	—	1,428,672
—	—	30,442	1,704,752	—	—	1,704,752
—	—	2,336	373,760	2,336	123,808	497,568
—	—	541	91,136	665	35,245	126,381
—	—	104,604	5,857,824	—	—	5,857,824
4,918	786,880	42,264	7,315,416	48,427	2,566,631	9,882,047

TABLE H
(Continued)

Customer	WATER DELIVERY CHARGES					
	Municipal & Industrial		Agricultural		Excess	
	A/F Delivered	Revenue \$	A/F Delivered	Revenue \$	A/F Delivered	Revenue \$
Metro Domestic Water Improvement District	9,960	1,593,600	—	—	—	—
New Magma Irrigation & Drainage District	—	120,000	—	—	—	—
Oro Valley, Town of	10,305	1,648,800	—	—	—	—
Pascua Yaqui Tribe	—	—	—	—	—	—
Peoria, City of	25,180	4,034,624	—	—	—	—
Phelps Dodge Corporation	—	—	—	—	—	—
Phoenix, City of	158,348	25,335,680	—	—	—	—
Queen Creek Irrigation District	—	6,825	—	—	—	—
Queen Creek, Town of	495	79,200	—	—	—	—
Rio Verde Utilities, Inc.	812	129,920	—	—	—	—
Roosevelt Water Conservation District	—	—	1	56	—	—
San Carlos Apache Nation	—	—	—	—	—	—
San Carlos Irrigation & Drainage District	—	—	9,063	507,528	—	—
San Tan Irrigation District	—	—	—	—	—	—
Scottsdale, City of	47,517	7,745,096	—	—	—	—
Spanish Trails Water Company	3,037	485,920	—	—	—	—
Surprise, City of	10,249	1,639,840	—	—	—	—
Tempe, City of	4,315	690,400	—	—	—	—
Temporary Water Permits	—	—	—	—	731	586,078
Tohono O'odham Nation	—	—	—	—	—	219,765
Tonopah Irrigation District	—	—	4,270	239,120	—	—
Tonto Hills DWID	66	11,080	—	—	—	—
Tonto Hills Utility Company	—	—	—	—	—	—
Tucson, City of	143,988	23,059,192	—	—	—	—
Vail Water Company	1,857	297,120	—	—	—	—
Water Utilities Comm Facilities District	1,773	283,784	—	—	—	—
Water Utility of Greater Tonopah, Inc.	—	—	—	—	—	—
Subtotal	596,419	\$ 96,601,304	246,083	\$ 13,780,648	731	\$ 1,123,726
NIA Captial Charge Adjustments						
Year End Reconciliations		(5,110,854)				
LTSC Purchase Credit by CAGRD						1,152,360
CAGRD & Capital Charge elimination						
Transfer of Stored Water Credits						3,478,824
TOTAL	596,419	\$ 91,490,450	246,083	\$ 13,780,648	731	\$ 5,754,910

(a) Excess water deliveries include a component for facility use

TABLE H
(Continued)

WATER DELIVERY CHARGES				SUBCONTRACTOR CAPITAL CHARGES		TOTAL PAID
Federal		Total		Acre-Feet Allocation	Revenue \$ (a)	
A/F Delivered	Revenue \$	A/F Delivered	Revenue \$			
—	—	9,960	1,593,600	13,460	713,380	2,306,980
1,096	175,360	1,096	295,360	—	—	295,360
—	—	10,305	1,648,800	10,305	546,165	2,194,965
2,208	354,528	2,208	354,528	—	—	354,528
7,000	1,120,000	32,180	5,154,624	25,236	1,337,508	6,492,132
—	—	—	—	2,906	154,018	154,018
25,961	4,387,552	184,309	29,723,232	158,348	8,392,444	38,115,676
3,685	589,600	3,685	596,425	—	—	596,425
—	—	495	79,200	495	26,235	105,435
—	—	812	129,920	812	43,036	172,956
—	—	1	56	—	—	56
14,000	2,240,000	14,000	2,240,000	—	—	2,240,000
—	—	9,063	507,528	—	—	507,528
—	—	—	—	236	12,508	12,508
25,178	4,028,480	72,695	11,773,576	56,093	2,972,929	14,746,505
—	—	3,037	485,920	3,037	160,961	646,881
—	—	10,249	1,639,840	10,249	543,197	2,183,037
178	28,480	4,493	718,880	4,315	228,695	947,575
—	—	731	586,078	—	—	586,078
61,458	10,305,648	61,458	10,525,413	—	—	10,525,413
9,500	1,520,000	13,770	1,759,120	—	—	1,759,120
—	—	66	11,080	—	—	11,080
—	—	—	—	71	3,763	3,763
—	—	143,988	23,059,192	144,191	7,642,123	30,701,315
—	—	1,857	297,120	1,857	98,421	395,541
1,000	160,000	2,773	443,784	2,919	154,707	598,491
—	—	—	—	64	3,392	3,392
480,219	\$ 77,742,544	1,323,452	\$ 189,248,222	668,003	\$ 35,404,159	\$ 224,652,381
					38,763,365	38,763,365
	(4,113,002)		(9,223,856)			(9,223,856)
			1,152,360			1,152,360
			(9,640,670)		(17,422,886)	(27,063,556)
			3,478,824		11,222,970	14,701,794
480,219	\$ 73,629,542	1,323,452	\$ 175,014,881	668,003	\$ 67,967,608	\$ 242,982,489

