



Central Arizona Project

**Year-to-Date
2nd Quarter**

2024 Financial Review

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Financial Overview

The following discussion presents an overview of the financial activity and condition of the Central Arizona Water Conservation District (CAWCD or District). It summarizes the 2024 financial and budget performance through the second quarter and provides projections for the full year. More detailed explanations are included on the following pages.

Highlights

TOTAL REVENUES: As shown to the right, total revenues through the second quarter were \$162 million, \$1 million lower than budget. The full-year total revenue forecast is \$464 million, \$13 million lower than budget. Water Operations & Maintenance (O&M) charges are forecast \$16 million lower than budget because of system conservation agreements that were not in place at the time of the budget and lower energy expenses, which in turn, lower revenue.

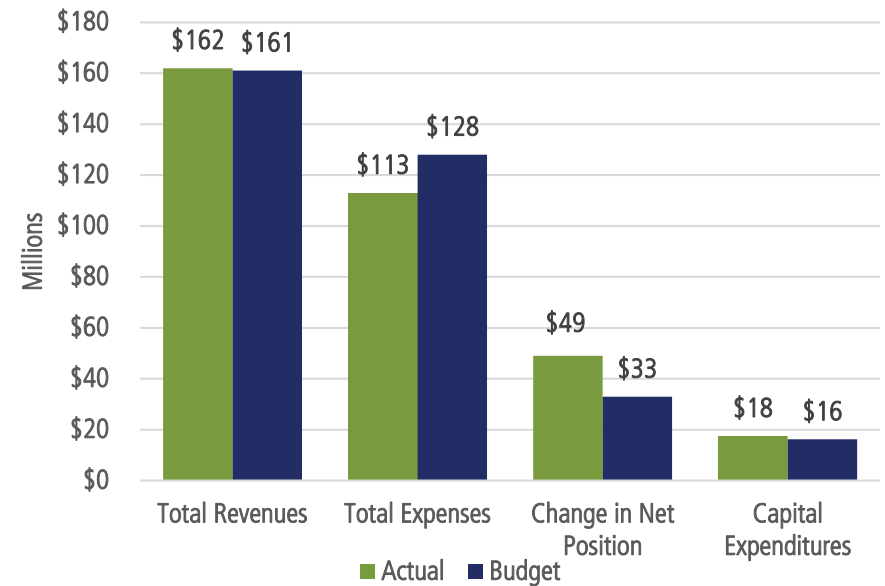
TOTAL EXPENSES: As shown to the right, total expenses through the second quarter were \$113 million, \$15 million lower than budget. The full-year total expense forecast is \$271 million, \$25 million lower than budget. Energy expenses are forecast \$11 million lower than budget because the Power Programs team has been able to take advantage of market conditions to keep costs down. Outside services are also forecast \$11 million lower than budget because some conservation programs are being federally funded and generally lower-than-expected conservation program costs.

See Total Revenues and Total Expenses sections on pages 6-7 for additional information.

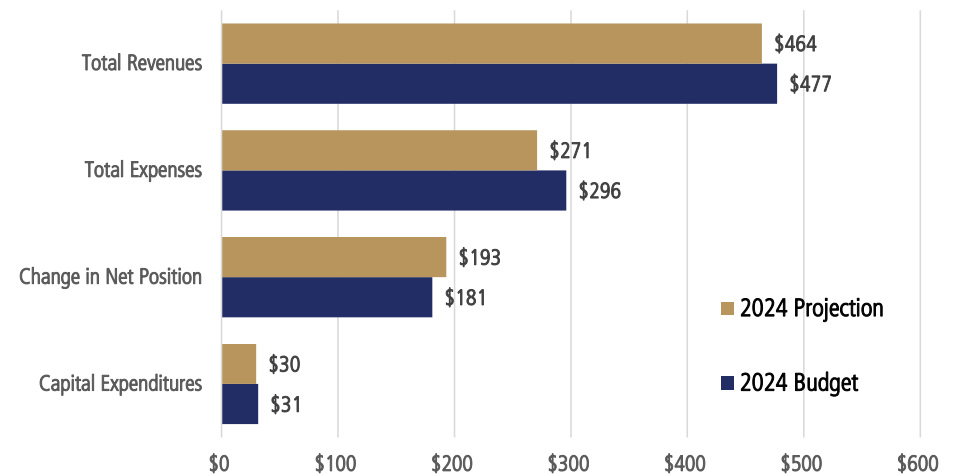
CHANGE IN NET POSITION: The change in net position—which is the difference between revenues and expenses—was \$49 million through the second quarter, \$16 million higher than budget. The full year forecast is \$193 million, \$12 million higher than budget. See Statements of Net Position on page 4 for additional information.

CAPITAL: The Project Steering Committee oversee capital spending. Through the second quarter, capital spending was \$18 million, \$2 million higher than budget. However, the full-year forecast is \$30 million, \$1 million lower than budget. See Capital section starting on page 53 for additional information.

2nd Quarter 2024 - Actual vs Budget



Full Year 2024 - Projection vs Budget



Statements of Net Position

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets and deferred outflows at the end of 2024 are projected to be \$110 million higher than the 2023 year-end balance.

CURRENT ASSETS: One of the largest components of the District's current assets is water inventory, which represents long term storage credits (LTSCs) and lake inventories. Water inventory is projected to increase by \$7 million in 2024.

Cash and cash equivalents are projected to increase \$11 million. Other current assets—which are primarily made up of accounts receivable—are expected to decrease \$15 million. The receivable balance is expected to decrease because the 2024 year-end rate reconciliation is not expected to result in significant water customer receivables like it did in 2023.

NONCURRENT ASSETS: The largest component of the District's capital assets is the net permanent service right (PSR). The PSR represents the District's right to operate the Central Arizona Project system and collect revenues from operations, for which the District has incurred a repayment obligation to the United States. For 2024, amortization of the PSR is \$18 million, and the net PSR will decrease from \$975 million to \$957 million.

Investments and restricted assets are expected to increase by \$123 million, following the increased reserve targets to address long-term maintenance and capital projects.

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

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

<i>(Dollars in millions)</i>	2023	2024	Change	
Current Assets				
Cash and cash equivalents	\$ 236	\$ 247	\$ 11	4.7%
Funds held by federal gov't	5	8	3	60.0%
Water inventory	241	248	7	2.9%
Other current assets	88	73	(15)	(17.0%)
	570	576	6	1.1%
Noncurrent Assets				
Investments and restricted assets	613	736	123	20.1%
Agricultural water rights	48	48	-	0.0%
Capital assets - operating, net	346	349	3	0.9%
Capital assets - PSR, net	975	957	(18)	(1.8%)
Other assets	6	2	(4)	(66.7%)
	1,988	2,092	104	5.2%
Deferred Outflows of Resources				
Pension & OPEB valuation and Upfront Payments	10	10	-	0.0%
Total Assets & Deferred Outflows	\$ 2,568	\$ 2,678	\$ 110	4.3%

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

CURRENT LIABILITIES: Current liabilities include payables, accrued interest, and current principal obligations. Overall, current liabilities are projected to decrease \$23 million in 2024, primarily because accounts payable are projected to decrease \$19 million largely due to a 2023 customer payable that is not expected at the end of 2024.

NONCURRENT LIABILITIES: Noncurrent liabilities are projected to decrease \$51 million, primarily because the federal repayment obligation will decrease \$43 million following the annual payment. In addition, contract revenue bonds are expected to decrease \$6 million as debt payments are made.

DEFERRED INFLOWS OF RESOURCES: Deferred inflows include customer deposits and upfront payments, as well as deferred inflow OPEB and pension valuation. Deferred inflows of resources are expected to decrease by \$9 million in 2024, mostly through the use of voluntary rate stabilization funds.

NET POSITION: Net position—which is the difference between Total Assets and Deferred Outflows and Total Liabilities and Deferred Inflows—is projected to increase \$193 million in 2024.

Total liabilities, deferred inflows of resources, and net position				
2024 vs. 2023				
<i>(in millions)</i>				
	2023	2024	Change	
Current liabilities	177	154	\$ (23)	(13.0%)
Noncurrent liabilities				
Repayment obligation, net	857	814	\$ (43)	(5.0%)
Contract revenue bonds	39	33	(6)	(15.4%)
Ag water right debt	89	89	-	0.0%
Asset retirement obligation	21	19	(2)	(9.5%)
Other noncurrent liabilities	85	85	-	0.0%
Total noncurrent liabilities	1,091	1,040	(51)	(4.7%)
Deferred inflows of resources				
Customer deposits and upfront payments	44	35	(9)	(20.5%)
Deferred inflow OPEB	12	12	-	0.0%
Deferred inflow pension	4	4	-	0.0%
Total deferred inflows of resources	60	51	(9)	(15.0%)
Net position				
Investments in capital assets	379	411	32	8.4%
Restricted, net	105	105	-	0.0%
Unrestricted, net	756	917	161	21.3%
Total net position	1,240	1,433	193	15.6%
Total liabilities, deferred inflows of resources, & net position	<u>\$ 2,568</u>	<u>\$ 2,678</u>	<u>\$ 110</u>	<u>4.3%</u>

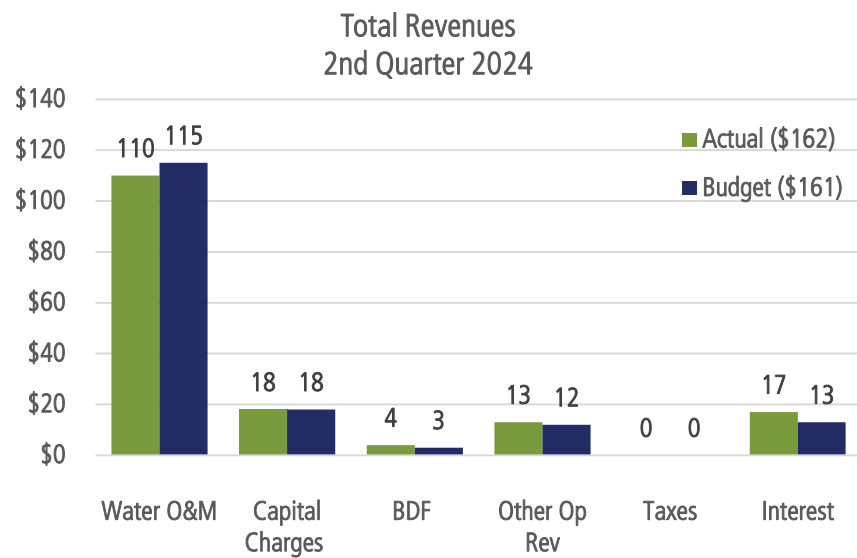
Statements of Revenues, Expenses & Change in Net Position

Net position increased \$49 million through the first quarter, compared to a budgeted increase of \$3 million. Net position is projected to increase by \$190 million for the year. The factors contributing to the year-to-date and full-year net position change are discussed in the sections that follow.

TOTAL REVENUES

2ND QUARTER 2024 BUDGET PERFORMANCE: Total revenues through the second quarter were \$162 million compared to a budget of \$161 million.

- Water O&M revenues were \$110 million, \$5 million lower than budget, primarily because of system conservation agreements that were not in place when the budget was prepared.
- Interest income was \$4 million higher than budget because of favorable economic conditions.
- All other revenue categories were at or near budget.



FULL-YEAR 2024 BUDGET PERFORMANCE:

At year-end, total revenues are projected to be \$464 million, \$13 million lower than budget.

Operating Revenues are projected to be \$23 million lower than budget.

- Water O&M charges are projected to be \$16 million lower because of a system conservation agreement that was not in place when the budget was completed and lower energy expenses than budgeted, which, in turn, lowers revenue.
- Other operating revenues are projected to be \$7 million lower than budget, primarily because CAGR rate revenues are projected to be \$9 million lower than budget due to lower-than-expected obligation.
- All other operating revenue categories are projected to be at or near budget.

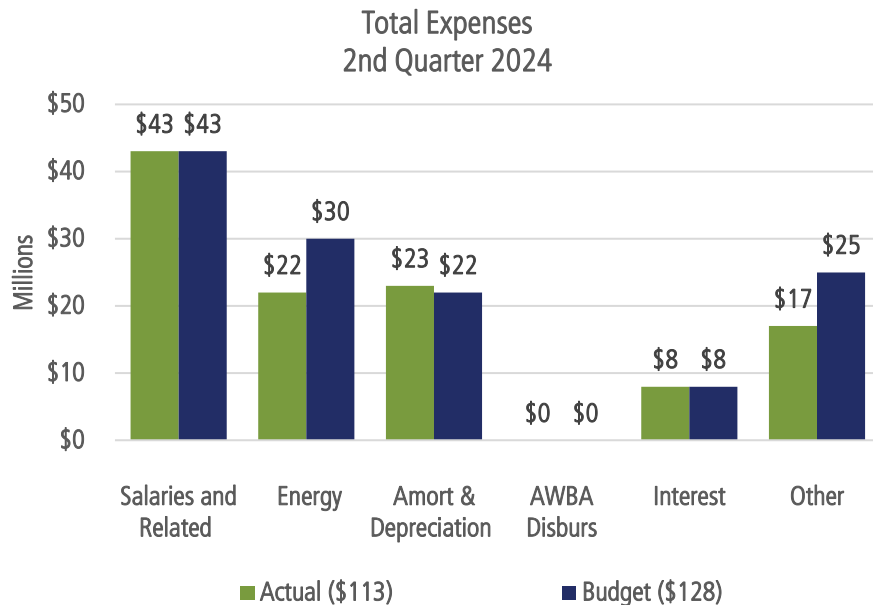
Nonoperating Revenue, specifically interest revenue, is expected to be \$10 million higher than budget because of a favorable economic environment.

	Full-Year 2024			
<i>(Dollars in millions)</i>	Projected	Budget	Variance	
Operating Revenues				
Water O&M charges	\$ 219	\$ 235	\$ (16)	(6.8%)
Water service capital charges	37	37	-	0.0%
BDF revenues	7	7	-	0.0%
Other revenues	61	68	(7)	(10.3%)
	324	347	(23)	(6.6%)
Nonoperating Revenues				
Property taxes	104	104	-	0.0%
Interest income & other	36	26	10	38.5%
	140	130	10	7.7%
Total Revenues	\$ 464	\$ 477	\$ (13)	(2.7%)

TOTAL EXPENSES

2ND QUARTER 2024 BUDGET PERFORMANCE: Total expenses through the second quarter were \$113 million, \$15 million lower than budget.

- Energy charges were \$8 million lower than budget, primarily because natural gas prices were lower than expected, shaping opportunities, and favorable summer sales.
- Other expenses were \$8 million lower than budget, mostly because outside services were \$7 million lower than budget because some conservation programs were ultimately federally funded; generally lower-than-expected conservation program costs; and lower recovery project expenses.;
- All other expense categories were at or near budget.



FULL-YEAR 2024 BUDGET PERFORMANCE: At year end, total expenses are projected to be \$271 million, \$25 million lower than budget.

Operating Expenses are projected to be \$24 million lower than budget.

