



Central Arizona Project
Year-to-Date
4th 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 and compares 2024 to 2023. More detailed explanations are covered on the following pages.

Highlights

TOTAL REVENUES: As shown in the graph to the right, total 2024 revenues were \$27 million below budget. The primary variances were water operations and maintenance (O&M) revenues, which was \$28 million below budget, and other revenues, which was \$14 million below budget, offset by interest income, which was \$17 million over budget.

Total 2024 revenues were \$26 million higher than total 2023 revenues. The primary difference was water O&M revenues, which was \$23 million higher in 2024 because of the use of taxes in 2023.

TOTAL EXPENSES: Total 2024 expenses were \$265 million, which was \$30 million below budget, primarily because energy and transmission costs were \$23 million under budget and outside services were \$14 million under budget, offset by disbursements to the Arizona Water Banking Authority (AWBA), which was \$10 million higher than budget. Total 2024 expenses were \$9 million less than 2023 expenses.

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

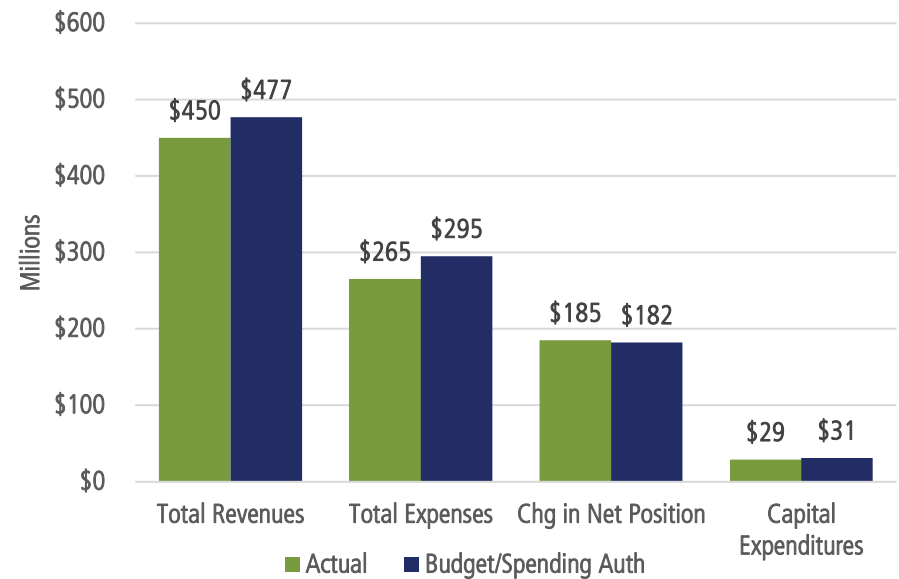
CHANGE IN NET POSITION: The 2024 change in net position—which is the difference between revenues and expenses for the year—was \$185 million, \$3 million higher than budget. However, the 2024 change in net position was \$35 million higher in 2023. Similar to revenues, the primary reason was increased water O&M revenues.

See Statements of Net Position on page 4 for additional information.

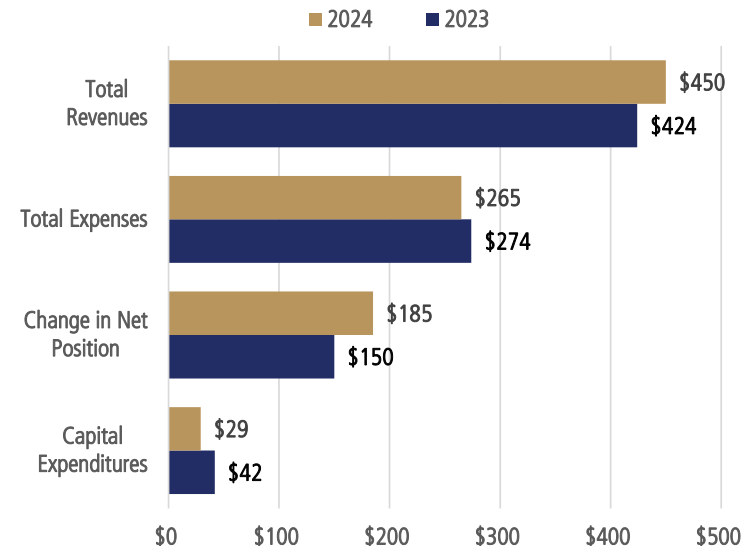
CAPITAL: The Project Steering Committee (PSC) oversees the capital budget. Total 2024 capital spending was \$29 million, which was \$2 million less than budget.

See Capital section starting on page 53 for additional information.

Full Year 2024 - Budget vs Actual



Year-Over-Year Comparison



Statement of Net Position

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

At December 31, 2024, total assets and deferred outflows were \$163 million higher than the 2023 year-end balance.

CURRENT ASSETS: The largest component of the District's current assets is cash and short term investments, which increased by \$53 million in 2024, primarily because of the accumulation in the CAGR accounts for future infrastructure and water needs. Other current assets—primarily made up of accounts receivable—decreased \$10 million. The majority of the decrease is because of the 2024 year-end rate reconciliation resulted in a refund to customers unlike it did in 2023.

Water inventory, which represents long term storage credits (LTSCs) and lake inventories, increased \$4 million in 2024.

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. In 2024, the net PSR decreased from \$975 million to \$957 million.

Long term investments and restricted assets increased \$124 million in 2024, primarily because of 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 for deferred pension and OPEB outflows, which make up the majority of the balance, are completed at year-end by an actuarial firm contracted by the Arizona State Retirement System.

Total Assets and Deferred Outflows of Resources					
<i>(Dollars in millions)</i>		2023	2024	Change	
Current Assets					
Cash and short term investments	\$	236	\$	289	\$ 53 22.5%
Funds held by federal gov't		5		13	8 160.0%
Water inventory		241		245	4 1.7%
Other current assets		88		78	(10) (11.4%)
		570		625	55 9.6%
Noncurrent Assets					
Long Term Investments and restricted assets		613		737	124 20.2%
Agricultural water rights		48		48	- 0.0%
Capital assets - operating, net		346		346	- 0.0%
Capital assets - PSR, net		975		957	(18) (1.8%)
Other assets		6		2	(4) (66.7%)
		1,988		2,090	102 5.1%
Deferred Outflows of Resources					
Pension & OPEB valuation and Upfront Payments		10		16	6 60.0%
Total Assets & Deferred Outflows					
	\$	2,568	\$	2,731	\$ 163 6.3%

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

At December 31, 2024, total liabilities and deferred inflows of resources were \$22 million less than December 31, 2023; net position was \$185 million higher.

CURRENT LIABILITIES: Current liabilities include payables, accrued interest, and current principal obligations. Overall, current liabilities increased \$24 million in 2024, primarily because accounts payable reflects the 2024 year-end rate reconciliation, resulting in a refund to the customers.

NONCURRENT LIABILITIES: Noncurrent liabilities decreased \$35 million, primarily because the federal repayment obligation decreased \$43 million following the annual payment. In addition, contract revenue bonds decreased \$6 million as debt payments were made. Other noncurrent liabilities increased due to the OPEB liability long-term increase of \$2 million, long term leave of \$7 million as a result of GASB implementation, and the pension liability increase of \$4 million.

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 decreased by \$11 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—increased \$185 million in 2024.

Total liabilities, deferred inflows of resources, and net position 2024 vs. 2023 (in millions)				
	2023	2024	Change	
Current liabilities	\$ 177	\$ 201	\$ 24	13.6%
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	22	1	4.8%
Other noncurrent liabilities	85	98	13	15.3%
Total noncurrent liabilities	1,091	1,056	(35)	(3.2%)
Deferred inflows of resources				
Customer deposits and upfront payments	44	36	(8)	(18.2%)
Deferred inflow OPEB	12	7	(5)	(41.7%)
Deferred inflow pension	4	6	2	50.0%
Total deferred inflows of resources	60	49	(11)	(18.3%)
Total liabilities and deferred inflows of resources	1,328	1,306	(22)	(1.7%)
Net position				
Investments in capital assets	379	409	30	7.9%
Restricted, net	105	115	10	9.5%
Unrestricted, net	756	901	145	19.2%
Total net position	1,240	1,425	185	14.9%
Total liabilities, deferred inflows of resources, & net position	\$ 2,568	\$ 2,731	\$ 163	6.3%

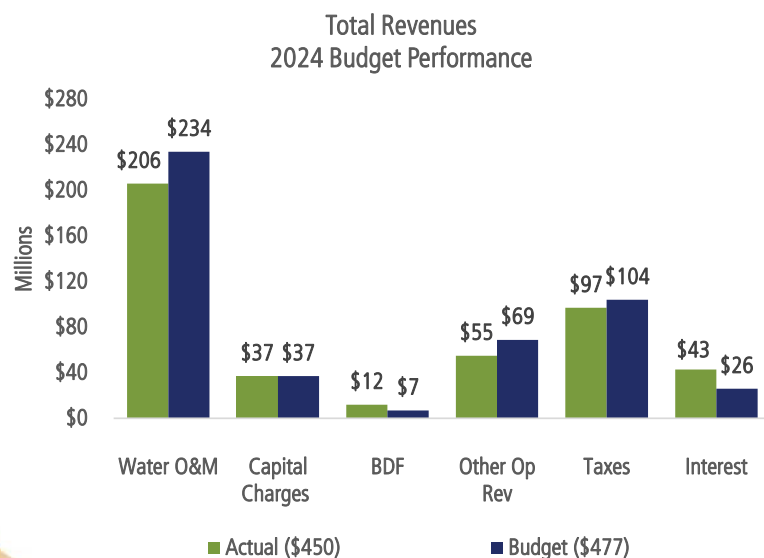
Statement of Revenues, Expenses & Change in Net Position

Net position—the difference between revenues and expenses—increased \$185 million in 2024 compared to a budgeted increase of \$182 million. The factors contributing to the net position change are discussed in the sections that follow.