TABLE I

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
SCHEDULE OF AD VALOREM PROPERTY TAX – FULL CASH VALUE AND ASSESSED VALUE
– LAST TEN YEARS**

Tax Year	General Tax Rate	Water Storage Tax Rate	Full Cash Value	Assessed Value
2012	\$ 0.06	\$ 0.04	\$ 419,142,979,943	\$ 44,758,562,011
2013	\$ 0.10	\$ 0.04	\$ 403,224,528,684	\$ 41,836,049,147
2014	\$ 0.10	\$ 0.04	\$ 433,462,010,696	\$ 44,675,371,869
2015	\$ 0.10	\$ 0.04	\$ 443,241,856,037	\$ 44,435,156,807
2016	\$ 0.10	\$ 0.04	\$ 551,066,482,724	\$ 66,560,470,133
2017	\$ 0.10	\$ 0.04	\$ 585,225,972,497	\$ 70,918,771,749
2018	\$ 0.10	\$ 0.04	\$ 624,861,117,352	\$ 75,607,115,393
2019	\$ 0.10	\$ 0.04	\$ 677,765,663,183	\$ 80,659,630,972
2020	\$ 0.10	\$ 0.04	\$ 741,116,927,456	\$ 87,870,119,937
2021	\$ 0.10	\$ 0.04	\$ 803,720,896,046	\$ 96,286,426,073

Source: Maricopa, Pinal and Pima County Assessor's Office.

See Note 4 for further explanation

TABLE J

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
SCHEDULE OF AD VALOREM PROPERTY TAX – TAX LEVY AND COLLECTIONS
– LAST TEN YEARS**

Collections Through 12/31/21

Tax		Collected to June 30 End of Tax Year		Cumulative Delinquent Taxes	Total Collections	
		Amount	Percent of Tax Levy		Amount	Percent of Tax Levy
Year	Tax Levy					
2012	\$ 44,439,360	\$ 44,339,293	99.77%	\$ 55,555	\$ 44,394,848	99.90%
2013	58,546,802	58,164,925	99.35%	(3,913)	58,161,012	99.34%
2014	62,448,359	61,994,922	99.27%	23	61,994,946	99.27%
2015	62,152,675	61,770,689	99.39%	2,829	61,773,518	99.39%
2016	64,589,605	64,164,682	99.34%	4,455	64,169,137	99.35%
2017	67,936,275	67,562,067	99.45%	1,429	67,563,496	99.45%
2018	71,704,145	71,221,181	99.33%	(3,285)	71,217,896	99.32%
2019	76,005,465	75,657,851	99.54%	(4,910)	75,652,942	99.54%
2020	80,853,980	78,565,280	97.17%	1,520,913	80,086,193	99.05%
2021	86,094,791	44,423,817	51.60%	-	44,423,817	51.60%