- Energy expenses are forecast \$11 million lower than budget because natural gas prices are lower than expected, shaping opportunities, and summer sales as well as lower delivery volumes.
- Amortization and Depreciation is expected to be \$4 million higher than budget because of more work-in-process being completed than expected.
- Other expenses are projected to be \$17 million lower than budget, primarily due to:
 - ◇ Outside services are expected to be \$11 million lower than budget as some conservation programs were ultimately federally funded; generally lower-than-expected conservation program costs; and lower recovery project expenses.
 - ◇ Transmission expenses are expected to be \$4 million lower than budget in part because transmission expenses largely follow energy expenses, but also because the One Transmission rate is less than expected.
- All other expense categories are expected to be at or near budget.

Full-Year 2024

(Dollars in millions)

	Projected	Budget	Variance	
Operating Expenses				
Salary and related costs	\$ 87	\$ 87	\$ -	0.0%
Energy	55	66	11	16.7%
Amortization and depreciation	47	43	(4)	(9.3%)
Other	66	83	17	20.5%
	<u>255</u>	<u>279</u>	<u>24</u>	<u>8.6%</u>
Nonoperating Expenses				
AWBA Disbursements	-	1	1	100.0%
Interest Expense	16	16	-	0.0%
	<u>16</u>	<u>17</u>	<u>1</u>	<u>5.9%</u>
Total Expenses	\$ 271	\$ 296	\$ 25	8.4%



Statement of Revenues, Expenses and Change in Net Position

All Funds/Accounts

(Dollars in Thousands)

	Actual	Budget	Variance		Projected	Total	Variance	
			(\$)	(%)			(\$)	(%)
Operating Revenues								
Water O&M charges	\$ 110,380	\$ 115,248	\$ (4,868)	(4.2%)	\$ 218,539	\$ 234,927	\$ (16,388)	(7.0%)
Water service capital charges	18,455	17,958	497	2.8%	36,709	37,314	(605)	(1.6%)
Basin Development Fund revenues	3,817	3,345	472	14.1%	7,225	6,699	526	7.9%
Other revenues	12,694	11,263	1,431	12.7%	61,406	68,293	(6,887)	(10.1%)
Total Operating Revenues	\$ 145,346	\$ 147,814	\$ (2,468)	(1.7%)	\$ 323,879	\$ 347,233	\$ (23,354)	(6.7%)
Operating Expenses								
Salaries and related costs	\$ (42,567)	\$ (42,873)	\$ 306	0.7%	\$ (86,551)	\$ (86,442)	\$ (109)	(0.1%)
Energy	(21,900)	(30,119)	8,219	27.3%	(55,410)	(66,412)	11,002	16.6%
Transmission	(6,501)	(7,813)	1,312	16.8%	(12,225)	(15,388)	3,163	20.6%
Amortization	(9,063)	(9,064)	1	0.0%	(18,125)	(18,126)	1	0.0%
Depreciation	(13,849)	(12,941)	(908)	(7.0%)	(29,245)	(25,496)	(3,749)	(14.7%)
Other Operating Costs:							-	
Outside services	(12,824)	(19,405)	6,581	33.9%	(34,075)	(45,431)	11,356	25.0%
Materials and supplies	(6,219)	(5,715)	(504)	(8.8%)	(11,088)	(10,876)	(212)	(1.9%)
Water for underground storage	10,016	11,810	(1,794)	(15.2%)	(1,531)	(3,560)	2,029	57.0%
Overhead	2,789	2,327	462	19.9%	4,802	4,148	654	15.8%
Other expenses	(4,318)	(5,952)	1,634	27.5%	(11,130)	(11,206)	76	0.7%
Subtotal other costs	(10,556)	(16,935)	6,379	37.7%	(53,022)	(66,925)	13,903	20.8%
Total Operating Expenses	(104,436)	(119,745)	15,309	12.8%	(254,578)	(278,789)	24,211	8.7%
Operating Income/(Loss)	\$ 40,910	\$ 28,069	\$ 12,841	45.7%	\$ 69,301	\$ 68,444	\$ 857	1.3%
Nonoperating Revenues/(Expenses)								
Property taxes	\$ 1	\$ -	\$ 1		\$ 103,755	\$ 104,377	\$ (622)	(0.6%)
Interest income and other	16,692	12,726	3,966	31.2%	36,391	25,888	10,503	40.6%
Disbursements to AWBA	-	(350)	350	100.0%	(231)	(711)	480	67.5%
Interest expense and other	(8,102)	(8,102)	(0)	(0.0%)	(16,442)	(16,442)	-	0.0%
Total Nonoperating Revenues/(Expenses)	8,591	4,274	4,317	101.0%	123,473	113,112	10,361	9.2%
Change in Net Position	49,501	32,343	17,158	53.0%	192,774	181,556	11,218	6.2%
Net position at beginning of period	1,239,817	1,222,600	17,217	1.4%	1,239,817	1,222,600	17,217	1.4%
Net position at end of period	\$1,289,318	\$1,254,943	\$ 34,375	2.7%	\$1,432,591	\$1,404,156	\$ 28,435	2.0%

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

(Dollars in Thousands)

	YTD - 2nd Quarter 2024	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance Fund
Operating Revenues						
Water O&M charges	\$ 110,380	\$ (9,711)	\$ 120,091	\$ -	\$ -	\$ -
Water service capital charges	18,455	(652)	19,107	-	-	-
Basin Development Fund Revenues	3,817	-	3,817	-	-	-
Other revenues	12,694	(6,576)	1,425	-	11,470	6,375
Total Operating Revenues	145,346	(16,939)	144,440	-	11,470	6,375
Operating Expenses						
Salaries and related costs	(42,567)	-	(41,854)	-	(713)	-
Energy	(21,900)	-	(21,900)	-	-	-
Transmission	(6,501)	-	(6,501)	-	-	-
Amortization	(9,063)	-	(9,063)	-	-	-
Depreciation	(13,849)	-	(13,818)	-	(31)	-
Other operating costs:						
Outside services	(12,824)	-	(12,430)	-	(272)	(122)
Materials and supplies	(6,219)	-	(6,219)	-	-	-
Water for recharge	10,016	10,564	-	-	(548)	-
Overhead	2,789	-	3,533	-	(744)	-
Other expenses	(4,318)	6,375	(5,696)	-	(52)	(4,945)
Subtotal other costs	(10,556)	16,939	(20,812)	-	(1,616)	(5,067)
Total Operating Expenses	(104,436)	16,939	(113,948)	-	(2,360)	(5,067)
Operating Income/(Loss)	40,910	-	30,492	-	9,110	1,308
Nonoperating Revenues/(Expenses)						
Property taxes	1	-	1	-	-	-
Interest income and other	16,692	-	13,856	158	2,622	56
Disbursements to AWBA	-	-	-	-	-	-
Interest expense and other	(8,102)	-	(8,055)	-	(47)	-
Total Nonoperating Revenues/(Expenses)	8,591	-	5,802	158	2,575	56
Change in Net Position	49,501	-	36,294	158	11,685	1,364
Net position at beginning of period	1,239,817	(2,350)	888,509	9,023	331,277	13,358
Cumulative-effect of change in accounting principles	-	-	-	-	-	-
Net position at beginning of period-restated	1,239,817	(2,350)	888,509	9,023	331,277	13,358
Net position at end of period	\$ 1,289,318	\$ (2,350)	\$ 924,803	\$ 9,181	\$ 342,962	\$ 14,722

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

(Dollars in Thousands)

	Full Year 2024	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance Fund
Operating Revenues						
Water O&M charges	\$ 218,539	\$ (15,688)	234,227	\$ -	\$ -	\$ -
Water service capital charges	36,709	(1,908)	38,617	-	-	-
Basin Development Fund Revenues	7,225	-	7,225	-	-	-
Other revenues	61,406	(12,955)	2,495	-	59,017	12,849
Total Operating Revenues	323,879	(30,551)	282,564	-	59,017	12,849
Operating Expenses						
Salaries and related costs	(86,551)	-	(85,126)	-	(1,425)	-
Energy	(55,410)	-	(55,410)	-	-	-
Transmission	(12,225)	-	(12,225)	-	-	-
Amortization	(18,125)	-	(18,125)	-	-	-
Depreciation	(29,245)	-	(29,184)	-	(61)	-
Other operating costs:						
Outside services	(34,075)	-	(32,663)	-	(1,147)	(265)
Materials and supplies	(11,088)	-	(11,087)	-	(1)	-
Water for recharge	(1,531)	17,797	-	-	(19,328)	-
Overhead	4,802	-	6,292	-	(1,490)	-
Other expenses	(11,130)	12,754	(12,051)	-	(192)	(11,641)
Subtotal other costs	(53,022)	30,551	(49,509)	-	(22,158)	(11,906)
Total Operating Expenses	(254,578)	30,551	(249,579)	-	(23,644)	(11,906)
Operating Income/(Loss)	69,301	-	32,985	-	35,373	943
Nonoperating Revenues/(Expenses)						
Property taxes	103,755	-	103,755	-	-	-
Interest income and other	36,391	-	30,432	335	5,433	191
Disbursements to AWBA	(231)	-	(231)	-	-	-
Interest expense and other	(16,442)	-	(16,109)	-	(333)	-
Total Nonoperating Revenues/(Expenses)	123,473	-	117,847	335	5,100	191
Change in Net Position	192,774	-	150,832	335	40,473	1,134
Net position at beginning of period	1,239,817	(2,350)	888,509	9,023	331,277	13,358
Cumulative-effect of change in accounting principles	-	-	-	-	-	-
Net position at beginning of period-restated	1,239,817	(2,350)	888,509	9,023	331,277	13,358
Net position at end of period	\$ 1,432,591	\$ (2,350)	1,039,341	\$ 9,358	\$ 371,750	\$ 14,492

Statement of Net Position

(Dollars in Thousands)

	2023	As of 06/30/2024	As of 12/31/2024
ASSETS			
Current Assets			
Cash	\$ 15,576	\$ 17,099	\$ 19,501
Cash Equivalents	219,966	258,498	227,159
Total cash and cash equivalents	235,542	275,597	246,660
Receivables			
Due from water customers	15,436	7,107	1,472
Due from property taxes, less allowance for doubtful accounts	47,216	2,939	50,327
Other Receivables	21,678	5,469	22,038
Water inventory	241,367	255,832	247,782
Funds held by federal government	5,227	3,987	7,619
Other assets	3,653	15,446	120
Total Current Assets	570,119	566,377	576,018
Noncurrent Assets			
Investments	490,843	499,693	615,406
Restricted assets	122,026	123,025	120,364
Agriculture water rights	47,663	47,663	47,663
Capital assets, less accumulated depreciation	345,885	349,603	349,448
Permanent service right, less accumulated amortization	975,053	965,990	956,927
Other assets	5,869	5,869	1,839
Total Noncurrent Assets	1,987,339	1,991,843	2,091,647
TOTAL ASSETS	2,557,458	2,558,220	2,667,665
DEFERRED OUTFLOWS OF RESOURCES			
Pension & OPEB Valuation and Upfront Payments	10,363	10,363	10,329
Total Deferred Outflows of Resources	10,363	10,363	10,329
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,567,821	\$ 2,568,583	\$ 2,677,994

Statement of Net Position

(Dollars in Thousands)

	2023	As of 06/30/2024	As of 12/31/2024
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 56,290	\$ 25,260	\$ 36,826
Accrued payroll, payroll taxes and other accrued expenses	11,078	10,865	9,181
Water operations, capital charges, and unearned revenue	44,075	85,344	40,999
Asset retirement obligation due within one year	2,559	2,559	2,495
Current liabilities payable from restricted assets, advances to federal government, and other Non-current assets:			
Accrued interest payable	17,293	8,352	15,865
Repayment obligation, due within one year	40,456	42,808	42,808
Contract revenue bonds, due within one year	5,725	5,910	5,910
Total Current Liabilities	177,476	181,098	154,084
Noncurrent Liabilities:			
Repayment obligation, due after one year	856,623	813,815	813,815
Contract revenue bonds, due after one year, net	39,036	32,876	32,625
Non-Indian agricultural 9(d) debt	88,689	88,689	88,689
Asset retirement obligation due after one year	21,235	19,514	19,350
Other non-current liabilities	84,776	85,376	85,708
Subtotal Noncurrent Liabilities	1,090,359	1,040,270	1,040,187
Total Liabilities	1,267,835	1,221,368	1,194,271
DEFERRED INFLOWS OF RESOURCES			
Customer Deposits	44,011	41,739	34,974
Deferred Inflow OPEB	11,991	11,991	11,991
Pension Valuation	4,167	4,167	4,167
Total Deferred Inflows of Resources	60,169	57,897	51,132
NET POSITION			
Net investment in capital assets	379,096	420,184	411,218
Restricted	104,734	114,672	104,499
Unrestricted	755,987	754,462	916,874
Total Net Position	1,239,817	1,289,318	1,432,591
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,567,821	\$ 2,568,583	\$ 2,677,994

Statement of Net Position by Fund

(Dollars in Thousands)

	As of 12/31/2024	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 246,660	\$ -	\$ 200,754	\$ -	\$ 30,479	\$ 15,427
Receivables	73,837	(7,329)	66,323	-	14,843	-
Water inventory	247,782	-	21,723	-	226,059	-
Funds held by / advanced to federal government	7,619	-	7,619	-	-	-
Other	120	(1,447)	(71)	-	1,623	15
Total Current Assets	576,018	(8,776)	296,348	-	273,004	15,442
Noncurrent Assets						
Investments and restricted assets	735,770	(2,350)	627,395	9,358	99,117	2,250
Agriculture water rights	47,663	-	47,663	-	-	-
Capital assets, less accumulated depreciation	349,448	-	324,053	-	25,395	-
Permanent service right, less accumulated amortization	956,927	-	956,927	-	-	-
Other assets, less accumulated amortization	1,839	-	1,839	-	-	-
Bond issuance costs, net of accumulated amortization	-	-	-	-	-	-
Total Noncurrent Assets	2,091,647	(2,350)	1,957,877	9,358	124,512	2,250
TOTAL ASSETS	2,667,665	(11,126)	2,254,225	9,358	397,516	17,692
DEFERRED OUTFLOWS OF RESOURCES	10,329	-	10,329	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 2,677,994	\$ (11,126)	\$ 2,264,554	\$ 9,358	\$ 397,516	\$ 17,692

Statement of Net Position by Fund

(Dollars in Thousands)

	As of 12/31/2024	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance
LIABILITIES						
Current Liabilities						
Accounts payable / accrued payroll	\$ 46,007	\$ (7,354)	\$ 29,739	\$ -	\$ 20,422	\$ 3,200
Water operations and capital charges deferred revenue	40,999	-	40,999	-	-	-
Accrued Decommissioning - Current	2,495		2,495			
Other current liabilities	64,583	(1,422)	60,661	-	5,344	-
Total Current Liabilities	154,084	(8,776)	133,894	-	25,766	3,200
Noncurrent Liabilities						
Asset retirement obligation due after one year	19,350		19,350			
Repayment obligation, due after one year	813,815	-	813,815	-	-	-
Contract revenue bonds, due after one year, net	32,625	-	32,625	-	-	-
Non-Indian agricultural 9(d) debt	88,689	-	88,689	-	-	-
Other noncurrent liabilities	85,708	-	85,708	-	-	-
Total Noncurrent Liabilities	1,040,187	-	1,040,187	-	-	-
Total Liabilities	1,194,271	(8,776)	1,174,081	-	25,766	3,200
DEFERRED INFLOWS OF RESOURCES						
Customer Deposits and Upfront Payments	34,974	-	34,974	-	-	-
Deferred Inflow OPEB	11,991		11,991			
Pension Valuation	4,167	-	4,167	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	51,132	-	51,132	-	-	-
NET POSITION						
Net Investment in capital assets	411,218	-	389,698	-	21,520	-
Restricted	104,499	-	67,621	9,358	25,270	2,250
Unrestricted	916,874	(2,350)	582,022	-	324,960	12,242
TOTAL NET POSITION	1,432,591	(2,350)	1,039,341	9,358	371,750	14,492
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 2,677,994	\$ (11,126)	\$ 2,264,554	\$ 9,358	\$ 397,516	\$ 17,692

2024 Spending Authority

(Dollars in Thousands)

	General Fund Operating ¹	CAGR Operating ²	Captive Insurance Fund	Capital Budget
Board Approved Budget (no additional spending authority)	\$ 189,859	\$ 4,817	\$ 11,917	\$ 31,424
Accounting Changes & Adjustments:				
Final Spending Authority	\$ 189,859	\$ 4,817	\$ 11,917	\$ 31,424
Actual operating expenses	\$ 181,944	\$ 4,316	\$ 11,906	\$ 29,804
Variance (\$) Fav/(Unfav)	\$ 7,915	\$ 501	\$ 11	\$ 1,620
Variance (%)	4.2%	10.4%	0.1%	5.2%

NOTES

¹ Energy and transmission are excluded because of market volatility and are administered by an Energy Risk Oversight Committee.