TOTAL REVENUES

2024 BUDGET PERFORMANCE: Total 2024 revenues were \$450 million compared to a budget of \$477 million.

- Water O&M revenues were \$28 million lower than budget, primarily because of system conservation agreements that were not in place when the budget was prepared.
- Interest income was \$17 million higher than budget because of favorable economic conditions.
- Basin Development Fund (BDF) revenues were \$5 million higher than budget due to a Navajo Generating Station reconciliation resulting in a refund as well as the One Transmission Rate providing revenues significantly higher than budgeted.
- Other Operating Revenues were \$14 million lower than budget primarily due to the lower CAGR rate revenue because of lower obligations than expected.
- Taxes were \$7 million lower than budget primarily due to the Qasimyar class action lawsuit in Maricopa County resulting in recoupment of prior year tax revenues.



YEAR-OVER-YEAR COMPARISON: Total 2024 revenues were \$450 million, \$26 million more than 2023.

Operating Revenues were \$23 million higher than 2023.

- Water O&M charges were \$23 million higher because of increased costs and the use of taxes of \$18.5 million.
- BDF revenues were \$7 million higher because of increased transmission revenue as a result of the One Transmission Rate.
- Other operating revenues were \$7 million lower because of CAGR lower fees in 2024 and a \$3.5 million conservation payment occurred in 2023 that did not occur in 2024.

Nonoperating Revenues were \$3 million higher than 2023.

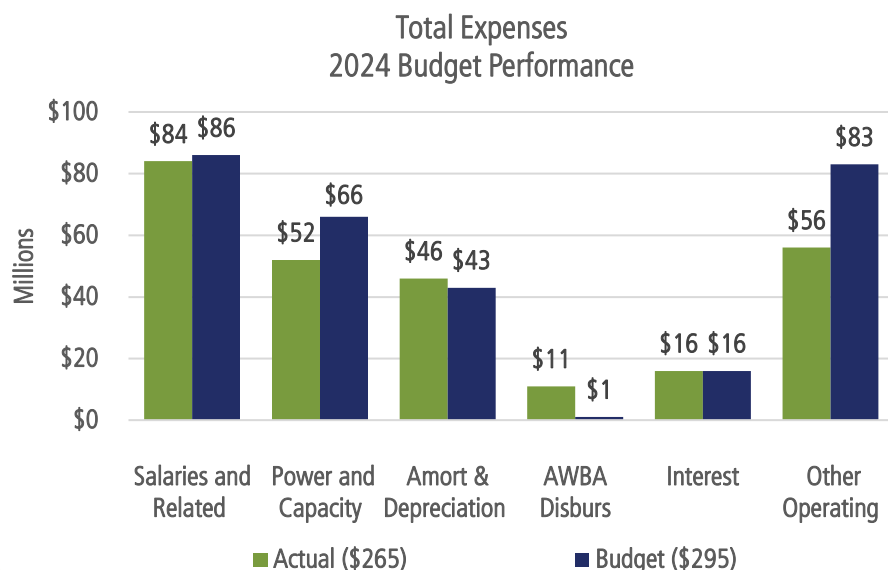
- Interest income & other revenues were \$3 million higher because of favorable market conditions and the resulting fair value adjustments.

	Full-Year 2024			
(Dollars in millions)	2023	2024	Variance	
Operating Revenues				
Water O&M charges	\$ 183	\$ 206	\$ (23)	(11.2%)
Water service capital charges	37	37	-	0.0%
BDF revenues	5	12	(7)	(58.3%)
Other revenues	62	55	7	12.7%
	<u>287</u>	<u>310</u>	<u>(23)</u>	<u>(7.4%)</u>
Nonoperating Revenues				
Property taxes	97	97	-	0.0%
Interest income & other	40	43	(3)	(7.0%)
	<u>137</u>	<u>140</u>	<u>(3)</u>	<u>(2.1%)</u>
Total Revenues	\$ 424	\$ 450	\$ (26)	(5.8%)

TOTAL EXPENSES

2024 BUDGET PERFORMANCE: Total 2024 expenses were \$265 million, \$30 million lower than budget.

- Salaries and related expenses were \$2 million lower than budget because more labor charged to capital projects.
- Energy charges were \$14 million lower than budget, primarily because natural gas prices were lower than expected, shaping opportunities, favorable summer sales, and lower delivery volumes.
- Amortization & depreciation were \$3 million higher than budget due to resolving prior delays in supply chain.
- Disbursements to the Arizona Water Bank (AWBA) were \$10 million higher than budget because of long-term storage credit purchases that were not anticipated when the budget was prepared.
- Other operating were \$27 million lower than budget, mostly because outside services were \$16 million lower than budget because some conservation programs were ultimately federally funded; generally lower-than-expected conservation program costs; and lower recovery project expenses. Transmission expenses were \$8 million lower than budget due to the El Paso Electric Settlement refund and WAPA completing a reconciliation of 2023 activity resulting in a refund as well as the implementation of the One Transmission Rate.



YEAR-OVER-YEAR COMPARISON: Total 2024 expenses were \$265 million, \$9 million lower than 2023.

Operating Expenses were \$17 million lower than 2023.

- Salaries and related expenses were \$7 million higher primarily because of salary market adjustments.
- Other operating were \$23 million lower than budget, mostly because outside services were \$16 million lower because some conservation programs were ultimately federally funded; 2024 had generally lower conservation program costs; and lower recovery project expenses. Transmission expenses were \$8 million lower than 2023 due to the El Paso Electric Settlement refund and WAPA completing a reconciliation of 2023 activity resulting in a refund as well as the implementation of the One Transmission Rate.

Nonoperating expenses were \$8 million higher than 2023.

- Interest expense was \$2 million lower because as long-term debt is paid down, interest payments decrease.
- Disbursements to AWBA are \$10 million higher because of long-term storage credit purchases.

	Full-Year					
<i>(Dollars in millions)</i>	2023		2024		Variance	
Operating Expenses						
Salary and related costs	\$	77	\$	84	\$	7 8.3%
Energy		50		52		2 3.8%
Amortization and depreciation		49		46		(3) (6.5%)
Other		79		56		(23) (41.1%)
		255		238		(17) (7.1%)
Nonoperating Expenses						
AWBA Disbursements		1		11		10 90.9%
Interest Expense		18		16		(2) (12.5%)
		19		27		8 29.6%
Total Expenses	\$	274	\$	265	\$	(9) (3.4%)



Statement of Revenues, Expenses and Change in Net Position

All Funds/Accounts

(Dollars in Thousands)

	2023 Actual	Full Year 2024			
		Total Spending		Variance	
		Actual	Authority	(\$)	(%)
Operating Revenues					
Water O&M charges	\$ 182,891	\$ 206,170	\$ 233,895	\$ (27,725)	(11.9%)
Water service capital charges	37,535	36,758	36,507	251	0.7%
Basin Development Fund revenues	5,039	11,841	6,699	5,142	76.8%
Other revenues	61,269	55,105	68,820	(13,715)	(19.9%)
Total Operating Revenues	\$ 286,734	\$ 309,874	\$ 345,921	\$ (36,047)	(10.4%)
Operating Expenses					
Salaries and related costs	(76,898)	\$ (84,396)	\$ (86,442)	\$ 2,046	2.4%
Energy	(50,082)	(52,469)	(66,412)	13,943	21.0%
Transmission	(14,938)	(7,145)	(15,388)	8,243	53.6%
Amortization	(21,782)	(18,126)	(18,126)	-	0.0%
Depreciation	(26,918)	(28,046)	(25,496)	(2,550)	(10.0%)
Other Operating Costs:					
Outside services	(42,969)	(29,757)	(45,431)	15,674	34.5%
Materials and supplies	(10,501)	(11,053)	(10,876)	(177)	(1.6%)
Water for underground storage	(8,353)	(1,807)	(1,844)	37	2.0%
Overhead	5,669	5,502	4,148	1,354	32.6%
Other expenses	(8,681)	(9,949)	(11,611)	1,662	14.3%
Subtotal other costs	(64,835)	(47,064)	(65,614)	18,550	28.3%
Total Operating Expenses	(255,453)	(237,246)	(277,478)	40,231	14.5%
Operating Income/(Loss)	\$ 31,281	\$ 72,628	\$ 68,444	\$ 4,184	6.1%
Nonoperating Revenues/(Expenses)					
Property taxes	97,291	\$ 96,612	\$ 104,377	\$ (7,765)	(7.4%)
Interest income and other	40,092	43,248	25,888	17,360	67.1%
Disbursements to AWBA	(541)	(11,284)	(711)	(10,573)	(1,487.3%)
Interest expense and other	(18,083)	(16,204)	(16,442)	238	1.4%
Total Nonoperating Revenues/(Expenses)	118,759	112,372	113,112	(740)	(0.7%)
Change in Net Position	150,040	185,000	181,556	3,444	1.9%
Net position at beginning of period	1,089,777	1,239,817	1,229,268	10,549	0.9%
Cumulative-effect of change in accounting princ	-	-	-	-	-
Net position at beginning of period -restated	1,089,777	1,239,817	1,229,268	10,549	0.9%
Net position at end of period	\$ 1,239,817	\$ 1,424,817	\$ 1,410,824	\$ 13,993	1.0%