Source: Maricopa, Pima and Pinal County Treasurer's Office

TABLE K

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
REVENUE BONDS AND PLEDGED REVENUE – LAST TEN YEARS**

2016 Revenue Bonds	2012	2013	2014
Principal Debt	\$ -	\$ -	\$ -
Interest Debt	-	-	-
Total Debt Payment	-	-	-
Pledged Fixed OM&R Revenue	-	-	-
Debt Service Coverage Ratio	-	-	-
Total Debt on 2016 Revenue Bonds	\$ -	\$ -	\$ -
Power and Basin Development Fund Revenues *	21,611,300	28,554,600	29,664,900
2019 Revenue Bonds	2012	2013	2014
Principal Debt	\$ -	\$ -	\$ -
Interest Debt	-	-	-
Total Debt Payment	-	-	-
Pledged CAGR Revenue	-	-	-
Debt Service Coverage Ratio	-	-	-
Total Debt on 2019 Revenue Bonds	-	-	-
Combined Debt on 2016 and 2019 Bonds	\$ -	\$ -	\$ -

* Provided for reporting purposes pursuant to 2016 Bond Indenture

Note: Interest payments are due on January and July 1st of each year;
principle payments are due on January 1st of each year

TABLE K
(Continued)

2015	2016	2017	2018	2019	2020	2021
\$ -	\$ -	\$ 1,345,000	\$ 1,505,000	\$ 1,565,000	\$ 1,645,000	\$ 1,725,000
-	882,039	2,132,050	2,088,500	2,019,275	1,939,025	1,880,650
-	882,039	3,477,050	3,593,500	3,584,275	3,584,025	3,605,650
-	-	67,207,000	74,442,000	99,897,071	101,982,532	104,540,406
-	20.0	19.3	20.7	27.9	28.5	29.0
\$ -	\$ 45,460,000	\$ 44,115,000	\$ 42,610,000	\$ 41,045,000	\$ 39,400,000	\$ 37,675,000
22,287,900	15,096,900	30,260,700	27,818,600	52,702,600	16,078,900	8,478,200
2015	2016	2017	2018	2019	2020	2021
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,520,000	\$ 3,520,000
-	-	-	-	-	440,074	409,640
-	-	-	-	-	1,960,074	3,929,640
-	-	-	-	-	32,828,679	31,620,756
-	-	-	-	-	16.7	8.0
-	-	-	-	20,000,000	18,480,000	14,960,000
\$ -	\$ 45,460,000	\$ 44,115,000	\$ 42,610,000	\$ 61,045,000	\$ 57,880,000	\$ 52,635,000

TABLE L

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
 FEDERAL REPAYMENT OBLIGATION (DOLLARS)
 PURSUANT TO THE STIPULATION AND ORDER FOR JUDGEMENT DATE 4/2003
 – LAST TEN YEARS**

Accounting Year Ending	Payment Made 1/21/2021	Beginning Balance Interest Bearing		Beginning Balance Non-Interest Bearing	
		Stage I	Stage II	Stage I	Stage II
2012	2013	\$ 630,746,199	\$ 210,489,677	\$ 321,411,083	\$ 93,832,798
2013	2014	611,474,373	204,218,104	320,611,083	93,832,798
2014	2015	592,202,546	197,946,530	319,811,083	93,832,798
2015	2016	567,912,762	191,674,957	319,011,083	93,832,799
2016	2017	543,622,979	185,403,384	318,211,083	93,832,799
2017	2018	519,333,196	179,131,811	317,411,083	93,832,798
2018	2019	494,843,412	171,292,344	316,811,083	93,832,798
2019	2020	470,353,629	163,452,878	316,211,083	93,832,798
2020	2021	445,863,845	155,613,411	315,611,083	93,832,798
2021	2022	421,374,062	147,773,944	315,011,083	93,832,798

TABLE L
(Continued)

Payment Due			Short Term	Long Term	Total
Principal	Interest	Total	Balance as of 12/31	Balance as of 12/31	Balance as of 12/31
\$ 26,343,400	\$ 28,114,103	\$ 54,457,503	\$ 26,343,400	\$ 1,230,136,357	\$ 1,256,479,757
26,343,400	27,260,443	53,603,843	26,343,400	1,203,792,958	1,230,136,358
31,361,357	26,406,782	57,768,139	31,361,357	1,172,431,600	1,203,792,957
31,361,357	25,385,422	56,746,779	31,361,357	1,141,070,244	1,172,431,601
31,361,357	24,364,061	55,725,418	31,361,357	1,109,708,888	1,141,070,245
32,929,250	23,342,701	56,271,951	32,929,250	1,076,779,638	1,109,708,888
32,929,250	22,262,257	55,191,507	32,929,250	1,043,850,387	1,076,779,637
32,929,250	21,181,813	54,111,063	32,929,250	1,010,921,137	1,043,850,387
32,929,250	20,101,370	53,030,620	32,929,250	977,991,887	1,010,921,137
40,456,185	19,020,926	59,477,111	40,456,185	937,535,702	977,991,887