² CAGR water for recharge to meet obligations is excluded.

Annual Repayment Obligation

Master Repayment Contract (Accrual Basis)

(Dollars in Thousands)

	2023 Actual	2024		Variance (\$)	Notes
		Projection	Budget		
Sources of Funds					
Net line rental revenue	2,925	2,785	2,770	15	
Hoover 4.5 mil surcharge	2,587	2,312	2,049	263	A
Parker-Davis	2,721	2,041	1,847	194	A
Net CAP transmission revenues including line losses	(4,332)	(736)	(692)	(44)	
Land-related revenues:					
Land use (net)	1,195	822	725	97	B
Land sales (net)	-	-	-	-	
Interest on deposits	131	395	135	260	C
Total Credits Toward Repayment	\$ 5,227	\$ 7,619	\$ 6,834	\$ 785	
Uses of Funds					
Principal	\$ 40,456	\$ 42,808	\$ 42,808	\$ -	
Interest	16,357	15,025	15,025	-	
Gross Payment <i>(Due Jan. 20th, following year-end)</i>	\$ 56,813	\$ 57,833	\$ 57,833	\$ -	
Net Due / Excess Funds for Repayment	\$ (51,586)	\$ (50,214)	\$ (50,999)	\$ 785	
CAP NGS Energy & Navajo Transmission Reconciliation	\$ (57)	\$ -	\$ -	\$ -	
Net Funds Due to/from Federal Government	\$ (51,644)	\$ (50,214)	\$ (50,999)	\$ 785	

Notes:

- A Hoover and Parker-Davis surcharge revenues over budget due to higher than projected kilowatt hour usage
- B Land use/rental revenue expected to end the year over budget
- C Interest will greatly exceed budget as CAP will now earn interest for prior years' prepayments of capital project funding

Staffing - Average Full Time Equivalent (FTE)

	2nd Qtr	2024		Variance	
	2024	Actual	Budget	FTEs	% (*)
Management Council	11.0	11.0	13.0	2.0	15.4%
AGM - Finance & Admin Group					
Finance & Administration					
Finance & Accounting	20.8	20.9	21.0	0.1	0.5%
Supply Chain & Facilities	26.5	26.4	27.0	0.6	2.2%
Total Finance and Administration	47.3	47.3	48.0	0.7	1.5%
Technology & Governance					
Analytics	9.0	9.0	9.0	-	0.0%
Information Technology	28.9	28.7	29.0	0.3	1.0%
Enterprise Security	12.2	11.6	12.0	0.4	3.3%
Total Technology & Governance	50.1	49.3	50.0	0.7	1.4%
Employee Services					
Cent Learning & Development	5.6	5.8	6.0	0.2	3.3%
Environment, Health & Safety	10.7	10.9	11.0	0.1	0.9%
Human Resources	7.0	6.5	7.5	1.0	13.3%
Total Employee Services	23.3	23.2	24.5	1.3	5.3%
AGM - Water Policy Group					
Water Policy					
CAGR	8.7	8.3	9.0	0.7	7.8%
Water Policy	9.0	9.0	10.0	1.0	10.0%
Total Water Policy	17.7	17.3	19.0	1.7	8.9%
General Counsel	6.0	6.0	6.0	-	0.0%
Public & Intergov't Affairs	17.0	16.8	17.0	0.2	1.2%
AGM - Ops & Engineering Group					
Centralized Maint & Reliability					
Centralized Maintenance	65.3	67.1	71.0	3.9	5.5%
Maintenance Control	41.3	41.5	43.0	1.5	3.5%
Total Centralized Maint & Reliability	106.6	108.6	114.0	5.4	4.7%
Field Maintenance					
Operational Technology	37.5	37.5	38.0	0.5	1.3%
South Area Maintenance	41.3	42.6	45.0	2.4	5.3%
West Area Maintenance	45.5	45.7	46.0	0.3	0.7%
Total Field Maintenance	124.3	125.8	129.0	3.2	2.5%
Operations and Engineering					
Engineering	64.4	64.4	65.0	0.6	0.9%
Power Program Admin	2.0	2.0	2.0	-	0.0%
Water Operations	22.7	22.7	23.0	0.3	1.3%
Total Operations and Engineering	89.1	89.1	90.0	0.9	1.0%
Vacancy/Salary Savings Equivalent		(4.0)	(15.0)	(11.0)	73.3%
Total FTE	492.4	490.4	495.5	5.1	1.0%

General Fund

The General Fund ended the second quarter with a net position increase of \$36.3 million compared to a budgeted increase of \$21.7 million. The General Fund is projected to end the year with a net position increase of \$150.8 million.

The following discussion summarizes the General Fund's 2024 budget performance through the second quarter and for the full year projection.

GENERAL FUND
Budget Performance - 2nd Quarter 2024

<i>(Dollars in thousands)</i>	Actuals	Budget	Variance	
Revenues	\$ 158,297	\$ 159,746	\$ (1,449)	(0.9%)
Expenses	(122,003)	(138,003)	16,000	11.6%
Change in Net Position	36,294	21,743	14,551	
Beginning Net Position	888,509	877,540	10,969	
Ending Net Position	\$ 924,803	\$ 899,283	\$ 25,520	

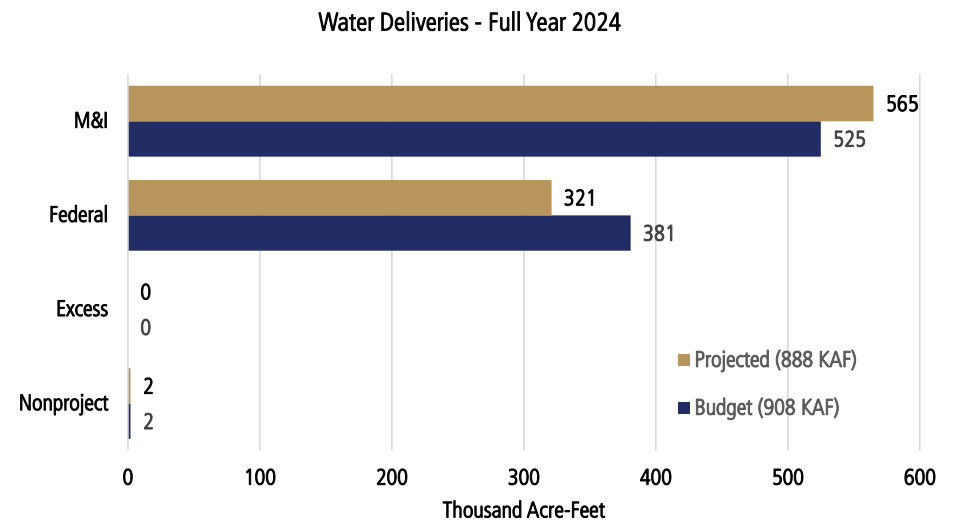
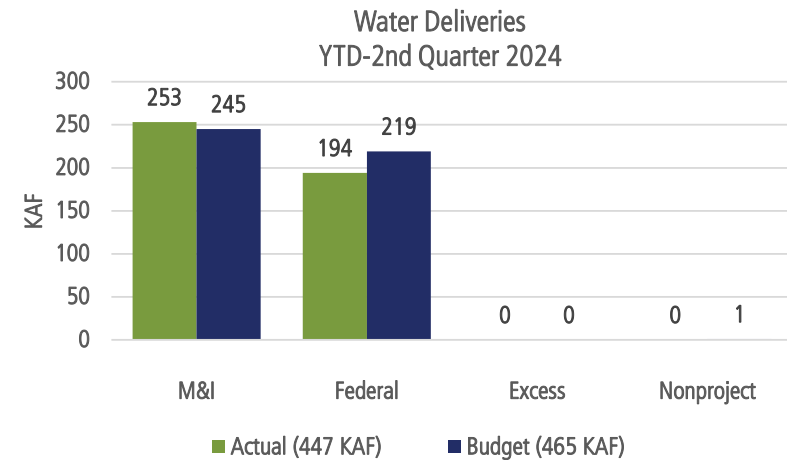
GENERAL FUND
Budget Performance - Full Year 2024

<i>(Dollars in thousands)</i>	Actuals	Budget	Variance	
Revenues	\$ 416,751	\$ 423,134	\$ (6,383)	(1.5%)
Expenses	(265,919)	(288,478)	22,559	7.8%
Change in Net Position	150,832	134,656	(2,656)	
Beginning Net Position	888,509	877,540	10,969	
Ending Net Position	\$ 1,039,341	\$ 1,012,196	\$ 8,313	

Water Deliveries

Through the second quarter, total water deliveries were 447 KAF, 18 KAF lower than budget. The full-year total water delivery forecast is 888 KAF, 20 KAF lower than budget.

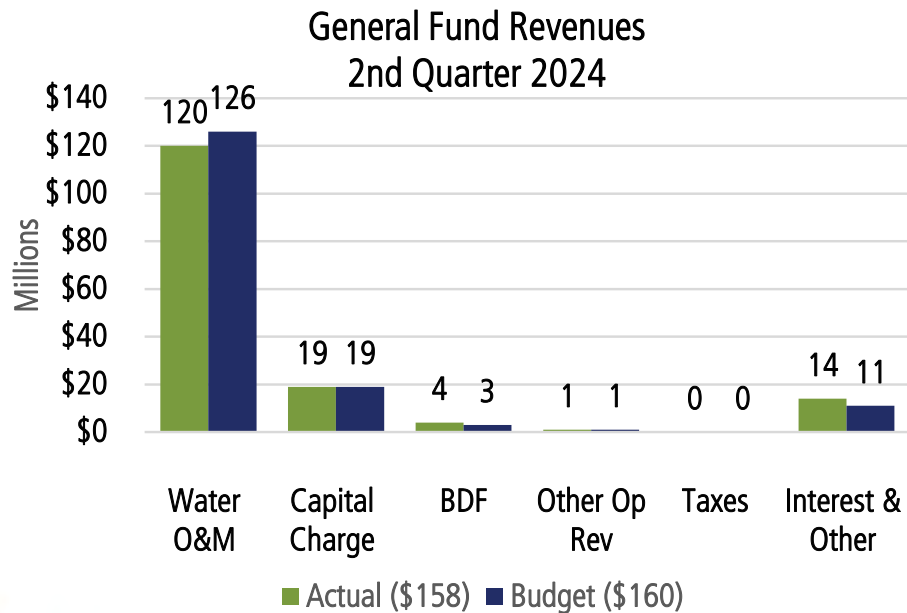
The lower total delivery volume is because of system conservation agreements that were not in place when the budget was completed. The variance between M&I and Federal deliveries is because a conservation agreement expected to come from M&I was met with Federal supplies.



Total Revenues

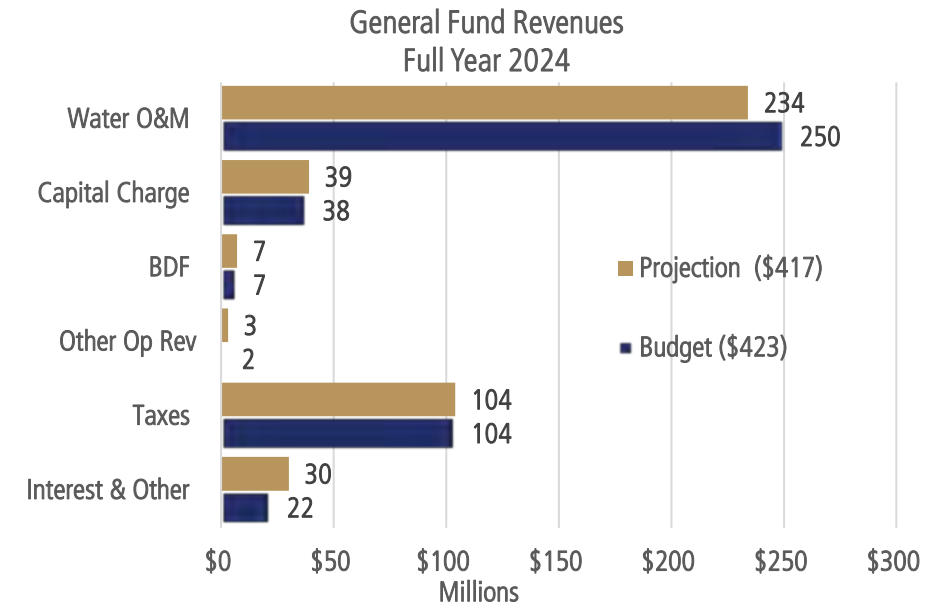
2ND QUARTER 2024 BUDGET PERFORMANCE: Through the second quarter, total General Fund revenues were \$158 million, \$2 million lower than budget.

- Water O&M revenues were \$6 million lower than budget because of lower delivery volumes due to system conservation agreements that weren't in place when the budget was completed.
- Interest and other revenues were \$3 million higher than budget because of a favorable economic environment.
- All other General Fund revenues were at or near budget.