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	\$ 206,170	\$ (14,155)	220,325	\$ -	\$ -	\$ -
Water service capital charges	36,758	(1,848)	38,606	-	-	-
Basin Development Fund Revenues	11,841	-	11,841	-	-	-
Other revenues	55,105	(13,115)	2,984	-	52,347	12,889
Total Operating Revenues	309,874	(29,118)	273,756	-	52,347	12,889
Operating Expenses						
Salaries and related costs	(84,396)	-	(83,050)	-	(1,346)	-
Energy	(52,469)	-	(52,469)	-	-	-
Transmission	(7,145)	-	(7,145)	-	-	-
Amortization	(18,126)	-	(18,126)	-	-	-
Depreciation	(28,046)	-	(27,985)	-	(61)	-
Other operating costs:						
Outside services	(29,757)	-	(28,487)	-	(1,026)	(244)
Materials and supplies	(11,053)	-	(11,053)	-	(0)	-
Water for recharge	(1,807)	16,228	-	-	(18,035)	-
Overhead	5,502	-	6,900	-	(1,398)	-
Other expenses	(9,949)	12,890	(11,752)	-	(186)	(10,901)
Subtotal other costs	(47,064)	29,118	(44,392)	-	(20,645)	(11,145)
Total Operating Expenses	(237,246)	29,118	(233,167)	-	(22,052)	(11,145)
Operating Income/(Loss)	72,628	-	40,589	-	30,295	1,744
Nonoperating Revenues/(Expenses)						
Property taxes	96,612	-	96,612	-	-	-
Interest income and other	43,248	(238)	36,808	490	5,767	421
Disbursements to AWBA	(11,284)	-	(11,284)	-	-	-
Interest expense and other	(16,204)	238	(16,109)	-	(333)	-
Total Nonoperating Revenues/(Expenses)	112,372	-	106,027	490	5,434	421
Change in Net Position	185,000	-	146,616	490	35,729	2,165
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	\$ 1,424,817	\$ (2,350)	1,035,125	\$ 9,513	\$ 367,006	\$ 15,523



Statement of Net Position

(Dollars in Thousands)

	2023	2024
ASSETS		
Current Assets		
Cash	\$ 15,576	\$ 19,429
Short Term Investments	219,966	269,147
Total cash and Short Term Investments	235,542	288,576
Receivables		
Due from water customers	15,436	3,585
Due from property taxes, less allowance for doubtful accounts	47,216	49,608
Other Receivables	21,678	22,085
Water inventory	241,367	245,447
Funds held by federal government	5,227	12,852
Other assets	3,653	3,165
Total Current Assets	570,119	625,318
Noncurrent Assets		
Long Term Investments	490,843	605,453
Restricted assets	122,026	131,134
Agriculture water rights	47,663	47,663
Capital assets, less accumulated depreciation	345,885	346,497
Permanent service right, less accumulated amortization	975,053	956,927
Other assets	5,869	1,839
Total Noncurrent Assets	1,987,339	2,089,513
TOTAL ASSETS	2,557,458	2,714,831
DEFERRED OUTFLOWS OF RESOURCES		
Pension & OPEB Valuation and Upfront Payments	10,363	16,366
Total Deferred Outflows of Resources	10,363	16,366
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,567,821	\$ 2,731,197

Statement of Net Position

(Dollars in Thousands)

	2023	2024
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 56,290	\$ 83,308
Accrued payroll, payroll taxes and other accrued expenses	11,078	5,387
Water operations, capital charges, and unearned revenue	44,075	47,794
Asset retirement obligation due within one year	2,559	203
Current liabilities payable from restricted assets, advances to federal government, and other Non-current assets:		
Accrued interest payable	17,293	15,865
Repayment obligation, due within one year	40,456	42,808
Contract revenue bonds, due within one year	5,725	5,910
Total Current Liabilities	177,476	201,275
Noncurrent Liabilities:		
Repayment obligation, due after one year	856,623	813,815
Contract revenue bonds, due after one year, net	39,036	32,625
Non-Indian agricultural 9(d) debt	88,689	88,689
Asset retirement obligation due after one year	21,235	21,870
Other non-current liabilities	84,776	98,646
Subtotal Noncurrent Liabilities	1,090,359	1,055,645
Total Liabilities	1,267,835	1,256,920
DEFERRED INFLOWS OF RESOURCES		
Customer Deposits	44,011	36,357
Deferred Inflow OPEB	11,991	7,490
Pension Valuation	4,167	5,613
Total Deferred Inflows of Resources	60,169	49,460
NET POSITION		
Net investment in capital assets	379,096	408,266
Restricted	104,734	115,268
Unrestricted	755,987	901,283
Total Net Position	1,239,817	1,424,817
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,567,821	\$ 2,731,197

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 short term investments	\$ 288,576	\$ -	\$ 201,021	\$ -	\$ 70,958	\$ 16,597
Receivables	75,278	(7,353)	68,289	-	14,342	-
Water inventory	245,447	-	22,201	-	223,246	-
Funds held by / advanced to federal government	12,852		12,852			
Other	3,165	(913)	1,553	-	2,385	140
Total Current Assets	625,318	(8,266)	305,916	-	310,931	16,737
Noncurrent Assets						
Long Term Investments and restricted assets	736,587	(2,350)	665,835	9,513	61,339	2,250
Agriculture water rights	47,663	-	47,663	-	-	-
Capital assets, less accumulated depreciation	346,497	-	321,162	-	25,335	-
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	2,089,513	(2,350)	1,993,426	9,513	86,674	2,250
TOTAL ASSETS	2,714,831	(10,616)	2,299,342	9,513	397,605	18,987
DEFERRED OUTFLOWS OF RESOURCES	16,366	-	16,366	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 2,731,197	\$ (10,616)	\$ 2,315,708	\$ 9,513	\$ 397,605	\$ 18,987

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	\$ 88,695	\$ (7,508)	\$ 68,947	\$ -	\$ 23,792	\$ 3,464
Water operations and capital charges deferred revenue	44,909	-	44,909	-	-	-
Accrued Decommissioning - Current	203		203			
Other current liabilities	64,583	(758)	61,419	-	3,922	-
Total Current Liabilities	198,390	(8,266)	175,478	-	27,714	3,464
Noncurrent Liabilities						
Asset retirement obligation due after one year	21,870		21,870			
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	98,646	-	98,646	-	-	-
Total Noncurrent Liabilities	1,055,645	-	1,055,645	-	-	-
Total Liabilities	1,254,035	(8,266)	1,231,123	-	27,714	3,464
DEFERRED INFLOWS OF RESOURCES						
Customer Deposits and Upfront Payments	36,357	-	36,357	-	-	-
Deferred Inflow OPEB	7,490		7,490			
Pension Valuation	5,613	-	5,613	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	49,460	-	49,460	-	-	-
NET POSITION						
Net Investment in capital assets	408,266	-	386,806	-	21,460	-
Restricted	115,268	-	65,479	9,513	38,026	2,250
Unrestricted	901,283	(2,350)	582,840	-	307,520	13,273
TOTAL NET POSITION	1,424,817	(2,350)	1,035,125	9,513	367,006	15,523
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 2,728,312	\$ (10,616)	\$ 2,315,708	\$ 9,513	\$ 394,720	\$ 18,987

2024 Spending Authority

(Dollars in Thousands)

	General Fund Operating ¹	CAGRD Operating ²	Captive Insurance Fund	Capital Budget
Board Approved Budget	\$ 189,859	\$ 4,817	\$ 11,917	\$ 31,424
(no additional spending authority)				
Accounting Changes & Adjustments:				
Final Spending Authority	\$ 189,859	\$ 4,817	\$ 11,917	\$ 31,424
Actual operating expenses	\$ 173,553	\$ 4,017	\$ 11,145	\$ 28,814
Variance (\$) Fav/(Unfav)	\$ 16,306	\$ 800	\$ 772	\$ 2,610
Variance (%)	8.6%	16.6%	6.5%	8.3%

NOTES

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

² CAGRD water for recharge to meet obligations is excluded.