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS – LAST TEN YEARS**

Data by Last Available Report Year

Population by County (1)				Unemployment Rate (%) (1)			
<u>Year</u>	<u>Maricopa</u>	<u>Pinal</u>	<u>Pima</u>	<u>Year</u>	<u>Maricopa</u>	<u>Pinal</u>	<u>Pima</u>
2021	4,507,419	439,128	1,058,318	2021	2.40	2.70	2.80
2020	4,439,220	467,932	1,052,375	2020	6.90	7.10	7.40
2019	4,367,835	455,210	1,044,675	2019	3.60	4.50	4.10
2018	4,294,460	440,591	1,034,201	2018	4.30	5.10	4.70
2017	4,221,684	427,603	1,026,099	2017	3.90	4.70	4.20
2016	4,137,076	413,312	1,013,103	2016	4.20	5.10	4.50
2015	4,076,438	406,468	1,009,371	2015	4.60	5.60	5.00
2014	4,008,651	396,237	1,007,162	2014	5.20	6.30	5.50
2013	3,944,859	393,813	996,046	2013	5.90	7.20	6.10
2012	3,884,705	389,192	990,380	2012	6.60	7.80	6.70

Per Capita Income (2)				Personal Income (2)			
<u>Year</u>	<u>Maricopa</u>	<u>Pinal</u>	<u>Pima</u>	<u>Year</u>	<u>Maricopa</u>	<u>Pinal</u>	<u>Pima</u>
2020	53,521	35,949	48,373	2020	245,077,753	17,285,148	51,331,920
2019	49,704	32,182	45,456	2019	222,943,072	14,893,430	47,604,994
2018	47,694	30,644	44,028	2018	210,370,180	13,701,923	45,748,033
2017	45,573	29,309	41,637	2017	196,286,191	12,609,714	42,585,356
2016	43,845	28,492	39,889	2016	185,613,641	11,827,274	40,387,983
2015	42,962	27,866	39,177	2015	178,469,430	11,259,846	39,385,843
2014	41,320	27,068	38,120	2014	168,450,841	10,665,065	38,154,664
2013	39,451	26,096	36,794	2013	158,054,524	10,027,602	36,601,437
2012	39,123	24,973	36,372	2012	154,137,019	9,537,601	36,064,014
2011	37,554	24,594	35,215	2011	145,320,626	9,301,945	34,767,954

Sources:

1. Office of Economic Opportunity: AZ Labor Statistics (<http://laborstats.az.gov>)
2. U.S. Department of Commerce - Bureau of Economic Analysis
(<http://www.bea.gov/regional/bearfacts/countybf.cfm>)

TABLE N

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
MAJOR EMPLOYERS – STATE OF ARIZONA**
Data by Last Available Report Year

Employer	2021			2011		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Banner Health	47,000	1	1.56%	28,220	3	1.16%
State of Arizona	41,847	2	1.38%	49,282	1	2.03%
Arizona State University	35,730	3	1.18%	12,221	8	0.50%
Wal-Mart Stores, Inc	33,460	4	1.11%	30,608	2	1.26%
Fry's Food Stores	21,738	5	0.72%	-	-	-
University of Arizona	20,462	6	0.68%	-	-	-
Wells Fargo & Co.	17,217	7	0.57%	13,100	5	0.54%
City of Phoenix	14,858	8	0.49%	15,544	4	0.64%
Maricopa County	13,933	9	0.46%	12,458	7	0.51%
Intel Corp.	12,190	10	0.40%	-	-	-
Apollo Group Inc.	-	-	-	13,000	6	0.53%
Bank of America	-	-	-	12,000	9	0.49%
Raytheon Co.	-	-	-	10,000	10	0.41%
Total AZ Employment	3,021,600			2,432,200		

Sources: Phoenix Business Journal 2019 Book of Lists pg. 144
Phoenix Business Journal 2010 Book of Lists pg. 166

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
AREA GROWTH BY COUNTY – LAST TEN YEARS**
In Square Miles