FULL YEAR 2024 BUDGET PERFORMANCE: Full year General Fund revenues are projected to be \$417 million, \$6 million lower than the full-year budget of \$423 million. The key factors contributing to the variance are:

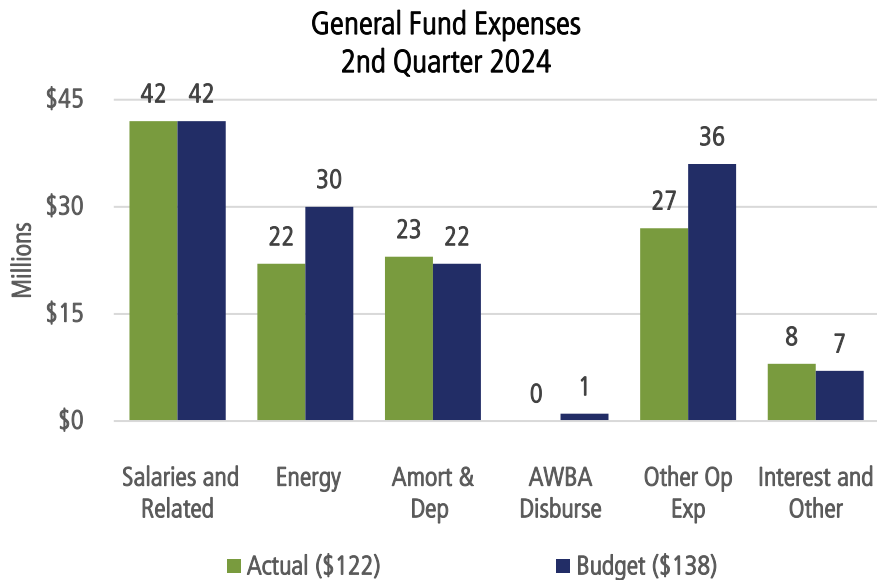
- Water O&M revenues are projected to be \$16 million lower than budget because of system conservation programs that were not in place when the budget prepared and lower energy costs and lower energy costs, which in turn, lowers revenue.
- Interest and other revenues are projected to be \$8 million higher than budget because of a favorable economic environment.
- All other General Fund revenue categories are expected to be at or near budget.



Total Expenses

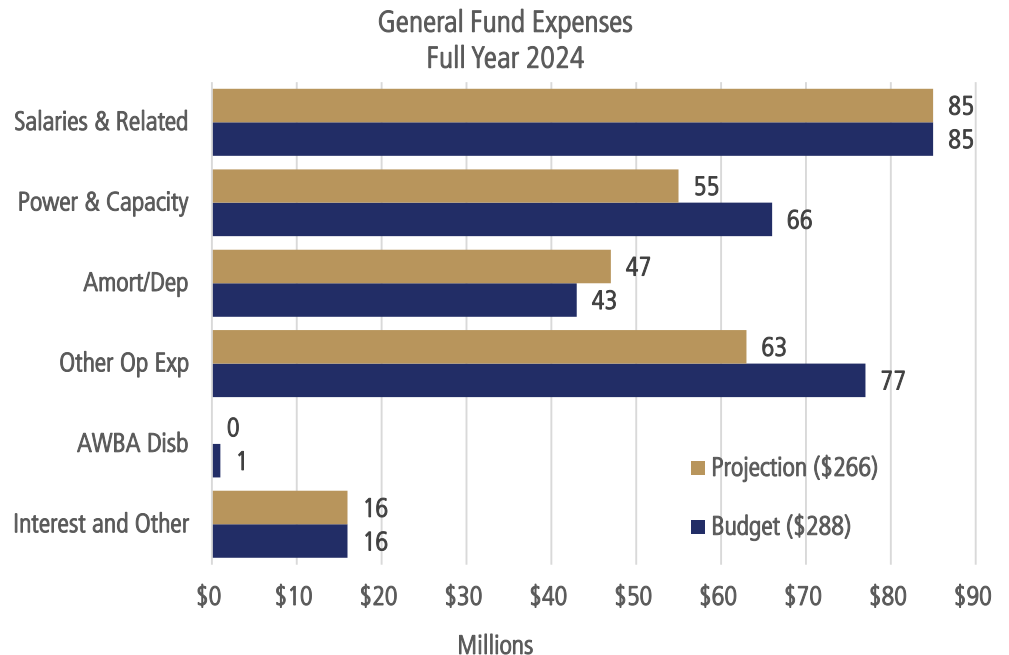
2ND QUARTER BUDGET PERFORMANCE: Through the second quarter, total General Fund expenses were \$122 million, \$16 million lower than budget. Key factors contributing to the variance were:

- Energy expenses were \$8 million lower than budget because natural gas prices were lower than expected, shaping opportunities, and favorable summer sales.
- Other expenses were \$9 million lower than budget, mostly because some conservation programs were ultimately federally funded; generally lower-than-expected conservation program costs; and lower recovery project expenses.
- All other expense categories were at or near budget.



FULL YEAR 2024 BUDGET PERFORMANCE: Total 2024 General Fund expenses are expected to be \$266 million, \$22 million lower than budget.

- Energy expenses are expected to end the year \$11 million lower than budget because natural gas prices were lower than expected, shaping opportunities, and favorable summer sales.
- Other operating expenses are projected to be \$14 million lower than budget, mostly because some conservation programs were ultimately federally funded; generally lower-than-expected conservation program costs; and lower recovery project expenses.
- Amortization and Depreciation is expected to be \$4 million higher than budget because of more work-in-process being completed than expected.
- All other operating and nonoperating expenses are projected to be at or near budget.



General Fund Reserves

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

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

The CAWCD Board reviews each of the reserves targets biennially, and on April 4, 2024 approved separate revised reserve targets. Each of them is calculated with a consistent methodology applicable for each reserve type, in accordance with Government Finance Officers Association (GFOA) best practices.

Known planned expenses or events are included in the budget, and funded on a “pay as you go” basis through water rates and taxes. Other reserves have been established for specific purposes, such as the water storage reserve, or rate stabilization reserve, and are not included in these reserves.

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

RESERVE MANAGEMENT GUIDELINES

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

END OF YEAR BALANCE PROJECTIONS

Strategic Reserves and Working Capital are projected to be at target at end-year. The Extraordinary Cost Reserve (ECR) is projected to be \$330 million at year-end.

Board Established Targets

(Dollars in Millions)

Strategic Reserves

Capital Reserve	\$73
Operating Reserve	\$85
Contingency Reserve	\$8
Total Strategic Reserves Target	\$166
Total Extraordinary Cost Reserves Target	\$444
Total Working Capital Target	\$91

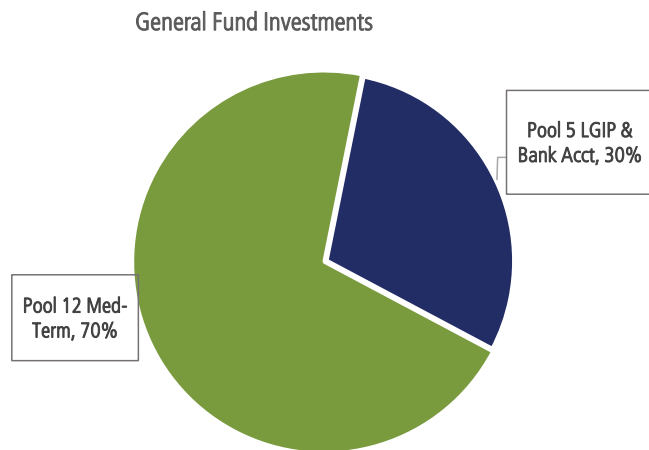
General Fund Cash and Investments

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

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

The average investment yields for funds invested with the State Treasurer through June 2024 was 3.74% for pool 12 and 5.36% for pool 5.

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



As shown on the following table, the District maintains several reserves to

<i>(Dollars in millions)</i>	Market Value as of	
	6/30/24	12/31/23
Strategic Reserves		
Restricted Reserves		
Major Repair & Replacement Reserve	-	-
Assigned Reserves		
Capital Reserve	73	73
Operating Reserve	81	80
Contingency Reserve	8	8
Total Strategic Reserves	162	161
Working Capital	\$ 108	\$ 89
Extraordinary Cost Reserves	\$ 294	\$ 273
Other Reserves		
Navajo Decommissioning	\$ 17	\$ 18
Repayment Reserve	38	38
Emergency OM&R Reserve	7	7
System Use Reserve	4	4
Tribal ICS Reserve	35	34
Voluntary Rate Stabilization	7	7
Bond Reserve	6	7
9(d) Debt Reserve	23	22
Recovery Reserve	5	7
Recharge O & M	9	8
Total Other Reserves	151	152
Total Reserves	\$ 715	\$ 675

Statement of Revenues, Expenses and Change in Net Position

General Fund

(Dollars in Thousands)

	YTD - 2nd Quarter 2024				Full Year 2024				Notes
	Actual	Budget	Variance		Projected	Budget	Variance		
			(\$)	(%)			(\$)	(%)	
Water Deliveries (acre-feet in thousands)	447	466	(18)	(3.9%)	888	908	(20)	(2.2%)	A
Operating Revenues									
Water O&M charges	120,091	\$ 125,734	(5,643)	(4.5%)	234,227	\$ 250,185	\$ (15,958)	(6.4%)	A
Water service capital charges	19,107	19,282	(175)	(0.9%)	38,617	38,564	53	0.1%	
Basin Development Fund Revenues	3,817	3,345	472	14.1%	7,225	6,699	526	7.9%	B
Other revenues	1,425	729	696	95.5%	2,495	1,561	934	59.8%	C
Total Operating Revenues	144,440	149,090	(4,650)	(3.1%)	282,564	297,009	(14,445)	(4.9%)	
Operating Expenses									
Salaries and related costs	(41,854)	(42,195)	341	0.8%	(85,126)	(85,027)	(99)	(0.1%)	
Energy	(21,900)	(30,119)	8,219	27.3%	(55,410)	(66,412)	11,002	16.6%	D
Transmission	(6,501)	(7,813)	1,312	16.8%	(12,225)	(15,388)	3,163	20.6%	E
Amortization of Permanent Service Right	(9,063)	(9,063)	-	0.0%	(18,125)	(18,125)	0	0.0%	
Depreciation and Amortization	(13,818)	(12,910)	(908)	(7.0%)	(29,184)	(25,435)	(3,749)	(14.7%)	F
Other operating costs:									
Outside services	(12,430)	(18,399)	5,969	32.4%	(32,663)	(43,482)	10,819	24.9%	G
Materials and supplies	(6,219)	(5,715)	(504)	(8.8%)	(11,087)	(10,876)	(211)	(1.9%)	
Overhead	3,533	3,037	496	16.3%	6,292	5,630	662	11.8%	
Other expenses	(5,696)	(6,421)	725	11.3%	(12,051)	(12,543)	492	3.9%	
Total other operating expenses	(20,812)	(27,498)	6,686	24.3%	(49,509)	(61,271)	11,762	19.2%	
Total Operating Expenses	(113,948)	(129,598)	15,650	12.1%	(249,579)	(271,658)	22,079	8.1%	
Operating Income/(Loss)	30,492	19,492	11,000	56.4%	32,985	25,351	7,634	30.1%	
Nonoperating Revenues/(Expenses)									
Property taxes	1	-	1		103,755	104,377	(622)	(0.6%)	
Interest income and other	13,856	10,656	3,200	30.0%	30,432	21,748	8,684	39.9%	H
Disbursements to AWBA	-	(350)	350	100.0%	(231)	(711)	480	67.5%	
Interest expense and other	(8,055)	(8,055)	(0)	(0.0%)	(16,109)	(16,109)	-	0.0%	
Net Nonoperating Income/(Loss)	5,802	2,251	3,551	157.7%	117,847	109,305	8,542	7.8%	
Change in Net Position	36,294	21,743	14,551	66.9%	150,832	134,656	16,176	12.0%	
Net Position at beginning of period	888,509	877,540	10,969	1.2%	888,509	877,540	10,969	1.2%	
Net Position at end of period	924,803	\$ 899,283	\$ 25,520	2.8%	1,039,341	\$ 1,012,196	\$ 27,145	2.7%	

Statement of Revenues, Expenses and Change in Net Position

General Fund

Notes

- A **Water O&M Charges:** 2024 water deliveries are forecast to be 20 KAF lower than budget because of additional system conservation agreements, which is the primary reason Water O&M revenue is forecast to be \$16.0 million lower than budget. In addition, energy costs are forecast lower than budget, resulting in lower delivery revenues.
- B **Basin Development Fund Revenues:** YTD and full year positive variances a result of new CAP "One Transmission Rate" providing revenue higher than budgeted amount.
- C **Other Revenues:** 2024 projection is \$934 thousand higher than budget, primarily because of higher recharge revenues than budgeted and renewable energy credits, which are not budgeted.
- D **Energy:** Due to the shortage and conservation & preservation agreements, there are projected lower diversions and lower water deliveries creating the opportunity for greater shaping. Also, the mild winter resulted in lower natural gas usage in the market, increasing supply and reducing prices. Additionally, the forecast includes favorable summer sales.
- E **Transmission:** Transmission costs generally follows energy prices, and beginning in 2024, the Western Area Power Administration (WAPA) combined four transmission systems under one rate, the One Transmission Rate (OTR) in order to improve price stability, streamline transmission scheduling, and to reduce administrative costs. WAPA completed a 2023 reconciliation resulting in a \$1M refund, forecasted for Q3. El Paso Electric settlement not yet reflected pending final steps in the process.
- F **Depreciation and Amortization:** Full-year variance is primarily due to ongoing impacts and delays in the supply chain. Previous year equipment and project material deliveries continue to increase, and prior year WIP transfer was higher than anticipated.
- G **Outside Services:** Full-year expenses forecasted to be \$10.8 million lower than budget, mostly because some conservation programs were ultimately federally funded; generally lower-than-expected conservation program costs; lower recovery expenses; and water for recharge was less than expected.
- H **Interest and Other Income:** YTD and full-year forecast higher than budget because of a favorable economic environment.

Water Volumes

(in Acre-Feet)

	YTD - 2nd Quarter 2024				Full Year 2024				Notes
	Actual	Budget	Variance		Projected	Budget	Variance		
			(A/F)	(%)			(A/F)	(%)	
PROJECT WATER DELIVERIES			-	-			-	-	
Municipal & Industrial Water Subcontract	253,318	245,310	8,008	3.3%	564,744	525,571	39,173	7.5%	
Federal Contract	194,091	219,380	(25,289)	(11.5%)	321,151	380,931	(59,780)	(15.7%)	
Subtotal Project Water Deliveries	447,409	464,690	(17,281)	(3.7%)	885,895	906,502	(20,607)	(2.3%)	A
Excess - There are no excess water deliveries expected in 2024.									
Ag Settlement Pool (includes Ag Forbearance)	-	-	-	-	-	-	-	-	
CAGR D Obligation	-	-	-	-	-	-	-	-	
CAGR D Obligation @ Scottsdale IWDS	-	-	-	-	-	-	-	-	
AWBA	-	-	-	-	-	-	-	-	
AWBA Interstate Banking Water	-	-	-	-	-	-	-	-	
USBR Firming	-	-	-	-	-	-	-	-	
CAGR D Replenishment Reserve	-	-	-	-	-	-	-	-	
Temporary water use permits	-	-	-	-	-	-	-	-	
Full Cost Excess (Unscheduled overruns)	-	-	-	-	-	-	-	-	
Subtotal Excess	-	-	-	-	-	-	-	-	
NONPROJECT WATER DELIVERIES									
Firming - Federal	-	992	(992)	(100.0%)	1,040	1,040	-	0.0%	
Firming - CAWCD	-	-	-	-	-	-	-	-	
Other Wheeled Water-Federal	-	-	-	-	943	943	-	0.0%	
Other Wheeled Water - CAWCD	-	-	-	-	-	-	-	-	
Subtotal Nonproject Water	-	992	(992)	(100.0%)	1,983	1,983	-	0.0%	
Total Water Deliveries	447,409	465,682	(18,273)	(3.9%)	887,878	908,485	(20,607)	(2.3%)	
Transfer of credits to CAGR D	-	-	-	-	11,401	14,194	(2,793)	(19.7%)	
Take or Pay/Adjustment	-	-	-	-	-	-	-	-	
Billed Fixed OM&R Water Volumes	447,409	465,682	(18,273)	(3.9%)	899,279	922,679	(23,400)	(2.5%)	

A The lower total delivery volume is because of a system conservation agreement that was not in place when the budget was completed. The variance between M&I and Federal deliveries is because a conservation agreement expected to come from M&I was met with Federal supplies.