Annual Repayment Obligation

Master Repayment Contract (Accrual Basis)

(Dollars in Thousands)

	2023	2024		Variance	Notes
	Actual	Actual	Budget	(\$)	
Sources of Funds					
Net line rental revenue	2,925	4,371	2,770	1,601	A
Hoover 4.5 mil surcharge	2,587	2,847	2,049	798	B
Parker-Davis	2,721	2,673	1,847	826	B
Net CAP transmission revenues including line losses	(4,332)	2,085	(692)	2,777	C
Land-related revenues:					
Land use (net)	1,195	524	725	(201)	
Land sales (net)	-	-	-	-	
Interest on deposits	131	353	135	218	D
Total Credits Toward Repayment	\$ 5,227	\$ 12,852	\$ 6,834	\$ 6,018	
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)	\$ (44,981)	\$ (50,999)	\$ 6,018	
CAP NGS Energy & Navajo Transmission Reconciliation	\$ (57)	\$ (659)	\$ -	\$ (659)	
Net Funds Due to/from Federal Government	\$ (51,644)	\$ (45,640)	\$ (50,999)	\$ 5,359	

Notes:

- A Navajo miscellaneous revenue transferred from WAPA much higher than expected
- B Hoover and Parker-Davis surcharge revenues over budget due to higher than projected kilowatt hour usage
- C Received \$976k from SRP for NGS coal expense reconciliation; additionally, "One Transmission Rate" provides revenue significantly higher than budgeted amount
- D Interest exceeds budget as CAP has received earnings for prior years' prepayments of capital project funding

Staffing - Average Full Time Equivalent (FTE)

	2023	2024		Variance	
		Actual	Budget	FTEs	% (*)
Management Council	11.0	11.0	13.0	2.0	15.4%
<i>AGM - Finance & Admin Group</i>					
Finance & Administration					
Finance & Accounting	20.7	20.7	21.0	0.3	1.4%
Supply Chain & Facilities	27.0	26.2	27.0	0.8	3.0%
Total Finance and Administration	47.7	46.9	48.0	1.1	2.3%
Technology & Governance					
Analytics	8.5	9.0	9.0	-	0.0%
Information Technology	27.4	28.5	29.0	0.5	1.7%
Enterprise Security	11.2	11.7	12.0	0.3	2.8%
Total Technology & Governance	47.1	49.2	50.0	0.8	1.7%
Employee Services					
Cent Learning & Development	5.0	5.8	6.0	0.2	3.5%
Environment, Health & Safety	9.7	10.9	11.0	0.1	1.3%
Human Resources	7.3	7.5	7.5	(0.0)	(0.1%)
Total Employee Services	22.0	24.2	24.5	0.3	1.4%
<i>AGM - Water Policy Group</i>					
Water Policy					
CAGR	9.1	8.2	9.0	0.8	8.7%
Water Policy	8.8	9.0	10.0	1.0	10.0%
Total Water Policy	17.9	17.2	19.0	1.8	9.4%
General Counsel	5.0	6.0	6.0	-	0.0%
Public & Intergov't Affairs	16.4	16.7	17.0	0.3	1.8%
<i>AGM - Ops & Engineering Group</i>					
Centralized Maint & Reliability					
Centralized Maintenance	66.9	67.2	71.0	3.8	5.4%
Maintenance Control	38.9	41.4	43.0	1.6	3.7%
Total Centralized Maint & Reliability	105.8	108.6	114.0	5.4	4.8%
Field Maintenance					
Operational Technology	36.7	37.5	38.0	0.5	1.4%
South Area Maintenance	43.0	42.5	45.0	2.5	5.6%
West Area Maintenance	45.8	45.5	46.0	0.5	1.1%
Total Field Maintenance	125.5	125.5	129.0	3.5	2.7%
Operations and Engineering					
Engineering	62.2	65.6	65.0	(0.6)	(0.9%)
Power Program Admin	2.1	2.0	2.0	-	0.0%
Water Operations	23.2	22.5	23.0	0.5	2.1%
Total Operations and Engineering	87.5	90.1	90.0	(0.1)	(0.1%)
Vacancy/Salary Savings Equivalent		-	(15.0)	(15.0)	100.0%
Total FTE	485.9	495.3	495.5	0.2	0.0%

General Fund

In 2024, General Fund net position increased \$147 million compared to a budgeted increase of \$135 million. Revenues were \$16 million lower than budget; expenses were \$28 million lower than budget.

The discussion on pages 20-21 summarizes the General Fund's 2024 budget performance and 2024 vs. 2023.

GENERAL FUND Budget Performance - Full Year 2024

<i>(Dollars in thousands)</i>	Actual	Budget	Variance	
Revenues	\$ 407,176	\$ 423,134	\$ (15,958)	(3.8%)
Expenses	(260,560)	(288,479)	27,919	9.7%
Change in Net Position	146,616	134,655	11,961	
Beginning Net Position	888,509	877,540	10,969	
Ending Net Position	\$ 1,035,125	\$ 1,012,195	\$ 22,930	

GENERAL FUND 2023 v. 2024

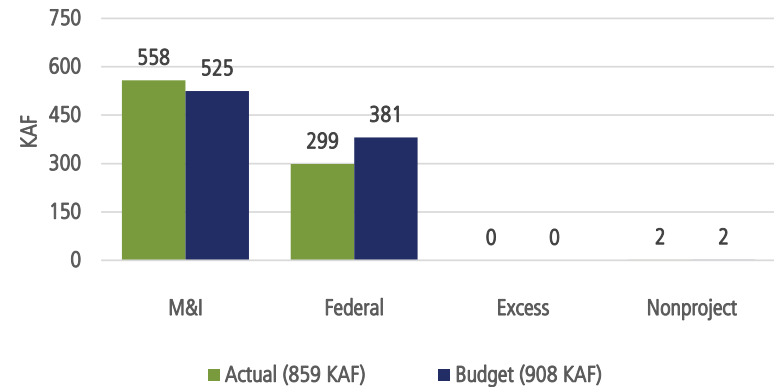
<i>(Dollars in thousands)</i>	2023	2024	Variance	
Revenues	\$ 375,191	\$ 407,176	\$ (31,985)	(7.9%)
Expenses	(265,123)	(260,560)	(4,563)	(1.8%)
Change in Net Position	110,068	146,616	(36,548)	
Beginning Net Position	778,441	888,509	(110,068)	
Ending Net Position	\$ 888,509	\$ 1,035,125	\$ (146,616)	

Water Deliveries

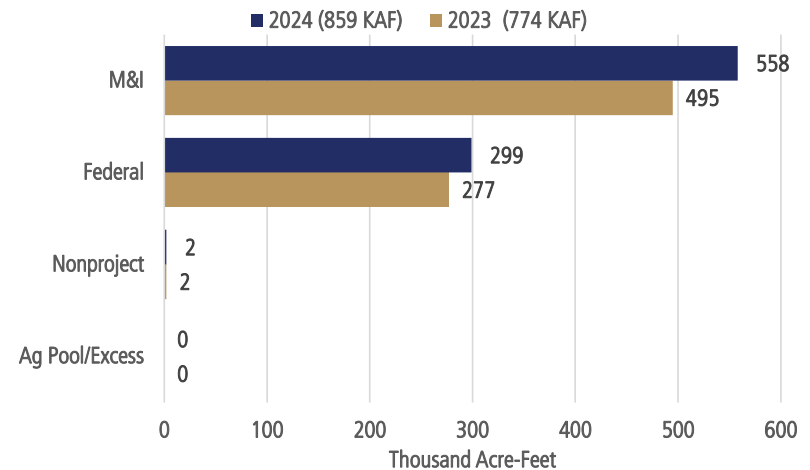
Total 2024 water deliveries were 859 thousand acre-feet, 49 thousand acre-feet lower than budget because of system conservation agreements that were not in place when the budget was completed.

Total 2024 water deliveries were 85 thousand acre-feet higher than total 2023 water deliveries. M&I deliveries were 63 thousand acre-feet higher than 2023; federal deliveries were 22 thousand acre-feet higher than 2023. Nonproject deliveries were unchanged.