<u>Year</u>	<u>Maricopa</u>	<u>Pima</u>	<u>Pinal</u>
2021	9,200	9,187	5,366
2020	9,200	9,187	5,366
2019	9,200	9,187	5,366
2018	9,200	9,187	5,366
2017	9,200	9,187	5,366
2016	9,200	9,187	5,366
2015	9,200	9,187	5,366
2014	9,200	9,187	5,366
2013	9,200	9,187	5,366
2012	9,200	9,187	5,366

Source: US Census Bureau, Census of Population and Housing.
<http://quickfacts.census.gov/qfd/states/04/04021.html>

TABLE P

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
CENTRAL ARIZONA PROJECT SYSTEM MAP



Aqueduct	Length	Pumping Plants	Lift (feet)	Tunnels & Siphons	Turnouts
Hayden-Rhodes	190	5	1,251	10	17
Fannin-McFarland	63	1	86	1	20
Tucson	83	9	1,569	1	17
Totals	336	15	2,906	12	54

TABLE Q

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
CAPITAL ASSET STATISTICS – LAST TEN YEARS
(Dollars in Millions)

	2012	2013	2014	2015
Capital Assets				
(net of depreciation and amortization)				
Operating Assets				
Land	\$ 1.9	\$ 1.9	\$ 1.9	\$ 2.0
Land Improvements	1.2	2.3	5.0	4.7
Work-in-process	36.1	43.7	20.9	33.6
Intangibles	28.2	27.6	31.7	32.5
Structures & improvements	56.3	52.4	76.6	80.0
Computers	4.8	5.6	7.1	4.6
Furniture/office equipment	0.2	0.2	0.3	0.2
Transportation	1.4	1.5	1.8	2.3
Field & other equipment	34.8	35.2	46.3	64.4
Communications	25.6	29.1	27.1	25.6
Total operating assets	190.5	199.5	218.7	249.9
Permanent Service Right	1227.4	1204.4	1181.3	1158.3
Total Capital Assets	1417.9	1403.9	1400.0	1408.2

TABLE Q
(Continued)

2016	2017	2018	2019	2020	2021
\$ 2.0	\$ 3.2	\$ 3.2	\$ 3.2	\$ 3.2	\$ 3.2
4.5	7.9	7.2	6.6	6.0	6.4
48.4	55.7	19.3	16.7	21.4	22.6
32.3	33.9	33.2	32.2	31.2	46.3
82.7	84.6	132.7	135.9	129.9	124.7
7.3	4.4	4.6	5.2	5.6	5.2
0.1	0.1	-	-	-	-
2.5	2.7	3.1	3.2	3.3	2.7
62.7	67.3	69.8	70.9	82.8	90.7
25.2	25.6	23.8	22.0	20.5	21.8
267.7	285.4	296.9	295.9	303.9	323.6
1135.3	1112.1	1089.0	1065.8	1042.8	1019.8
1403.0	1397.5	1385.9	1361.7	1346.7	1343.4

TABLE R

**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM – LAST TEN YEARS**

Function/Program	2012	2013	2014	2015
General Manager	3.0	5.0	11.0	2.4
Water Policy	4.6	5.0	17.5	20.4
Communications and Public Affairs	10.0	8.0	8.0	8.0
Employee Services	42.3	41.3	0.0	0.0
Administration	65.0	68.5	113.5	124.9
Legal Services	6.0	6.0	5.6	5.0
Maintenance	228.5	233.2	229.9	221.4
Operations, Planning and Engineering	101.2	103.6	91.2	89.0
Total	460.6	470.6	476.7	471.1

Source: District-Financial Services Department

Average calendar year full-time equivalent (FTE) positions are
positions filled at the end of each calendar month and then averaged for the calendar year

TABLE R
(Continued)

2015	2016	2017	2018	2019	2020	2021
2.4	4.3	6.6	6.8	12.2	12.0	11.7
20.4	15.2	16.9	16.0	15.7	16.8	16.7
8.0	13.8	14.2	15.0	14.2	16.1	16.3
0.0	32.8	32.8	32.2	32.0	29.6	29.9
124.9	125.2	127.6	129.4	85.2	83.3	82.1
5.0	4.7	4.9	4.7	5.0	5.0	5.0
221.4	187.6	188.6	190.9	233.5	230.3	227.5
89.0	91.7	92.3	89.3	84.6	83.3	86.0
471.1	475.3	483.9	484.3	482.4	476.4	475.2



CAP
CENTRAL ARIZONA PROJECT