Water Revenues and Capital Charges

(Dollars in Thousands)

	YTD - 2nd Quarter 2024				Full Year 2024				Notes
	Actual	Budget	Variance		Actual	Budget	Variance		
			(\$)	(%)			(\$)	(%)	
PROJECT WATER REVENUES									
Municipal & Industrial Water Subcontract	\$ 67,938	\$ 66,233	\$ 1,705	2.6%	\$ 147,024	\$ 142,509	\$ 4,515	3.2%	
Federal Contract	52,153	59,232	(7,079)	(12.0%)	83,710	103,289	(19,579)	(19.0%)	
Subtotal Project Water Deliveries	120,091	125,465	(5,374)	(4.3%)	230,734	245,798	(15,064)	(6.1%)	A
Excess - There are no excess water delivery revenues expected in 2024.									
NONPROJECT WATER REVENUES									
Firming - Federal	-	269	(269)	(100.0%)	271	282	(11)	(3.9%)	
Firming - CAWCD	-	-	-	-	-	-	-	-	
Other Wheeled Water-Federal	-	-	-	-	246	256	(10)	(3.9%)	
Other Wheeled Water - CAWCD	-	-	-	-	-	-	-	-	
Subtotal Nonproject Water Revenues	-	269	(269)	(100.0%)	517	538	(21)	(3.9%)	
Water O&M Charges before adjustments	120,091	125,734	(5,643)	(4.5%)	231,251	246,336	(15,085)	(6.1%)	
Misc. Adjustments		-	-	-		-	-	-	
Transfer of credits to CAGR	-	-	-	-	2,976	3,849	(873)	(22.7%)	
Take/Pay Adj.	-	-	-	-	-	-	-	-	
Total Water O&M Charges	\$ 120,091	\$ 125,734	\$ (5,643)	(4.5%)	\$ 234,227	\$ 250,185	\$ (15,958)	(6.4%)	
CAPITAL & FACILITY USE CHARGES									
M&I subcontractors	18,881	18,881	\$ -	0.0%	37,762	37,762	-	0.0%	
M&I nonsubcontract	-	376	(376)	(100.0%)	604	752	(148)	(19.7%)	
Facility Use Charges - Pima & Maricopa (interstate)	-	-	-	-	-	-	-	-	
Facility Use Charges - Nonproject Water	25	25	-	0.0%	50	50	-	0.0%	
Underground storage facilities	201	-	201	-	201	-	201	-	
Total Capital & Facility Use Charges	\$ 19,107	\$ 19,282	\$ (175)	(0.9%)	\$ 38,617	\$ 38,564	\$ 53	0.1%	

A The lower total water delivery revenue is because of a system conservation agreement that was not in place when the budget was completed. The variance between M&I and Federal revenues is because a conservation agreement expected to come from M&I was met with Federal supplies.

Energy & Transmission Adjustment

	YTD - 2nd Quarter 2024				Full Year 2024				Notes
	Actual	Budget	Variance		Projected	Budget	Variance		
			(\$)	(%)			(Amount)	(%)	
ENERGY (MWH)									
Waddell	5,089	7,752	2,663	34.4%	27,354	30,017	2,663	8.9%	
Hoover	71,659	66,891	(4,768)	(7.1%)	121,186	116,247	(4,939)	(4.2%)	
Long-term contracts	193,755	235,594	41,839	17.8%	389,591	464,474	74,884	16.1%	
Market Purchases	847,806	793,822	(53,984)	(6.8%)	1,105,135	1,078,541	(26,594)	(2.5%)	
Total MWH	1,118,309	1,104,059	(14,250)	(1.3%)	1,643,265	1,689,279	46,014	2.7%	
ENERGY RATE (\$/MWH)									
Waddell	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	
Hoover	43.60	45.22	1.63	3.6%	48.23	48.49	0.26	0.5%	
Long-term contracts	33.04	50.52	17.48	34.6%	35.06	51.18	16.12	31.5%	A
Market Purchases	28.10	33.63	5.52	16.4%	29.18	34.22	5.04	14.7%	B
Weighted Average (\$/MWH)	\$ 29.96	\$ 37.97	\$ 8.00	21.1%	\$ 32.02	\$ 39.97	\$ 7.94	19.9%	
ENERGY COSTS (\$000)									
Waddell	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	
Hoover	3,124	3,025	(99)	(3.3%)	5,845	5,637	(208)	(3.7%)	E
Long-term contracts	6,402	11,902	5,500	46.2%	13,658	23,770	10,112	42.5%	A, E
Market Purchases	23,827	26,695	2,868	10.7%	32,244	36,909	4,665	12.6%	B
Gross Energy Costs (\$000)	\$ 33,353	\$ 41,622	\$ 8,269	19.9%	\$ 51,747	\$ 66,316	\$ 14,569	22.0%	
Energy Scheduling Services	\$ 440	\$ 446	\$ 6	1.3%	\$ 803	\$ 892	\$ 89	10.0%	
MWD Agreement Expense	-	-	-	0.0%	80	80	-	0.0%	
Lake Pleasant Adjustment	(12,331)	(12,329)	2	(0.0%)	2,193	(1,637)	(3,830)	234.0%	C
Lake Roosevelt Adjustment	439	380	(59)	(15.5%)	587	761	173	22.8%	C
Total Energy (\$000)	\$ 21,901	\$ 30,119	\$ 8,218	27.3%	\$ 55,410	\$ 66,412	\$ 11,001	16.6%	
TRANSMISSION ADJUSTMENT									
Elec Trans-Losses	\$ 1,660	\$ 1,899	\$ 239	12.6%	\$ 3,006	\$ 3,798	\$ 791	20.8%	D
Elec Trans-SRP SALT GILA	(41)	125	166	132.8%	40	249	209	84.0%	D
Elec Trans-Brady/Pichacho/RR	-	-	-	0.0%	-	-	-	0.0%	D
Elec Trans-WECC Trans	93	15	(78)	(520.0%)	185	177	(8)	-4.3%	D
Total Transmission Adjustment (\$000)	\$ 1,712	\$ 2,039	\$ 327	16.0%	\$ 3,231	\$ 4,224	\$ 993	23.5%	
OTHER ADJUSTMENT									
Other Income	(268)	-	268	0.0%	(268)	-	268	0.0%	E
Total Energy, Transmission & Other Adjustments (\$000)	\$ 23,345	\$ 32,158	\$ 8,813	27.4%	\$ 58,373	\$ 70,636	\$ 12,263	17.4%	

Notes explaining the variances are shown on following page.

Energy & Transmission Adjustment

Notes

- A As part of the CAP power portfolio, two long-term contracts were solidified at the end of 2019. The first is a 20 year power purchase agreement at a fixed contract energy price from a solar facility, and the second is a 5 year power purchase agreement from Salt River Project (SRP), in which the contracted energy price is tied to a natural gas index and is therefore variable in nature.
- B Due to the shortage and conservation & preservation agreements, there are projected lower diversions and lower water deliveries creating the opportunity for greater shaping. Also, the mild winter resulted in lower natural gas usage in the market, increasing supply and reducing prices. CAP took advantage of this and increased pumping when prices were \$0, or even negative (counterparties paid CAP to take energy when available supply outpaced demand), which will favorably impact the energy rate. The forecast includes favorable summer sales, and CAP continues to explore price stability and looks to the forward energy auctions as a method to accomplish this.
- C The Lake Pleasant & Lake Roosevelt variances are the net impact of storing (negative number) and releasing (positive number) water. The energy cost to store water in the lakes is held as inventory rather than being expensed. When used, the inventory amount is added to the energy cost. Lake Pleasant will contribute approximately 50 thousand acre-feet of water, decreasing inventory, and Lake Roosevelt (through the SRP/CAP exchange agreement) is planned to contribute 10 thousand acre-feet to fulfill water delivery orders.
- D Transmission costs, which are variable in nature, are included in energy costs. Transmission losses are contractually assessed to the affected transmission systems and are projected to decrease over planned amounts due to favorable rates. Beginning in 2024, WAPA combined four transmission systems under one rate, the One Transmission Rate (OTR) in order to improve price stability, streamline transmission scheduling, and to reduce administrative costs.
- E Sale of 2023/24 year-to-date renewable energy certificates (RECs) as a result of the Salome AZ Solar 1 project, which passed all registration requirements and began collecting RECs in October of 2020, and CAWCD's portion of 2023/24 Hoover renewable energy certificates (RECs) sold by the Arizona Power Authority.

Underground Storage—Operations and Maintenance

(Dollars in Thousands)

	YTD - 2nd Quarter 2024				Full Year 2024				Notes
	Actual	Budget	Variance (\$)	(%)	Projected	Budget	Variance (\$)	(%)	
Water Deliveries (KAF)	61	16	45	281.3%	103	55	48	87.3%	A
Revenues									
Other revenues	\$ 869	\$ 92	\$ 777	844.6%	\$ 1,460	\$ 793	\$ 667	84.1%	A
Total Revenues	869	92	777	844.6%	1,460	793	667	84.1%	
Expenses									
Salaries and related costs	(114)	-	(114)		(138)	(23)	(115)	(500.0%)	
Other operating costs:									
Outside services	(9)	-	(9)		(227)	(205)	(22)	(10.7%)	
Materials and supplies	(44)	-	(44)		(53)	(17)	(36)	(211.8%)	
Other expenses	(148)	(48)	(100)	(208.3%)	(470)	(219)	(251)	(114.6%)	B
Total other operating costs	(201)	(48)	(153)	(318.8%)	(750)	(441)	(309)	(70.1%)	
Total Expenses	(315)	(48)	(267)	(6)	(888)	(464)	(424)	(91.4%)	
Change in Net Position	554	44	510	1159.1%	572	329	243	73.9%	
Net position at beginning of period	8,265	4,485	3,780	84.3%	8,265	4,485	3,780	84.3%	
Net position at end of period	\$ 8,819	\$ 4,529	\$ 4,290	94.7%	\$ 8,837	\$ 4,814	\$ 4,023	83.6%	
Expense Summary									
Aqua Fria	\$ (42)	\$ (4)	\$ (38)	(950.0%)	\$ (58)	\$ (17)	\$ (41)	(241.2%)	
Hieroglyphic Mountains	(202)	(15)	(187)	(1246.7%)	(260)	(59)	(201)	(340.7%)	C
Lower Santa Cruz	(139)	(36)	(103)	(286.1%)	(222)	(122)	(100)	(82.0%)	D
Pima Mine Road	(21)	(3)	(18)	(600.0%)	(86)	(60)	(26)	(43.3%)	
Superstition Mountain	(145)	(60)	(85)	(141.7%)	(192)	(203)	11	5.4%	
Tonopah Desert	(15)	-	(15)		(70)	(3)	(67)	(2233.3%)	E
Total Expenses	\$ (564)	\$ (118)	\$ (446)	(378.0%)	\$ (888)	\$ (464)	\$ (424)	(91.4%)	

Notes explaining the variances are shown on the following page.

Underground Storage Operations and Maintenance

Notes

- A **Water Deliveries and Total Revenues:** Total deliveries are forecast to be 48 KAF higher than budget. As a result, revenue is forecast to be \$667 thousand higher than budget.
- B **Other Expenses:** YTD expenses are \$100 thousand over and Full year forecast is \$251 thousand over due to additional power expenses to handle increased deliveries. Overhead also increased as a result of additional FTEs to handle more recharge projects.
- C **Hieroglyphic Mountains:** Full-year expense forecast is \$201 thousand higher than budget because of increased deliveries and unplanned maintenance work, which requires more FTEs (increase in salaries and overhead); power; and materials and supplies.
- D **Lower Santa Cruz:** Full-year expense forecast is \$100 thousand higher than budget because of unplanned maintenance work, which requires more FTEs (increase in salaries and overhead) and materials and supplies.
- E **Tonopah Desert:** Full-year expense forecast is \$67 thousand higher than budget because of increased engineering services to support a permit renewal.



Underground Storage—Recovery

(Dollars in Thousands)

	YTD - 2nd Quarter 2024				Full Year 2024				Notes
	Actual	Budget	Variance (\$)	(%)	Projected	Budget	Variance (\$)	(%)	
Water Deliveries (000 acre-feet)									
Revenues									
Other revenues									
Total Revenues	-	-	-	-	-	-	-	-	
Expenses									
Salaries and related costs									
Other operating costs:									
Outside services	(112)	-	(112)		(294)	(1,500)	1,206	80.4%	
Materials and supplies									
Other expenses									
Total other operating costs	(112)	-	(112)		(294)	(1,500)	1,206	80.4%	
Total Expenses	(112)	-	(112)		(294)	(1,500)	1,206	80.4%	
Change in Net Position	(112)	-	(112)		(294)	(1,500)	1,206	80.4%	
Net position at beginning of period									-
Net position at end of period	\$ (112)	\$ -	\$ (112)		\$ (294)	\$ (1,500)	\$ 1,206	(80.4%)	
Expense Summary									
Aqua Fria									
Hieroglyphic Mountains									
Lower Santa Cruz									
Pima Mine Road									
Superstition Mountain									
Tonopah Desert	\$ (112)	\$ (375)	\$ 263	70.1%	\$ (294)	\$ (1,500)	\$ 1,206	80.4%	A
Total	\$ (112)	\$ (375)	\$ 263	70.1%	\$ (294)	\$ (1,500)	\$ 1,206	80.4%	

Notes

A Tonopah Desert Recharge Project budgeted expenses were to develop a full-scale recovery project. However, test results from pilot wells indicated potential water quality issues. As a result, a smaller feasibility study is being conducted—at a much lower cost—to determine how economical it would be to continue pursuing a full-scale recovery project.