Water Deliveries 2024



Water Deliveries - 2024 vs. 2023



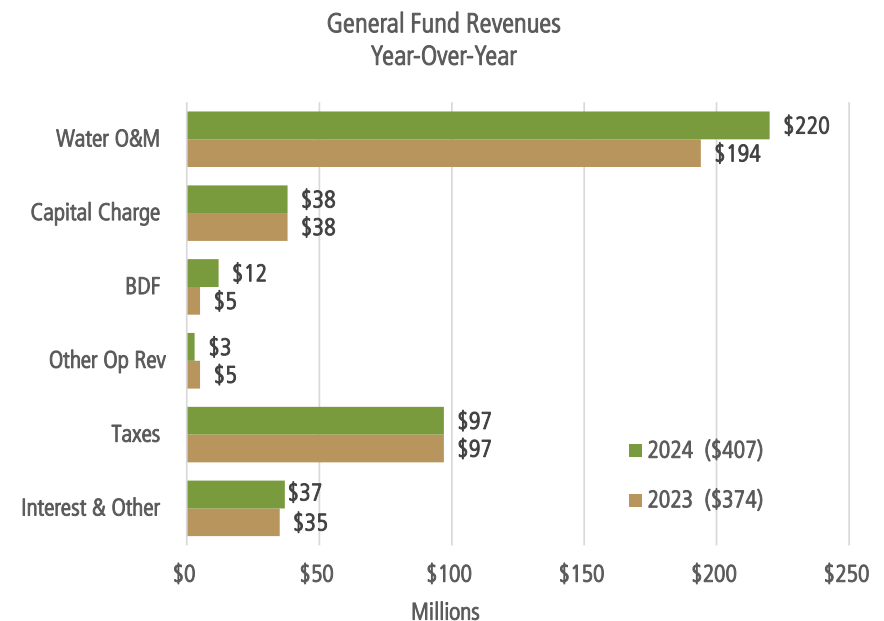
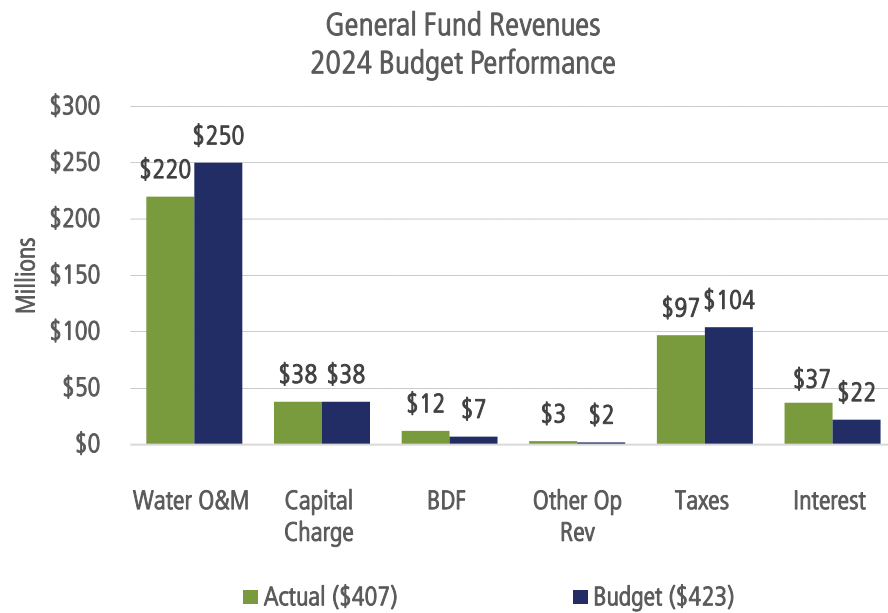
General Fund Revenues

2024 Budget Performance: General Fund revenues were \$407 million, \$16 million lower than budget.

- Water O&M revenues were \$30 million lower than budget because of lower delivery volumes due to system conservation agreements that weren't in place when the budget was completed.
- Basin Development Fund (BDF) revenues were \$5 million higher than budget due to a Navajo Generating Station reconciliation resulting in a refund as well as the One Transmission Rate providing revenues significantly higher than budgeted.
- Taxes were \$7 million lower than budget primarily due to the Qasimyar class action lawsuit in Maricopa County resulting in recoupment of prior tax revenues.
- Interest and other revenues were \$15 million higher than budget because of a favorable economic environment.

Year-Over-Year Comparison: 2024 General Fund revenues were \$407 million, \$33 million more than 2023.

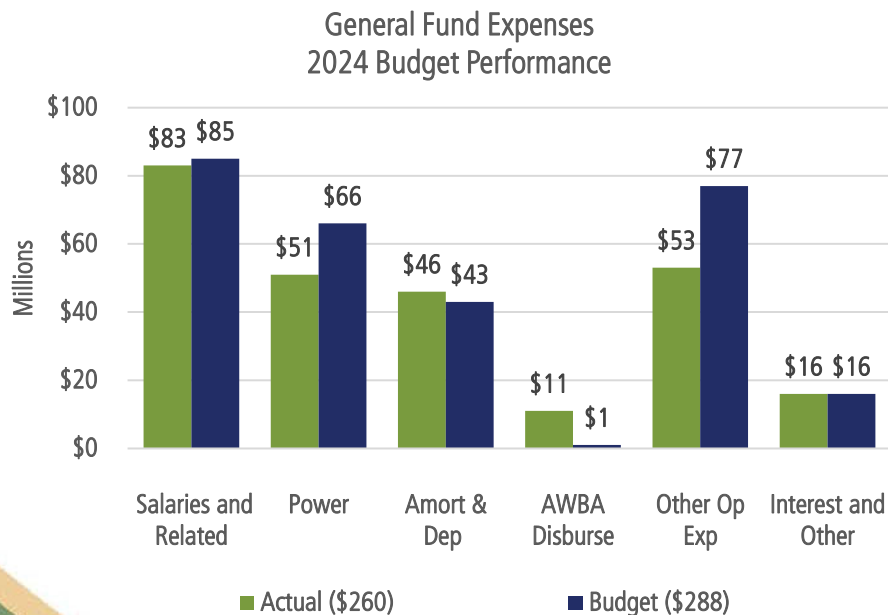
- Water O&M revenues were \$26 million higher due to increased water delivery costs and use of taxes in 2023.
- BDF revenues were \$7 million higher because of increased transmission revenue as a result of the One Transmission Rate.
- All other General Fund revenue categories were at or near budget.



General Fund Expenses

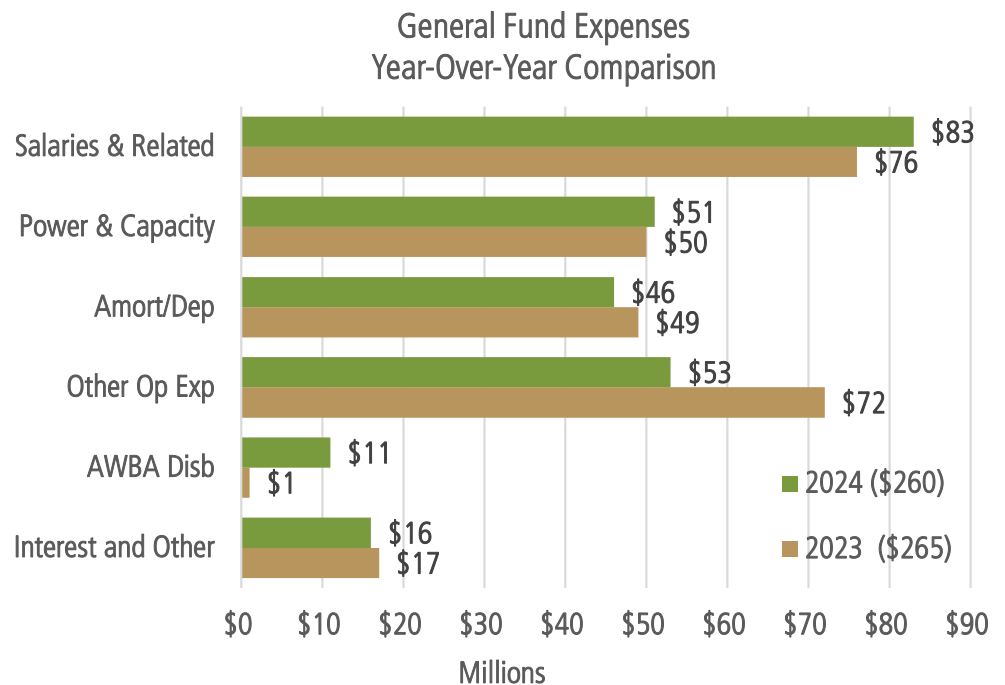
2024 Budget Performance: General Fund expenses were \$260 million, \$28 million lower than budget.

- Energy expenses were \$15 million lower than budget because natural gas prices were lower than expected, shaping opportunities, and favorable summer sales.
- Other operating were \$24 million lower than budget, mostly because outside services were \$16 million lower than budget because some conservation programs were ultimately federally funded; generally lower-than-expected conservation program costs; and lower recovery project expenses. Transmission expenses were \$8 million lower than budget due to the El Paso Electric Settlement refund and WAPA completing a reconciliation of 2023 activity resulting in a refund as well as the implementation of the One Transmission Rate.
- Disbursements to the AWBA were \$10 million higher than budget because of a long-term storage credit purchase that was not expected when the budget was prepared.



Year-Over-Year Comparison: 2024 General Fund expenses were \$260 million, \$5 million less than 2023.

- Salaries and related expenses were \$7 million higher primarily because of salary increases.
- Other operating expenses were \$19 million lower, because of the El Paso Electric Settlement refund and WAPA completing a reconciliation of 2023 activity resulting in a refund as well as the implementation of the One Transmission Rate and lower system conservation expenses.
- Disbursements to the AWBA were \$10 million higher than budget because of a long-term storage credit purchase.



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 at target at year-end. The Extraordinary Cost Reserve (ECR) at the end of 2024 was \$326 million.

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
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Total Working Capital Target	\$91
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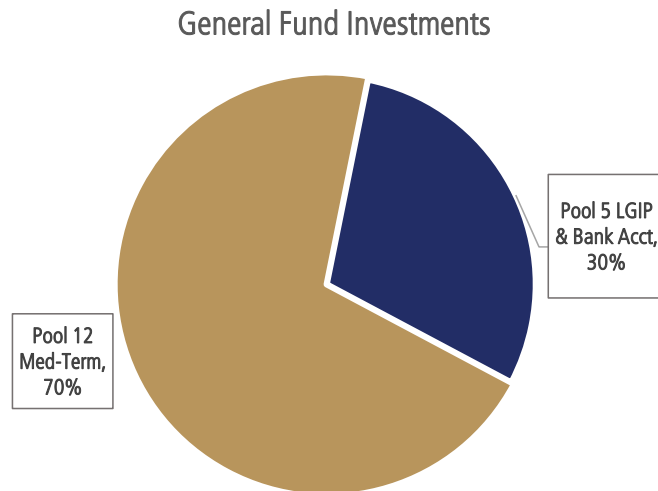
General Fund Cash and Investments

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

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

The average investment yields for funds invested with the State Treasurer through December 2024 was 3.69% for pool 12 and 5.17% 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

	Market Value as of	
<i>(Dollars in millions)</i>	12/31/24	12/31/23
Strategic Reserves		
Restricted Reserves		
Major Repair & Replacement Reserve	-	-
Assigned Reserves		
Capital Reserve	73	73
Operating Reserve	85	80
Contingency Reserve	8	8
Total Strategic Reserves	166	161
Working Capital	\$ 91	\$ 89
Extraordinary Cost Reserves	\$ 326	\$ 273
Other Reserves		
Navajo Decommissioning	\$ 18	\$ 18
Repayment Reserve	39	38
Emergency OM&R Reserve	7	7
System Use Reserve	4	4
Tribal ICS Reserve	36	34
Voluntary Rate Stabilization	-	7
Bond Reserve	7	7
9(d) Debt Reserve	27	22
Recovery Reserve	6	7
Recharge O & M	9	8
Total Other Reserves	153	152
Total Reserves	\$ 736	\$ 675

Statement of Revenues, Expenses and Change in Net Position

General Fund

(Dollars in Thousands)

	2023	Full Year 2024				Notes
	Actual	Actual	Budget	Variance		
				(\$)	(%)	
Water Deliveries (acre-feet in thousands)	645	859	908	(49)	(5.4%)	A
Operating Revenues						
Water O&M charges	\$ 194,419	220,325	\$ 250,185	\$ (29,860)	(11.9%)	A
Water service capital charges	38,463	38,606	38,564	42	0.1%	
Basin Development Fund Revenues	5,039	11,841	6,699	5,142	76.8%	B
Other revenues	5,026	2,984	1,561	1,423	91.2%	C
Total Operating Revenues	242,947	273,756	297,009	(23,253)	(7.8%)	
Operating Expenses						
Salaries and related costs	(75,567)	(83,050)	(85,027)	1,977	2.3%	
Energy	(50,082)	(52,469)	(66,412)	13,943	21.0%	D
Transmission	(14,938)	(7,145)	(15,388)	8,243	53.6%	E
Amortization of Permanent Service Right	(21,782)	(18,126)	(18,126)	-	0.0%	
Depreciation and Amortization	(26,857)	(27,985)	(25,435)	(2,550)	(10.0%)	F
Other operating costs:						
Outside services	(43,523)	(28,487)	(43,482)	14,995	34.5%	G
Materials and supplies	(10,501)	(11,053)	(10,876)	(177)	(1.6%)	
Overhead	7,112	6,900	5,630	1,270	22.6%	
Other expenses	(10,965)	(11,752)	(12,543)	791	6.3%	
Total other operating expenses	(57,877)	(44,392)	(61,271)	16,879	27.5%	
Total Operating Expenses	(247,103)	(233,167)	(271,659)	38,492	14.2%	
Operating Income/(Loss)	(4,156)	40,589	25,351	15,239	60.1%	
Nonoperating Revenues/(Expenses)						
Property taxes	97,291	96,612	104,377	(7,765)	(7.4%)	
Interest income and other	34,953	36,808	21,748	15,060	69.2%	H
Disbursements to AWBA	(541)	(11,284)	(711)	(10,573)	(1487.3%)	I
Interest expense and other	(17,479)	(16,109)	(16,109)	-	0.0%	
Net Nonoperating Income/(Loss)	114,224	106,027	109,305	(3,278)	(3.0%)	
Change in Net Position	110,068	146,616	134,656	11,960	8.9%	
Net Position at beginning of period	778,441	888,509	877,540	10,969	1.2%	
Net Position at end of period	\$ 888,509	1,035,125	\$ 1,012,196	\$ 22,929	2.3%	

Statement of Revenues, Expenses and Change in Net Position

General Fund

Notes

- A **Water O&M Charges:** 2024 water deliveries were 49 KAF lower than budget because of additional system conservation agreements, which contributes to O&M Revenue being \$29.8 million lower than budget for the year. In addition, energy costs are lower than budget, which results in lower water delivery revenues.
- B **Basin Development Fund Revenues:** 2024 BDR revenues \$5.1 million higher than budget due to new CAP "One Transmission Rate," higher than expected Navajo miscellaneous revenue, and Navajo Generating Station expense refund from SRP.
- C **Other Revenues:** 2024 other revenues are \$1.4 million higher than budget, primarily because of higher recharge revenues and renewable energy credits than budgeted.
- D **Energy:** Due to the shortage and conservation & preservation agreements, this caused lower diversions and lower water deliveries, which created 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 totals include 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. The El Paso Electric Settlement Agreement for years 2022-2024 resulted in an approximate refund of \$4.5 million.
- 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 are \$14.9 million lower than budget, mostly because some conservation programs were ultimately federally funded; generally lower-than-expected conservation program costs; and lower recovery expenses.
- H **Interest and Other Income:** Full-year actual higher than budget because of a favorable economic environment.
- I **Disbursements to the AWBA:** Higher than budget because Water Bank purchased long-term storage credits that were not expected when budget was created.

Water Volumes

(in Acre-Feet)

	2023 Actual	Full Year 2024				Notes
		Actual	Budget	Variance		
				(A/F)	(%)	
PROJECT WATER DELIVERIES				-		
Municipal & Industrial Water Subcontract	494,844	557,725	525,571	32,154	6.1%	
Federal Contract	277,478	298,940	380,931	(81,991)	(21.5%)	
Subtotal Project Water Deliveries	772,322	856,665	906,502	(49,837)	(5.5%)	A
NONPROJECT WATER DELIVERIES						
Firming - Federal	1,040	1,040	1,040	-	0.0%	
Firming - CAWCD	-	-	-	-	-	
Other Wheeled Water-Federal	943	943	943	-	0.0%	
Other Wheeled Water - CAWCD	-	-	-	-	-	
Subtotal Nonproject Water	1,983	1,983	1,983	-	0.0%	
Total Water Deliveries	774,305	858,648	908,485	(49,837)	(5.5%)	
Transfer of credits to CAGR	11,084	10,261	14,194	(3,933)	(27.7%)	
Take or Pay/Adjustment	20,203	15,028	-	15,028	-	
Billed Fixed OM&R Water Volumes	805,592	883,937	922,679	(38,742)	(4.2%)	

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)

	2023 Actual	Full Year 2024				Notes
		Actual	Budget	Variance		
				(\$)	(%)	
PROJECT WATER REVENUES						
Municipal & Industrial Water Subcontract	\$ 120,138	\$ 139,570	\$ 142,509	\$ (2,939)	(2.1%)	
Federal Contract	67,366	74,803	103,289	(28,486)	(27.6%)	
Subtotal Project Water Deliveries	187,504	214,373	245,798	(31,425)	(12.8%)	A
Excess - There were no excess water delivery revenues in 2024.						
NONPROJECT WATER REVENUES						
Firming - Federal	252	281	282	(1)	(0.4%)	
Firming - CAWCD		-	-	-	-	
Other Wheeled Water-Federal	229	255	256	(1)	(0.4%)	
Other Wheeled Water - CAWCD		-	-	-	-	
Subtotal Nonproject Water Revenues	481	536	538	(2)	(0.4%)	
Water O&M Charges before adjustments	187,985	214,909	246,336	(31,427)	(12.8%)	
Misc. Adjustments			-	-	-	
Transfer of credits to CAGR	2,691	2,582	3,849	(1,267)	(32.9%)	
Take/Pay Adj.	3,743	2,886	-	2,886	-	
Total Water O&M Charges	\$ 194,419	\$ 220,377	\$ 250,185	\$ (29,808)	(11.9%)	
CAPITAL & FACILITY USE CHARGES						
M&I subcontractors	37,763	37,787	37,762	25	0.1%	
M&I nonsubcontract	587	544	752	(208)	(27.7%)	
Facility Use Charges - Pima & Maricopa (interstate)	-	-	-	-	-	
Facility Use Charges - Nonproject Water	50	25	50	(25)	(50.0%)	
Underground storage facilities	63	250	-	250	-	
Total Capital & Facility Use Charges	\$ 38,463	\$ 38,606	38,564	\$ 42	0.1%	