2024 Rate Reconciliation

(Dollars in Thousands)

	Projected	Published	Budget
General Fund Operating Expenses	\$ 249,579	\$ 265,868	\$ 271,658
Adjustments for O&M Expenses			
Depreciation & Amortization	(47,309)	(48,207)	(43,560)
Energy	(55,410)	(65,698)	(66,412)
Transmission & Other Adjustments	(2,963)	(4,520)	(4,224)
Underground storage site O&M	(888)	(1,737)	(464)
Extraordinary Maintenance (when part of "Big R")	(2,406)	(10,318)	(2,503)
Other income	(768)	(487)	(768)
Compensated Mitigation (Funded by 'Big R')	(641)	-	(1,660)
Programs Funded by Water Storage Tax Reserve	(1,990)	(1,000)	(2,000)
Programs Funded by Recovery Reserve	(294)	(3,000)	(1,500)
Programs Funded by Extraordinary Cost Reserve	(2,821)	(1,358)	(12,385)
Total Adjustments	(115,490)	(136,325)	(135,476)
Fixed O&M Expenses	\$ 134,089	\$ 129,543	\$ 136,182
Energy, Transmission & Other Adjustments			
Energy	\$ 55,410	\$ 65,698	\$ 66,412
Transmission & Other Adjustments	2,963	4,520	4,224
Total Energy, Transmission & Other Adjustments	\$ 58,373	\$ 70,218	\$ 70,636

2024 Rate Reconciliation

(Dollars in Thousands)

Subcontract / Federal Rates

	Projected	Published	Budget	Variance Publ vs Proj
Water Delivery Costs (Thousands)				
Fixed O&M Expenses	\$ 134,089	\$ 129,543	\$ 136,182	\$ (4,546)
Total Energy & Transmission Adjustment Expenses	58,373	70,218	70,636	11,845
Water Delivery (Acre-Feet)				
Billed Fixed OM&R Water Volume	899,279	898,801	922,679	(478)
Pumping Energy Rate Water Volume	899,279	898,801	922,679	(478)
Water Delivery Rate (\$/AF)				
Calculated Fixed O&M Rate	\$ 149.11	\$ 145.00	\$ 147.59	\$ (4.11)
Capital Replacement Component ("Big R")	47.00	47.00	47.00	-
Total Fixed OM&R	196.11	192.00	194.59	(4.11)
Calculated Pumping Energy Rate	64.91	78.00	76.56	13.09
Total Pumping Energy Rate 1^A	64.91	78.00	76.56	13.09
Total Delivery Rate	\$ 261.02	\$ 270.00	\$ 271.15	\$ 8.98

Long Term Contract reconciliation-Fixed OM&R (\$000)- (refund)/bill	\$ 3,696
Long Term Contract reconciliation-Energy (\$000)- (refund)/bill	\$ (11,772)
Total Long Term Contract reconciliation (\$000)- (refund)/bill	\$ (8,076)

Notes:

- A The 2020 Voluntary Rate Stabilization program, for those entities that participated, will result in an \$11/acre-foot reduction in the pumping energy rate. The forecast above does not include this reduction.



Extraordinary Maintenance Projects

(Dollars in Thousands)

	YTD - 2nd Quarter 2024				Full Year 2024					
	Actual	Budget	Variance		Projection	Budget	Additional Spending	Total Spending Authority	Variance	
			(\$)	(%)					(\$)	(%)
Expenses										
Salaries and related costs	\$ (18)	\$ (26)	\$ 8	31.0%	\$ (310)	\$ (215)	\$ -	\$ (215)	\$ (95)	(44.0%)
Other operating costs:										
Outside services	-	-	-	0.0%	(1,770)	(2,060)	-	(2,060)	290	14.1%
Materials and supplies	-	(1)	1	100.0%	(2)	(2)	-	(2)	1	27.3%
Other expenses/overhead	(18)	(27)	8	31.1%	(325)	(225)	-	(225)	(99)	(43.9%)
Subtotal	(18)	(27)	9	32.6%	(2,096)	(2,288)	-	(2,288)	192	8.4%
Total Expenses	\$ (36)	\$ (53)	\$ 17	31.8%	\$ (2,406)	\$ (2,503)	\$ -	\$ (2,503)	\$ 97	3.9%

	Total Project Costs										Notes
	Through 2023	2024 Projection	Balance Remaining	Projection	Budget	Additional Spending	Total Spending Authority	Variance			
								(\$)	(%)		
EM-Reline Discharge Lines & Manifolds at Salt Gila	\$ -	\$ (2,406)	\$ (2,383)	\$ (4,789)	\$ (5,028)	\$ -	\$ (5,028)	\$ 239	4.8%	A	
Total	\$ -	\$ (2,406)	\$ (2,383)	\$ (4,789)	\$ (5,028)	\$ -	\$ (5,028)	\$ 239	4.8%		

Notes:
A Reline project at Salt Gila pumping plant forecast accommodates additional inspector for 10 weeks. Contractor lowered expected costs to \$1.75M/year. This is a "Big R" funded project.



Central Arizona Groundwater Replenishment District (CAGRDR)

BUDGET PERFORMANCE - Full Year 2024

(Dollars in Thousands)

	Projection	Budget	Change	
Revenues	\$ 64,450	\$ 71,116	\$ (6,666)	(9%)
Expenses	(23,977)	(25,341)	1,364	5%
Change in Net Position	40,473	45,775	(5,302)	(12%)
Beginning Net Position	331,277	332,372	(1,095)	
Ending Net Position	\$ 371,750	\$ 378,147	\$ (6,397)	

Total Revenues

Total CAGRDR revenues are projected to be \$64.5 million for the year, \$6.7 million lower than budget.

The full-year operating revenue forecast is \$8.2 million lower than budget.

- Rate forecast is \$9.2 million lower than budget because of lower obligation than estimated in the budget.
- Fee forecast is \$1.7 million higher than budget because of unexpected enrollments.
- Dues forecast is \$0.8 million lower than budget because of lower total infrastructure and water rights revenues, which directly impacts Dues revenue.

Nonoperating income (interest) is projected to be \$1.6 million higher than budget because of a favorable economic environment.

Total Expenses

Total CAGRDR expenses are projected to be \$24.0 million for the year, \$1.4 million lower than budget, primarily because water expenses are forecast \$0.8 million lower and outside services are forecast \$0.5 million lower than budget related to the CAPTR system replacement. Water expense represents an estimate of 2024 pumping and any 2024 long-term storage credit purchases from CAWCD.

Reserves

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

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

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

To date, CAGRDR has developed several different types of water supplies through a variety of mechanisms. These supplies range from permanent CAP M&I subcontract entitlements to a long-term lease of water from an Arizona Tribal community. CAGRDR has entered into several agreements to purchase long-term storage credits and has contracted for a 100-year lease of municipal effluent. These various supplies represent the equivalent of approximately 77,000 acre-feet/year of 100-year water supply, which includes approximately 36,000 acre-feet/year of NIA water – both permanent entitlements and tribal lease. A \$95 million long-term storage credit purchase was completed in 2019.

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

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



Statement of Revenues, Expenses and Change in Net Position

CAGR

(Dollars in Thousands)

	YTD - 2nd Quarter 2024				Full Year 2024			
	Variance				Variance			
	Actual	Budget	(\$)	(%)	Projected	Budget	(\$)	(%)
Operating Revenues								
Other operating revenue								
Revenue-Rates	\$ 226	\$ 1	\$ 225	22500.0%	\$ 29,022	\$ 38,224	\$ (9,202)	(24.1%)
Revenue-Fees	11,244	10,533	711	6.8%	19,658	17,915	1,743	9.7%
Revenue-Dues	-	-	-		10,337	11,120	(783)	(7.0%)
Total Operating Revenues	11,470	10,534	936	8.9%	59,017	67,259	(8,242)	(12.3%)
Operating Expenses								
Salaries and related costs	(713)	(678)	(35)	(5.2%)	(1,425)	(1,415)	(10)	(0.7%)
Depreciation	(31)	(31)	-	0.0%	(61)	(61)	-	0.0%
Other operating costs:								
Outside services	(272)	(870)	598	68.7%	(1,147)	(1,674)	527	31.5%
Water for underground storage	(548)	-	(548)		(19,328)	(20,191)	863	4.3%
Materials and supplies	-	(1)	1	100.0%	(1)	(1)	-	0.0%
Overhead	(744)	(710)	(34)	(4.8%)	(1,490)	(1,482)	(8)	(0.5%)
Other expenses	(52)	(90)	38	42.2%	(192)	(184)	(8)	(4.3%)
Total other operating costs	(1,616)	(1,671)	55	3.3%	(22,158)	(23,532)	1,374	5.8%
Total Operating Expenses	(2,360)	(2,380)	20	0.8%	(23,644)	(25,008)	1,364	5.5%
Net Operating Income/(loss)	9,110	8,154	956	11.7%	35,373	42,251	(6,878)	(16.3%)
Nonoperating Revenues/(Expenses)								
Interest income and other	2,622	1,928	694	36.0%	5,433	3,857	1,576	40.9%
Interest expense and other	(47)	(47)	-	0.0%	(333)	(333)	-	0.0%
Net Nonoperating Income/(Loss)	2,575	1,881	694	36.9%	5,100	3,524	1,576	44.7%
Change in Net assets	\$ 11,685	\$ 10,035	\$ 1,650	16.4%	\$ 40,473	\$ 45,775	\$ (5,302)	(11.6%)

See page 39 for significant variance explanations.

CAGRD Replenishment Obligation Year and Corresponding Purchased Water

(in Acre-Feet)

REPLENISHMENT OBLIGATIONS

Acre-Feet by AMA	Phoenix AMA	Pinal AMA	Tucson AMA	Total AMAs
2024				
Outstanding Obligation - Year Ending	38,390	300	2,958	41,648
Prior year Obligations adjustment (prev est less CDAR)	(5,175)	(45)	(45)	(5,265)
Obligation Estimate for current year	35,507	277	2,979	38,763
Less CAWCD Deliveries to meet Obligation (CDAR)	(33,215)	-	(2,913)	(36,128)
Less CAWCD LTSC purchased to meet Obligation	-	(255)	-	(255)
Less I&WR LTSC purchased to meet Obligation	-	-	-	-
Outstanding Obligations at end of 2024	35,507	277	2,979	38,763

CAGRD Fund Balances

(Dollars in Thousands)

	2023 Actual	2024 Q2 Actual	2024 Projected
Administrative:			
Beginning Fund Balance	\$ 1,883	\$ 1,661	\$ 1,661
Administrative Component Revenue	1,537	542	1,935
Transfer from Phoenix Infrastructure	185	-	212
Total Cash Collected	1,722	542	2,147
Administrative (Operating) Expenses	(2,020)	(833)	(2,857)
Interest Income / Expense	76	43	86
Ending Fund Balance	\$ 1,661	\$ 1,413	\$ 1,037
Conservation:			
Beginning Fund Balance	\$ 911	\$ 863	\$ 863
Administrative Component Revenue	53	35	80
Administrative (Operating) Expenses	(146)	(9)	(190)
Interest Income / Expense	45	28	52
Ending Fund Balance	\$ 863	\$ 917	\$ 805

CAGR Fund Balances

(Dollars in Thousands)

	2024 Projected			
	Phoenix AMA	Pinal AMA	Tucson AMA	Total
Water and Replenishment:				
Beginning Fund Balance	\$ 5,403	\$ 146	\$ 882	\$ 6,431
Revenue	9,590	11	1,018	10,619
Prior year adjustment	-	50	-	50
Water Purchased	(9,457)	(5)	(754)	(10,216)
CAWCD Credits Purchased	-	(80)	-	(80)
I&WR Credits Purchased	-	-	-	-
Interest Income (Expense)	353	11	56	420
Ending Balance	\$ 5,889	\$ 133	\$ 1,202	\$ 7,224
Replenishment Reserve:				
Beginning Fund Balance	\$ 3,570	\$ 23	\$ 234	\$ 3,827
Replenishment Reserve Revenue	3,780	57	318	4,155
Water Purchased	-	-	-	-
CAWCD Credits Purchased	(3,451)	(26)	-	(3,477)
I&WR Credits Purchased	(235)	(2)	(316)	(553)
Interest Income / Expense	243	2	16	261
Ending Balance	\$ 3,907	\$ 54	\$ 252	\$ 4,213

CAGRD Fund Balances

(Dollars in Thousands)

	2023 Actual	2024 Q2 Actual	2024 Projected
Infrastructure and Water Rights:			
Beginning Fund Balance	\$ 76,153	\$ 92,530	\$ 92,530
Revenue	38,388	19,453	41,597
Proceeds from LTSC internal transfers	92	-	303
ICS Preservation payment	3,511	-	-
Reimbursement from Obligation fund	6,186	2,590	7,681
NIA Reallocation and 9(d) Debt	(7,430)	-	(7,430)
GRIC and other Lease Considerations	(8,618)	(12,032)	(15,337)
Water Costs for LTSC	(1,178)	(622)	(1,148)
LTSC purchases	(12,961)	(4,101)	(4,201)
Technical Studies & Other Operating Expenses	(1,168)	(640)	(1,398)
Debt Service payments	(3,974)	(1,985)	(3,970)
Interest Income / Expense	3,529	2,504	4,786
Ending Fund Balance	\$ 92,530	\$ 97,697	\$ 113,413

CAGRD Enrollment and Activation Summary

Figure 1: Member Land Enrollment

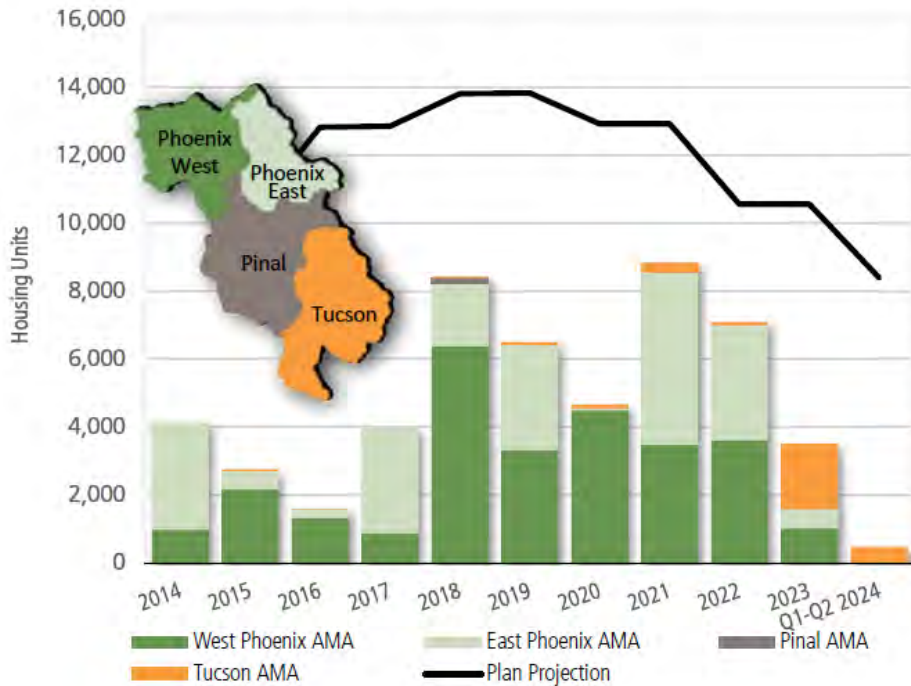


Figure 2: Activation Units

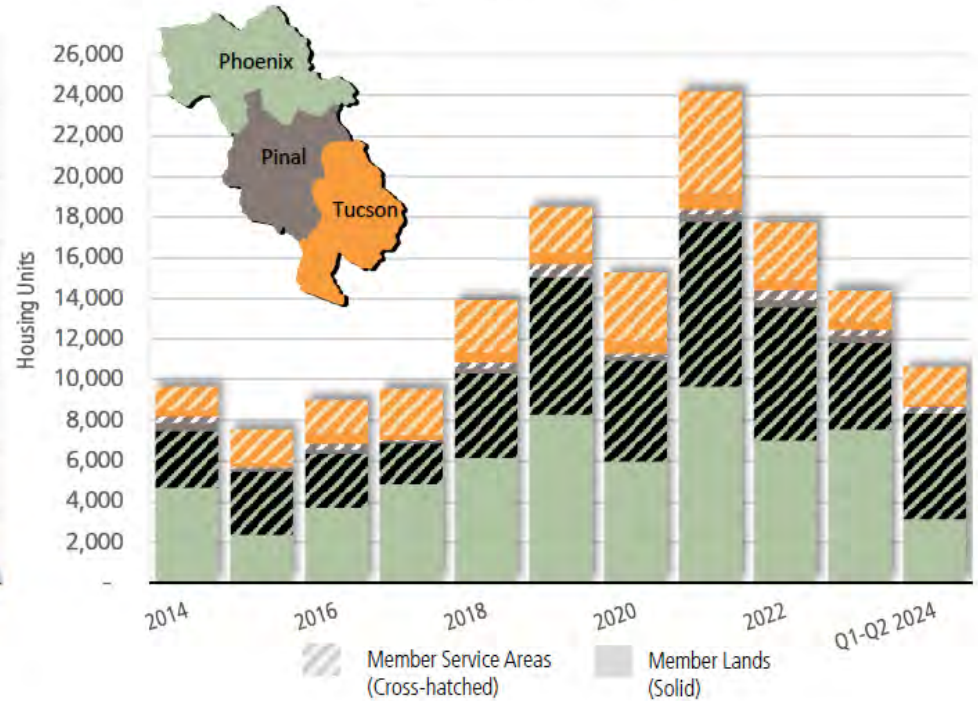


Table 1: Enrollment Units Q1-Q2 2024

AMA	ML Lots	Projected Demand (AF/year)
West Phoenix	0	0
East Phoenix	0	0
Pinal	0	0
Tucson	480	161
TOTAL	480	161

Table 2: Activation Units Q1-Q2 2024

AMA	ML Lots	MSA Lots	Total Lots
Phoenix	3,132	5,200	8,332
Pinal	0	356	356
Tucson	154	1,778	1,932
TOTAL	3,286	7,334	10,620

CAGRDR Enrollment and Activation Summary

Enrollment in 2024

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

Figure 1 illustrates the recent history of CAGRDR member land enrollment from 2014 through 2024. **Table 1** provides a breakdown by AMA of member land enrollment activity through Q2 2024. No new subdivisions enrolled within the Phoenix, Pinal, or Tucson AMA in Q2 2024.