A

The lower total water delivery revenue is because of system conservation agreements that were 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

	2023 Actuals	Full Year 2024				Notes
		Actual	Budget	Variance		
				(Amount)	(%)	
ENERGY (MWH)						
Waddell	29,671	28,911	30,017	1,106	3.7%	
Hoover	107,136	123,433	116,247	(7,186)	(6.2%)	
Long-term contracts	341,012	375,816	464,474	88,658	19.1%	
Market Purchases	1,012,578	1,071,863	1,078,541	6,678	0.6%	
Total MWH	1,490,397	1,600,023	1,689,279	89,256	5.3%	
ENERGY RATE (\$/MWH)						
Waddell	\$ -	\$ -	\$ -	\$ -	0.0%	
Hoover	46.97	45.37	48.49	3.12	6.4%	
Long-term contracts	44.53	31.98	51.18	19.20	37.5%	A
Market Purchases	31.11	30.19	34.22	4.03	11.8%	B
Weighted Average (\$/MWH)	\$ 35.41	\$ 31.81	\$ 39.97	\$ 8.16	20.4%	
ENERGY COSTS (\$000)						
Waddell	\$ -	\$ -	\$ -	\$ -	0.0%	
Hoover	5,032	5,600	5,637	37	0.7%	E
Long-term contracts	15,186	12,018	23,770	11,752	49.4%	A, E
Market Purchases	31,505	32,357	36,909	4,552	12.3%	B
Gross Energy Costs (\$000)	\$ 51,723	\$ 49,975	\$ 66,316	\$ 16,341	24.6%	
Energy Scheduling Services	\$ 850	\$ 803	\$ 892	\$ 89	10.0%	
MWD Agreement Expense	39	101	80	(21)	(26.3%)	
Lake Pleasant Adjustment	(2,845)	971	1,637	666	40.7%	C
Lake Roosevelt Adjustment	315	619	761	142	18.7%	C
Total Energy (\$000)	\$ 50,082	\$ 52,469	\$ 69,685	\$ 17,216	24.7%	
TRANSMISSION ADJUSTMENT						
Elec Trans-Losses	\$ 3,613	\$ 2,207	\$ 3,798	\$ 1,591	41.9%	D
Elec Trans-SRP SALT GILA	120	66	249	183	73.5%	D
Elec Trans-Brady/Pichacho/RR	343	-	-	-	0.0%	D
Elec Trans-WECC Trans	171	191	177	(14)	-7.9%	D
Total Transmission Adjustment (\$000)	\$ 4,247	\$ 2,464	\$ 4,224	\$ 1,760	41.7%	
OTHER ADJUSTMENT						
Other Income	\$ (514)	(956)	-	956	0.0%	E
Total Energy, Transmission & Other Adjustments (\$000)	\$ 53,814	\$ 53,977	\$ 73,909	\$ 19,932	27.0%	

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, lower diversions and lower water deliveries created 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 impacted the energy rate. This included 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 contributed 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 decreased 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)

	2023 Actual	Full Year 2024				Notes
		Actual	Budget	Variance (\$)	(%)	
Water Deliveries <i>(KAF)</i>	70	97	55	42	76.4%	A
Revenues						
Other revenues	\$ 969	\$ 1,381	\$ 793	\$ 588	74.1%	A
Total Revenues	969	1,381	793	588	74.1%	
Expenses						
Salaries and related costs	(99)	(185)	(23)	(162)	(704.3%)	B
Other operating costs:						
Outside services	(103)	(76)	(205)	129	62.9%	
Materials and supplies	(51)	(68)	(17)	(51)	(300.0%)	
Other expenses	(374)	(632)	(219)	(413)	(188.6%)	C
Total other operating costs	(528)	(776)	(441)	(335)	(76.0%)	
Total Expenses	(627)	(961)	(464)	(497)	(107.1%)	
Change in Net Position	342	420	329	91	27.7%	
Net position at beginning of period	8,021	8,363	8,108	255	3.1%	
Net position at end of period	\$ 8,363	\$ 8,783	\$ 8,437	\$ 346	4.1%	
Expense Summary						
Aqua Fria	\$ (44)	\$ (66)	\$ (17)	\$ (49)	(288.2%)	
Hieroglyphic Mountains	(137)	(333)	(59)	(274)	(464.4%)	D
Lower Santa Cruz	(99)	(207)	(122)	(85)	(69.7%)	E
Pima Mine Road	(140)	(104)	(60)	(44)	(73.3%)	
Superstition Mountain	(200)	(205)	(203)	(2)	(1.0%)	
Tonopah Desert	(7)	(46)	(3)	(43)	(1433.3%)	F
Total Expenses	\$ (627)	\$ (961)	\$ (464)	\$ (497)	(107.1%)	

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 42 KAF higher than budget. As a result, revenue is \$588 thousand higher than budget.
- B **Salaries and Related Costs:** Full-year expenses were \$162 thousand higher than budget due to an increase in deliveries and unplanned maintenance which requires more FTEs.
- C **Other Expenses:** YTD expenses are \$413 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.
- D **Hieroglyphic Mountains:** Full-year expenses are \$274 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.
- E **Lower Santa Cruz:** Full-year expenses are \$85 thousand higher than budget because of unplanned maintenance work. which requires more FTEs (increase in salaries and overhead) and materials and supplies.
- F **Tonopah Desert:** Full-year expenses are \$43 thousand higher than budget because of increased engineering services to support a permit renewal.



Underground Storage—Recovery

(Dollars in Thousands)

	2023 Actual	Full Year 2024				Notes
		Actual	Budget	Variance		
				(\$)	(%)	
Revenues						
Other revenues	\$ 129	\$ 32				
Total Revenues	129	32	-	-	-	
Expenses						
Salaries and related costs						
Other operating costs:						
Outside services	(402)	(260)	(1,500)	1,240	82.7%	
Materials and supplies						
Other expenses		(1)	-	(1)		
Total other operating costs	(402)	(261)	(1,500)	1,239	82.6%	
Total Expenses	(402)	(261)	(1,500)	1,239	82.6%	
Change in Net Position	(273)	(229)	(1,500)	1,239	82.6%	
Net position at beginning of period	-	(273)		(273)		
Net position at end of period	\$ (273)	\$ (502)	\$ (1,500)	\$ 966	(64.4%)	
Expense Summary						
Aqua Fria						
Hieroglyphic Mountains						
Lower Santa Cruz						
Pima Mine Road						
Superstition Mountain						
Tonopah Desert		\$ (261)	\$ (1,500)	\$ 1,239	82.6%	A
Total	\$ -	\$ (261)	\$ (1,500)	\$ 1,239	82.6%	

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)

	Actual	Published	Budget
General Fund Operating Expenses	\$ 233,167	\$ 265,868	\$ 271,658
Adjustments for O&M Expenses			
Depreciation & Amortization	(46,111)	(48,207)	(43,560)
Energy	(52,469)	(65,698)	(66,412)
Transmission & Other Adjustments	(1,509)	(4,520)	(4,224)
Underground storage site O&M	(961)	(1,737)	(464)
Extraordinary Maintenance (when part of "Big R")	(2,413)	(10,318)	(2,503)
Other income	(863)	(487)	(768)
Compensated Mitigation (Funded by 'Big R')	(641)	-	(1,660)
Programs Funded by Water Storage Tax Reserve	(1,663)	(1,000)	(2,000)
Programs Funded by Recovery Reserve	(261)	(3,000)	(1,500)
Programs Funded by Extraordinary Cost Reserve	(800)	(1,358)	(12,385)
Total Adjustments	(107,690)	(136,325)	(135,476)
Fixed O&M Expenses	\$ 125,477	\$ 129,543	\$ 136,182
Energy, Transmission & Other Adjustments			
Energy	\$ 52,469	\$ 65,698	\$ 66,412
Transmission & Other Adjustments	1,509	4,520	4,224
Total Energy, Transmission & Other Adjustments	\$ 53,978	\$ 70,218	\$ 70,636

2024 Rate Reconciliation

(Dollars in Thousands)

Subcontract / Federal Rates

	Actual	Published	Budget	Variance Publ vs Proj	Variance Bdgt vs Proj
Water Delivery Costs (Thousands)					
Fixed O&M Expenses	\$ 125,477	\$ 129,543	\$ 136,182	\$ 4,066	\$ 10,705
Total Energy & Transmission Adjustment Expenses	53,978	70,218	70,636	16,241	16,659
Water Delivery (Acre-Feet)					
Billed Fixed OM&R Water Volume	883,937	898,801	922,679	14,864	38,742
Pumping Energy Rate Water Volume	868,909	898,801	922,679	29,892	53,770
Water Delivery Rate (\$/AF)					
Calculated Fixed O&M Rate	\$ 141.95	\$ 145.00	\$ 147.59	\$ 3.05	\$ 5.64
Capital Replacement Component ("Big R")	47.00	47.00	47.00	-	-
Total Fixed OM&R	188.95	192.00	194.59	3.05	5.64
Calculated Pumping Energy Rate	62.12	78.00	76.56	15.88	14.44
Total Pumping Energy Rate 1 ^A	62.12	78.00	76.56	15.88	14.44
Total Delivery Rate	\$ 251.07	\$ 270.00	\$ 271.15	\$ 18.93	\$ 20.08

Long Term Contract reconciliation-Fixed OM&R (\$000)- (refund)/bill	\$ (2,696)
Long Term Contract reconciliation-Energy (\$000)- (refund)/bill	\$ (13,798)
Total Long Term Contract reconciliation (\$000)- (refund)/bill	\$ (16,494)

Note:

- A The 2020 Voluntary Rate Stabilization program, for those entities that participated, resulted in an \$11/acre-foot reduction in the pumping energy rate. The reconciliation is \$17.69/acre-foot reduction. The figures above does not include this reduction.