One new Member Service Area (MSA) enrolled in Q2 2024 in the Tucson AMA. The MSA Agreement with this provider, Global Water – Farmers Water Company, will become effective once the Arizona Department of Water Resources determines that the provider has an assured water supply.

There were no MSA de-enrollments through Q2 2024.

Activation in 2024

The Arizona Department of Real Estate issues a public report allowing the sale of lots within subdivisions. Prior to this report being issued for subdivisions within CAGRDR MLs and MSAs, an Activation Fee must be paid to CAGRDR per residential unit offered for sale. **Figure 2** shows the recent history of activation lots in Member Lands and Member Service Areas by AMA. MSA lots are represented with crosshatching while ML lots are solid colors by AMA. The number of lots activated through Q2 2024 totaled 10,620 (Member Land lots = 3,286; Member Service Area lots = 7,334). **Table 2** provides a breakdown by AMA of previously enrolled lots that were activated through Q2 2024. By comparison, there were 8,640 units activated Q1-Q2 2023.



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

(Dollars in Thousands)

	YTD - 2nd Quarter 2024				Full Year 2024				Notes
	Actual	Budget	Variance (\$)	Variance (%)	Projected	Total Spending Authority	Variance (\$)	Variance (%)	
Operating Revenues									
Other revenues	\$ 6,375	\$ 6,380	\$ (5)	(0.1%)	\$ 12,849	\$ 12,759	\$ 90	0.7%	
Total Operating Revenues	6,375	6,380	(5)	(0.1%)	12,849	12,759	90	0.7%	
Operating Expenses									
Other Operating costs:									
Outside services	(122)	(136)	14	10.3%	(265)	(275)	10	3.6%	
Other expenses	(4,945)	(5,821)	876	15.0%	(11,641)	(11,642)	1	0.0%	
Total Operating Expenses	(5,067)	(5,957)	890	14.9%	(11,906)	(11,917)	11	0.1%	
Net Operating Income/(Loss)	1,308	423	885	209.2%	943	842	101	(12%)	
Nonoperating Revenues/(Expenses)									
Interest income and other	56	2	54	2,700.0%	191	4	187	4,675.0%	A
Net Nonoperating Income/(Loss)	56	2	54	2,700.0%	191	4	187	4,675.0%	
Change in Net Position	1,364	425	939	(220.9%)	1,134	846	288	(34.0%)	
Net position at beginning of period	13,358	7,246	6,112	84.3%	13,358	7,246	6,112	84.3%	
Net position at end of period	\$ 14,722	\$ 7,671	\$ 7,051	91.9%	\$ 14,492	\$ 8,092	\$ 6,400	79.1%	

Notes:

A **Nonoperating Revenues/(Expenses):** YTD and Full year interest income is higher than budget because of favorable economic environment.



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

(Dollars in Thousands)

	YTD - 2nd Quarter 2024				Full Year 2024				Notes
	Actual	Budget	Variance		Projected	Spending Authority	Variance		
			(\$)	(%)			(\$)	(%)	
Operating Expenses									
Outside services	-	-	-		-	-	-		
Total Operating Expenses	-	-	-		-	-	-		
Non-operating Revenues/(Expenses)									
Interest income / FV Adj	\$ 158	\$ 140	\$ 18	12.9%	\$ 335	\$ 279	\$ 56	20.1%	A
Interest expenses and other	-	-	-		-	-	-	N/A	
Total Non-operating Revenues/(Expenses)	158	140	18	12.9%	335	279	56	20.1%	
Change in Net Position	158	140	18	12.9%	335	279	56	20.1%	
Net position at beginning of period	9,023	8,887	136	1.5%	9,023	8,887	136	1.5%	
Net position at end of period	\$ 9,181	\$ 9,027	\$ 154	1.7%	\$ 9,358	\$ 9,166	\$ 192	2.1%	

Notes:

A. YTD and full-year interest income forecast is higher than budget because of a favorable economic environment.



Capital

The Project Steering Committee (PSC) oversees the individual projects ensuring total capital spending does not exceed the annual approval amount and if necessary may request approval from the Board for additional spending.

The Project Management Office and Engineering with the support of the PSC reviewed the current projects and Asset Modifications. Change in scope, scheduling and timing are the main causes for project cost variances. The projects experiencing the most significant variances during 2024 are listed in the following table.



Electromechanical Relay Replacements Phase 2



Isolation Valves at Black Mountain & Snyder Hill

2024 CAWCD CAPITAL SPENDING

	2024		2024		
(Dollars in Thousands)	Projection	Budget	Budget	Variance	
Capital Equipment	\$ 6,291	\$ 6,800	\$ 509		
Capital Projects (by Absolute Variance)					
Electromechanical Relay Phase 2	5,071	1,559	(3,512)		
Harcuvar Substation Upgrade	3,451	400	(3,051)		
Backup Power Systems Replacement at Checks & TO	701	2,796	2,095		
SCADA Replacement Control Center	3,606	2,551	(1,055)		
Isolation Valves Black Mountain/Snyder Hill	495	1,418	923		
Roof Replacement Black Mountain/Snyder Hill	1,750	949	(801)		
Air Compressors Brady, Picacho, Red Rock	144	894	750		
Water Education Center*	2,358	1,701	(657)		
Fire Hydrant Valves HQ	56	572	516		
All Other Capital Projects	5,881	11,783	5,902		
Subtotal - Capital Projects	\$ 23,513	\$ 24,624	\$ 1,111		
Total CAWCD Capital Spending	\$ 29,804	\$ 31,424	\$ 1,620		

TOTAL CAWCD CAPITAL PROJECTS

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

(Dollars in Thousands)	Projection	Budget	Variance
Capital Projects - Ten Largest			
Aqueduct Hydrology Improvement*	\$ 123,224	\$ 153,527	\$ (30,303)
Water Education Center*	47,598	27,121	20,477
SRP-CAP Interconnection Facility*	25,000	25,750	(750)
Electromechanical Relay Phase 2	40,577	21,282	19,295
SCADA Replacement Control Center	21,794	20,036	1,758
TDRP Recovery Wells*	3,438	13,478	(10,040)
Backup Power Systems Replacement at Checks & TO	14,413	13,223	1,190
Condition Based Monitoring	13,080	13,156	(76)
Generator Replacements PPs	13,814	12,394	1,420
Fire Protection Sys Upgrade Mark Wilmer	12,373	11,595	778



2024 Capital Spending Variance Summary

(Dollars in Thousands)

	2nd Quarter 2024				Full Year 2024			
	Actual	Budget	Variance		Projection	Total Spending Authority	Variance	
			(\$)	(%)			(\$)	(%)
SUMMARY								
Capital & Cost-Shared Spending								
Salaries and related costs	2,671	2,221	\$ (450)	(20.3%)	4,592	3,959	\$ (633)	(16.0%)
Equipment and structures	10,195	9,456	(739)	(7.8%)	18,277	18,633	356	1.9%
Other expenses:								
Outside services	1,674	2,098	424	20.2%	1,854	4,446	2,592	58.3%
Materials and supplies & other expenses	204	155	(48)	(31.1%)	279	238	(41)	(17.2%)
Overhead expenses	2,789	2,327	(462)	(19.9%)	4,802	4,148	(654)	(15.8%)
Subtotal Other Expenses	4,667	4,580	(86)	(1.9%)	6,935	8,832	1,897	21.5%
Total Capital	17,534	16,258	\$ (1,276)	(7.8%)	29,804	\$ 31,424	\$ 1,620	5.2%

2024 CAWCD Capital Spending Variance Detail

(Dollars in Thousands)

Projects	2nd Quarter 2024				Full Year 2024				Notes
	Actual	Budget	Variance		Projection	Total Spending Authority	Variance		
			(\$)	(%)			(\$)	(%)	
CAPITAL EQUIPMENT									
Buildings & Structures	\$ -	\$ -	\$ -	-	\$ 174	156	\$ (18)	(11.5%)	
Vehicles	841	270	(571)	(211.5%)	1,043	693	(350)	(50.5%)	
Field & Other Equipment	2,337	2,646	309	11.7%	4,791	5,671	880	15.5%	
Communication Equipment	-	-	-	-	283	280	(3)	(1.1%)	
Capital Equipment Total	\$ 3,178	\$ 2,916	\$ (262)	(9.0%)	\$ 6,291	6,800	\$ 509	7.5%	
2024-2025 Budgeted Projects									
Air Compressors Brady, Picacho, Red Rock	\$ 144	\$ 107	\$ (37)	(34.6%)	\$ 144	894	\$ 750	83.9%	A
Aqueduct Hydrology Improvement*	273	712	439	61.7%	1,770	1,285	(485)	(37.8%)	
Backup Power Systems Replacement at Checks & TO	340	739	399	54.0%	701	2,796	2,095	74.9%	B
Condition Based Monitoring	1,507	1,497	(10)	(0.7%)	2,144	2,284	140	6.1%	
Discharge Valves at Bouse Hills, Little Harquahala & Hassayampa	594	464	(130)	(28.0%)	755	699	(56)	(8.0%)	
Electromechanical Relay Phase 2	1,064	677	(387)	(57.2%)	5,071	1,559	(3,512)	(225.2%)	C
Elevator System Replacement Phase 2	507	455	(52)	(11.4%)	599	455	(144)	(31.6%)	
Financial Planning Refresh 2024	469	282	(187)	(66.0%)	580	565	(15)	(2.7%)	
Fire Hydrant Valves HQ	56	569	513	90.2%	56	572	516	90.2%	D
Fire Protection Sys Upgrade Mark Wilmer	580	916	336	36.7%	1,018	923	(95)	(10.3%)	
Fire Pump Replacement WAD	791	497	(294)	(59.3%)	998	500	(498)	(99.6%)	
Generator Replacements PPs	79	481	402	83.6%	555	1,064	509	47.9%	E
Harcuvar Substation Upgrade	-	-	-	-	3,451	400	(3,051)	(762.8%)	F
Isolation Valves Black Mountain/Snyder Hill	487	844	357	42.3%	495	1,418	923	65.1%	G
Monitor Well Agua Fria Recharge*	44	47	3	7.2%	287	357	70	19.6%	
Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain	515	211	(304)	(144.6%)	696	211	(485)	(230.6%)	H
Multi Use Buildings Headquarters-Bouse Maintenance Yard	43	272	229	84.2%	431	550	119	21.6%	
Network Refresh 2024	238	138	(100)	(73.1%)	275	275	0	0.0%	
Noise Reduction Project Phase 2 Mark Wilmer	795	298	(497)	(166.6%)	795	298	(497)	(166.6%)	
Parking Lot Upgrades Headquarters	76	311	235	75.6%	142	431	289	67.0%	
Programmable Logic Controller Replacement Waddell	348	685	337	49.2%	1,155	1,334	179	13.4%	
Roof Fall Protection Headquarters	-	-	-	-	38	26	(12)	(47.4%)	
Roof Replacement Black Mountain/Snyder Hill	1,285	925	(360)	(38.9%)	1,750	949	(801)	(84.5%)	I
SCADA Replacement Control Center	2,108	1,192	(916)	(76.8%)	3,606	2,551	(1,055)	(41.3%)	J
SRP-CAP Interconnection Facility*	-	-	-	-	-	85	85	100.0%	
Switchyard Security Hardening Delaney	75	50	(25)	(50.0%)	75	50	(25)	(50.0%)	
TDRP Recovery Wells*	452	3	(449)	(13714.2%)	452	3	(449)	(13714.2%)	
Water Education Center*	948	809	(139)	(17.2%)	2,358	1,701	(657)	(38.6%)	K
West Entrance Gate Headquarters	388	24	(364)	(1484.6%)	388	24	(364)	(1484.6%)	
West Entrance Gate Phase 2 ROW Headquarters	-	-	-	-	90	90	-	0.0%	
Windows Server Refresh 2024	65	138	73	52.7%	275	275	0	0.0%	
Totals - 2024-2025 Budgeted Projects	\$ 14,271	\$ 13,342	\$ (929)	(7.0%)	\$ 31,150	24,624	\$ (6,526)	(26.5%)	

2024 CAWCD Capital Spending Variance Detail (cont.)

(Dollars in Thousands)

	2nd Quarter 2024				Full Year 2024				Notes
	Actual	Budget	Variance		Projection	Total Spending Authority	Variance		
			(\$)	(%)			(\$)	(%)	
Projects Without a Budget in 2024									
Motor Exciters & Control Unit Replacements at West Plants	\$ 1	\$ -	\$ (1)	-	\$ 1	-	\$ (1)	-	
Network Refresh 2023	8	-	(8)	-	8	-	(8)	-	
Potable Water Skid Replacement	27	-	(27)	-	27	-	(27)	-	
Pump Casings/Imprvmnts SND/BLK	49	-	(49)	-	156	-	(156)	-	
Transformer McCullough	-	-	-	-	(7,828)	-	7,828	-	
Totals - Projects Without a Budget in 2024	\$ 85	\$ -	\$ (85)	0.0%	\$ (7,636)	-	\$ 7,636	0.0%	
NET CAPITAL	\$ 17,534	\$ 16,258	\$ (1,276)	(7.8%)	\$ 29,804	31,424	\$ 1,620	5.2%	

- A **Air Compressors Brady, Picacho, Red Rock:** Material cost and contractor pricing exceeded budget. \$200K prepayment from 2023 rolled into this year causing additional variance for the pre-work completed.
- B **Backup Power Systems Replacement at Checks Turnouts & Microwave Sites:** Work delayed into 2024 due to supply chain issues with generators. Redesign taking place in 2024 and construction in 2025.
- C **Electromechanical Relay Replacement Phase 2:** Forecast updated to include the change to the overall plan as requested by maintenance managers. 2024: South Plants, 2025: BLK/SNY, 2026 WAD design. Adjustments made after finalizing new project scope.
- D **Fire Hydrant Valves HQ:** Project completed ahead of schedule based on production rate and efficiencies found with increased outage availability and adjacent work.
- E **Generator Replacements PPs:** Pilot design contract executed for the first two sites. The signed contract was much less than anticipated which resulted in a lower year-to-date forecast.
- F **Harcubar Substation Upgrade:** Project fully funded in Q3 2024, instead of on original budgeted schedule. Funds will be placed on deposit with USBR, and drawn down as project progresses.
- G **Isolation Valves Black Mountain/Snyder Hill:** Initial project phase resulted in a more refined scope for phase two, and included additional administrative costs. Lessons learned will lead to greater efficiency and lower contractor risk.
- H **Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain:** South Plant motor exciters delayed from prior years. A module required for fabrication was ordered in 2022, but not shipped until Q4 2023. Project is on track to be complete in 2024.
- I **Roof Replacement Black Mountain/Snyder Hill:** Project scope adjusted to include 3/8" slope requirement, overflow drains (\$250K), and drip edge detail (\$60K). Contractor pricing exceeded original internal estimate.
- J **SCADA Replacement Control Center:** Initiated Control Center Enterprise SCADA upgrade (\$1.9M), and ordered required equipment approved by PSC.
- K **Water Education Center:** Q2 2024 - July 2025; increased scope includes boardroom relocation, additional 5,000 ft/2 in meeting space, and added exterior exhibits, \$400K cost added for design in 2024, and \$5M added construction cost for 2026.
- * These projects are funded with sources separate from "Big R"

Total CAWCD Capital Projects Variance Detail

(Dollars in Thousands)

Projects	Through 2023	2024 Projection	Remaining Balance	Total Projected	Total Spending Authority	Variance (\$)	(%)	Notes
<u>2024 - 2025 Budgeted Projects</u>								
Air Compressors Brady, Picacho, Red Rock	\$ 97	\$ 144	\$ 1,264	\$ 1,505	\$ 1,359	\$ (146)	(10.8%)	
Aqueduct Hydrology Improvement*	1	1,770	121,453	123,224	153,527	30,303	19.7%	A
Backup Power Systems Replacement at Checks & TO	10,714	701	2,998	14,413	13,223	(1,190)	(9.0%)	B
Condition Based Monitoring	9,659	2,144	1,277	13,080	13,156	76	0.6%	
Discharge Valves at Bouse Hills, Little Harquahala & Hassayampa	2,181	755	-	2,936	2,721	(215)	(7.9%)	
Electromechanical Relay Phase 2	9,397	5,071	26,109	40,577	21,282	(19,295)	(90.7%)	C
Elevator System Replacement Phase 2	8,796	599	(1)	9,394	8,951	(443)	(4.9%)	
Financial Planning Refresh 2024	-	580	-	580	565	(15)	(2.7%)	
Fire Hydrant Valves HQ	1,647	56	-	1,703	2,449	746	30.4%	D
Fire Protection Sys Upgrade Mark Wilmer	11,354	1,018	1	12,373	11,595	(778)	(6.7%)	
Fire Pump Replacement WAD	119	998	-	1,117	502	(615)	(122.4%)	E
Generator Replacements PPs	-	555	13,259	13,814	12,394	(1,420)	(11.5%)	F
Harcuvar Substation Upgrade	-	3,451	-	3,451	3,195	(256)	(8.0%)	
Isolation Valves Black Mountain/Snyder Hill	2,612	495	360	3,467	3,462	(5)	(0.1%)	
Monitor Well Agua Fria Recharge*	92	287	-	379	424	45	10.7%	
Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain	828	696	51	1,575	1,428	(147)	(10.3%)	
Multi Use Buildings Headquarters-Bouse Maintenance Yard	-	431	2,363	2,794	2,317	(477)	(20.6%)	
Network Refresh 2024	-	275	-	275	275	-	0.0%	
Noise Reduction Project Phase 2 Mark Wilmer	984	795	1	1,780	1,420	(360)	(25.4%)	
Parking Lot Upgrades Headquarters	-	142	2,181	2,323	2,304	(19)	(0.8%)	
Programmable Logic Controller Replacement Waddell	4,581	1,155	186	5,922	6,458	536	8.3%	
Roof Fall Protection Headquarters	-	38	769	807	763	(44)	(5.8%)	
Roof Replacement Black Mountain/Snyder Hill	87	1,750	-	1,837	1,036	(801)	(77.4%)	G
SCADA Replacement Control Center	3,768	3,606	14,420	21,794	20,036	(1,758)	(8.8%)	H
SRP-CAP Interconnection Facility*	-	-	25,000	25,000	25,750	750	2.9%	
Switchyard Security Hardening Delaney	606	75	(1)	680	536	(144)	(26.8%)	
TDRP Recovery Wells*	2,985	452	1	3,438	13,478	10,040	74.5%	I
Water Education Center*	233	2,358	45,007	47,598	27,121	(20,477)	(75.5%)	J
West Entrance Gate Headquarters	2,126	388	-	2,514	2,151	(363)	(16.8%)	
West Entrance Gate Phase 2 ROW Headquarters	-	90	547	637	637	-	0.0%	
Windows Server Refresh 2024	-	275	-	275	275	-	0.0%	
Totals - 2024-2025 Budgeted Projects	\$ 72,867	\$ 31,150	\$ 257,245	\$ 361,262	\$ 354,789	\$ (6,473)	(1.8%)	

Total CAWCD Capital Projects Variance Detail (cont.)

(Dollars in Thousands)

	Through 2023	2024 Projection	Remaining Balance	Total Projected	Total Spending Authority	Variance (\$)	(%)	Notes
Projects Without a Budget in 2024								
Motor Exciters & Control Unit Replacements at West Plants	\$ 15,498	\$ 1	\$ 38	\$ 15,537	\$ -	\$ (15,537)	-	
Network Refresh 2023	710	8	-	718	-	(718)	-	
Potable Water Skid Replacement	2,963	27	-	2,990	-	(2,990)	-	
Pump Casings/Imprvmts SND/BLK	-	156	1,234	1,390	-	(1,390)	-	
Transformer McCullough	7,839	(7,839)	-	-	-	-	-	
Totals - Projects Without a Budget in 2024	\$ 27,010	\$ (7,647)	\$ 1,272	\$ 20,635	\$ -	\$ (20,635)	-	
Totals - Budgeted & Unbudgeted	\$ 99,877	\$ 23,503	\$ 258,517	\$ 381,897	\$ 354,789	\$ (27,108)	(7.6%)	

- A **Aqueduct Hydrology Improvement***: Work beginning with design, and includes Phase 1 Hydrology and details design & Phase 2 Hydrology.
 - B **Backup Power Sys Replacement-Checks & TOs**: Work delayed to 2024/25 due to supply chain issues with Generators. Work on IPSS continues at Turnouts, completion in 2024. Redesign taking place in 2024 and construction in 2025.
 - C **Electro Mech Relay Phase 2**: The MWP plant phase has been moved up to accommodate the outage schedule. Project forecasts have increased to reflect current scope and inflation-adjusted pricing for future years.
 - D **Fire Hydrant Valves HQ**: Project completed ahead of schedule based on production rate and efficiencies found with increased outage availability and adjacent work.
 - E **Fire Pump Replacement WAD**: Total costs will exceed original estimate which was developed in 2022 when scope was only 40% known. Total amount will deliver the full Fire Pump with emergency back up power per NFPA & FM Global standards.
 - F **Generator Replacements PPs**: Project design is underway and currently estimated to be complete in 2025. The forecast reflects the most current scope.
 - G **Roof Replacement Black Mountain/Snyder Hill**: Project scope adjusted to include 3/8" slope requirement, overflow drains (\$250K), and drip edge detail (\$60K). Contractor pricing exceeded original internal estimate.
 - H **SCADA Replacement Control Center**: Continued scope refinement has included additional equipment needs, and a new vendor contract. 2024 has seen the Control Center Enterprise SCADA upgrade (\$1.9M), and order of required equipment approved by PSC.
 - I **TDRP Recovery Wells***: The Resource Planning & Analysis group is currently doing a consultant led assessment to determine the feasibility of continuing the well recovery field projects at TDRP. The results are still to be determined but based on the water quality results from construction we believe the project will not be going forward.
 - J **Water Education Center**: Q2 2024 - July 2025; increased scope includes boardroom relocation, additional 5,000 ft/2 in meeting space, and added exterior exhibits, \$400K cost added for design in 2024, and \$5M added construction cost for 2026.
- * These projects are funded with sources separate from "Big R"



Strategic Plan Update

Q2 2024

BACKGROUND

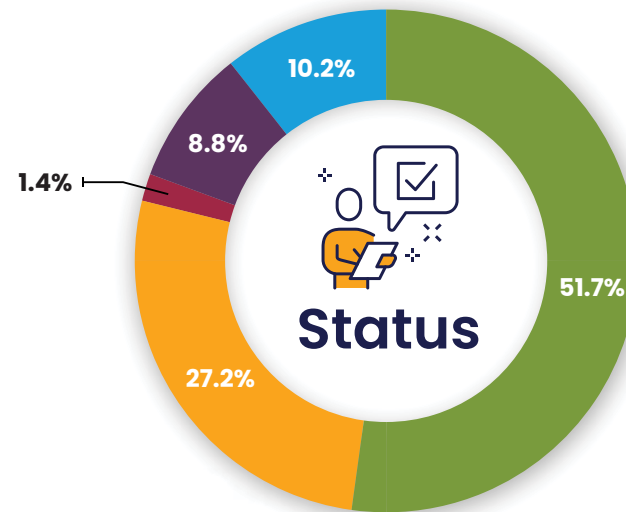
In 2020, the Board adopted the [2022 Board Strategic Plan](#). Facilitated by an external consultant, the 18-month process included several Board retreats, input from employees, and two rounds of stakeholder forums. Implementation of the new plan began with the 2022-23 budget cycle. The Plan provides high-level strategic guidance to the organization and defines CAP's Vision, Mission, and Values. It also defines eight Key Result Areas (KRAs) and identifies 3-5 Strategic Issues for each KRA. This hierarchy of issues serves as the context for many other planning activities at CAP, including the biennial budget, the "Big 5" organization-wide objectives, Board reports and employee performance goals. As part of CAP's two-year budget process, staff links the Board Strategic Plan to the biennial Business Plans to ensure that organizational goals are consistent with the strategic direction provided by the Board. The Public and Intergovernmental Affairs Department coordinates strategic planning activities for the organization.



PROGRESS UPDATE

For 2024-25, staff developed 147 action plans to implement the Board Strategic Plan. That work began on January 1, 2024.

CAP 2024-25 BUSINESS PLAN OVERALL SUMMARY AS OF Q2 2024



- In Progress:** work is underway
- Ongoing:** work is continuous
- Not Yet Started:** work has not begun
- Upcoming:** work is scheduled
- Completed:** work is finished

STRATEGIC PLAN IN ACTION

Each quarter, we will highlight the work being done on the strategic plan.



KEY RESULT AREA: Finance

Maintaining long-term financial strength to achieve CAP's goals and being prepared to address opportunities or challenges.

Strategic Issue: Manage capital and operations and maintenance budgets, debt, revenues, tax rates, water rates, and reserves effectively and transparently.



Assistant General Manager Chris Hall presents to the Board on CAP taxes and rates on June 6, 2024



KEY RESULT AREA: Groundwater Replenishment

Fulfilling CAP's groundwater replenishment responsibilities in accordance with statutory requirements

Strategic Issue: Ensure continued effective management, reasonable pricing, and financial viability of CAGRD.



CAGRD team members meet to continue work on the 2025 CAGRD Plan of Operation.



KEY RESULT AREA: Power

Building a reliable, diversified, and sustainable energy portfolio

Strategic Issue: Actively engage in the transmission market to ensure access to diversified, low-cost energy resources.



CAP staff continually monitors and evaluates the development of new generation facilities in determination of energy needs and purchases.



KEY RESULT AREA: Project Reliability

Providing reliable and cost-effective operations, maintenance, and replacement of CAP infrastructure and technology assets

Strategic Issue: Implement and improve CAP's strategic asset management plan program to ensure long-term infrastructure viability.



Crews working on Transformer KW1A Primary Bushing to repair a nitrogen gas leak at the Mark Wilmer Pumping Plant switchyard. Groups involved are Protective Relay Crew, Crane Support (Mechanical Maintenance), and Maintenance Engineering Support.



Work during the Summer Outage included Unit 2 Rotor Pole Replacement at Mark Wilmer Pumping Plant. This is part of the ongoing repairable spare program started in 2021; Units 5 and 6 have been completed and Unit 3 is scheduled for 2026. This is a multi-team effort with Mark Wilmer Plant Crew and Mechanical Maintenance Crew (Heavy Overhaul Group).



KEY RESULT AREA: Public Trust, Partnerships, and Leadership

Earning and preserving public trust, building and maintaining partnerships, and providing informed water management leadership

Strategic Issue: Continue active Board and staff engagement with constituents, stakeholders and other water entities.



On June 26, 2024, CAP staff met with City of Mesa staff for a Joint Coordination Meeting.



On May 6-9, 2024, the Board Officers traveled to Washington D.C. to meet with Arizona's Congressional Delegation, Reclamation Commissioner Touton and officials from the Biden Administration.



On June 26, CAP staff traveled to Tucson for Joint Coordination Meeting with Tucson Water staff.





KEY RESULT AREA: Stewardship and Sustainability

Serving as proactive leaders in sustainability and responsible, collaborative stewards of CAP's Colorado River Supply

Strategic Issue: Support the Multi-Species Conservation Program (MSCP) and explore future opportunities related to species and habitat conservation.



CAP has been working with ASU researchers to evaluate the impact of climate change on water supplies in the Colorado River Basin. Our current collaborative project is "Colorado River System as an Infrastructure Asset."



On April 15-17, Board Members, staff, and guests from Imperial Irrigation District toured MSCP sites near Lake Havasu, including a boat ride in Topock Gorge to view species up close.



CAP staff photographer David Routt took this stunning image during a field visit to capture information on the MSCP in the Yuma East Wetlands.



KEY RESULT AREA: Water Supply

Providing a reliable CAP water supply for the short- and long-term

Strategic Issue: Address impacts from Colorado River drought and overallocation



Colorado River Program staff evaluate the latest data.



CAP's Water Policy and ADWR staff presented at a modeling webinar to provide technical support and tools to Arizona stakeholders.



KEY RESULT AREA: Workforce

Being a premier employer that attracts and retains an exceptional and diverse workforce

Strategic Issue: Develop recruitment strategies to best support CAP's hiring needs



Employee Jesse Phillips was interviewed about positive work experiences and culture at CAP for an HR recruitment video to attract new employees.



Communications staff is creating new content like the image above to post on job sites such as LinkedIn and Glassdoor to help recruit applicants to open positions.

Strategic Issue: Engage in innovative professional development opportunities to enhance CAP's workforce



Engineering Services University is an employee-developed professional development program designed to get new staff up to speed quickly and provide all employees with knowledge about CAP.