Extraordinary Maintenance Projects

(Dollars in Thousands)

Expenses

Salaries and related costs

Other operating costs:

Outside services

Materials and supplies

Other expenses/overhead

Subtotal

Total Expenses

Full Year 2024			
Actual	Budget	Variance	
		(\$)	(%)
(306)	(215)	(91)	(42.3%)
(1,775)	(2,060)	285	13.8%
(17)	(2)	(15)	(750.0%)
(315)	(226)	(90)	(39.7%)
(2,107)	(2,288)	181	7.9%
\$ (2,413)	\$ (2,503)	\$ 90	3.6%

A

EM-Reline Discharge Lines & Manifolds at Salt Gila

2024 Projection	Balance Remaining	Projection	Budget	Additional Spending	Total Spending	Variance (\$)	Variance (%)
\$ (2,413)	\$ (2,708)	\$ (5,121)	\$ (5,028)	\$ -	\$ (5,028)	\$ (93)	(1.8%)
Total	\$ (2,413)	\$ (5,121)	\$ (5,028)	\$ -	\$ (5,028)	\$ (93)	(1.8%)

Notes

B

Notes:

A Contractor lowered expected costs, to \$1.75M/year. Other costs savings realized are keeping project under budget.

B Reline project at Salt Gila pumping plant accommodated additional inspector for 10 weeks. This is a "Big R" funded project.



Central Arizona Groundwater Replenishment District (CAGRDR)

BUDGET PERFORMANCE - Full Year 2024

(Dollars in Thousands)	Actual	Budget	Change	
Revenues	\$ 58,114	\$ 71,116	\$ (13,002)	(18%)
Expenses	(22,385)	(25,341)	2,956	12%
Change in Net Position	35,729	45,775	(10,046)	(22%)
Beginning Net Position	331,277	332,372	(1,095)	
Ending Net Position	\$ 367,006	\$ 378,147	\$ (11,141)	

Total Revenues

Total 2024 CAGRDR revenues were \$58.1 million, \$13.0 million lower than budget.

The full-year operating revenue was \$14.9 million lower than budget.

- Rate revenue was \$11.5 million lower than budget because of lower obligation than estimated in the budget.
- Fee revenue was \$2.3 million lower than budget primarily due to lower activations than expected
- Dues revenue was \$1.1 million lower than budget because of lower total infrastructure and water rights revenues.

Nonoperating income (interest) was \$1.9 million higher than budget because of a favorable economic environment.

Total Expenses

Total CAGRDR expenses were \$22.4 million for the year, \$3 million lower than budget, primarily because water expenses were \$2.1 million lower and outsidess services were \$0.7 million lower that 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 D

(Dollars in Thousands)

		Full Year 2024				
	2023 Actual	Variance				Notes
		Actual	Budget	(\$)	(%)	
Operating Revenues						
Other operating revenue						
Revenue-Rates	\$ 26,076	\$ 26,752	\$ 38,224	\$ (11,472)	(30.0%)	
Revenue-Fees	16,648	15,644	17,915	(2,271)	(12.7%)	
Revenue-Dues	11,249	9,951	11,120	(1,169)	(10.5%)	
Total other operating revenue	53,973	52,347	67,259	(14,912)	(22.2%)	
Miscellaneous revenue	3,511	-	-	-		
Total Operating Revenues	57,484	52,347	67,259	(14,912)	(22.2%)	A
Operating Expenses						
Salaries and related costs	(1,331)	(1,346)	(1,415)	69	4.9%	
Depreciation	(61)	(61)	(61)	-	0.0%	
Other operating costs:						
Outside services	(377)	(1,026)	(1,674)	648	38.7%	B
Water for underground storage	(20,880)	(18,035)	(20,191)	2,156	10.7%	C
Materials and supplies	-	(0)	-	(0)		
Overhead	(1,443)	(1,398)	(1,482)	84	5.7%	
Other expenses	(171)	(186)	(185)	(1)	(0.5%)	
Total other operating costs	(22,871)	(20,645)	(23,532)	2,887	12.3%	
Total Operating Expenses	(24,263)	(22,052)	(25,008)	2,956	11.8%	
Net Operating Income/(loss)	33,221	30,295	42,251	(11,956)	(28.3%)	
Nonoperating Revenues/(Expenses)						
Interest income and other	4,706	5,767	3,857	1,910	49.5%	D
Interest expense and other	(604)	(333)	(333)	-	0.0%	
Net Nonoperating Income/(Loss)	4,102	5,434	3,524	1,910	54.2%	
Change in Net assets	\$ 37,323	\$ 35,729	\$ 45,775	\$ (10,046)	(21.9%)	

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)	(10,708)	(3,703)	266	(14,145)
Obligation Estimate for current year	35,507	277	2,979	38,763
Less CAWCD Deliveries to meet Obligation (CDAR)	(27,682)	-	(3,000)	(30,682)
Less CAWCD LTSC purchased to meet Obligation	-	-	-	-
Less I&WR LTSC purchased to meet Obligation	-	-	(205)	(205)
Outstanding Obligations at end of 2024	35,507	(3,126)	2,998	35,379

CAGRD Fund Balances

(Dollars in Thousands)

	2023 Actual	2024 Actual
Administrative:		
Beginning Fund Balance	\$ 1,883	\$ 1,661
Administrative Revenue	1,722	1,990
Total Cash Collected	1,722	1,990
Administrative (Operating) Expenses	(2,020)	(2,086)
Interest Income / Expense	76	74
Ending Fund Balance	\$ 1,661	\$ 1,639
Conservation:		
Beginning Fund Balance	\$ 911	\$ 863
Administrative Component Revenue	53	69
Administrative (Operating) Expenses	(146)	(204)
Interest Income / Expense	45	49
Ending Fund Balance	\$ 863	\$ 777

CAGRD Fund Balances

(Dollars in Thousands)

	2024 Actual			
	Phoenix AMA	Pinal AMA	Tucson AMA	Total
Water and Replenishment:				
Beginning Fund Balance	\$ 5,403	\$ 146	\$ 882	\$ 6,431
Revenue	9,835	12	974	10,821
Prior year adjustment	-	50	-	50
Water Purchased	(8,062)	(5)	(900)	(8,967)
CAWCD Credits Purchased	-	-	-	-
I&WR Credits Purchased	-	-	-	-
Interest Income (Expense)	382	11	60	453
Ending Balance	\$ 7,558	\$ 214	\$ 1,016	\$ 8,788
Replenishment Reserve:				
Beginning Fund Balance	\$ 3,570	\$ 23	\$ 234	\$ 3,827
Replenishment Reserve Revenue	3,847	4	305	4,156
Water Purchased	-	-	-	-
CAWCD Credits Purchased	(3,186)	(16)	-	(3,202)
I&WR Credits Purchased	(235)	(2)	(346)	(583)
Interest Income / Expense	271	2	18	291
Ending Balance	\$ 4,267	\$ 11	\$ 211	\$ 4,489

CAGRD Fund Balances

(Dollars in Thousands)

	2023 Actual	2024 Actual
Infrastructure and Water Rights:		
Beginning Fund Balance	\$ 76,153	\$ 92,530
Revenue	38,388	40,937
Proceeds from LTSC internal transfers	92	333
ICS Preservation payment	3,511	-
Reimbursement from Obligation fund	6,186	8,962
NIA Reallocation and 9(d) Debt	(7,430)	(7,430)
GRIC and other Lease Considerations	(8,618)	(16,427)
Water Costs for LTSC	(1,178)	(1,373)
LTSC purchases	(12,961)	(4,101)
Technical Studies & Other Operating Expens	(1,168)	(1,264)
Debt Service payments	(3,974)	(3,641)
Interest Income / Expense	3,529	4,817
Ending Fund Balance	\$ 92,530	\$ 113,343

CAGRD Enrollment and Activation Summary

Figure 1: Member Land Enrollment

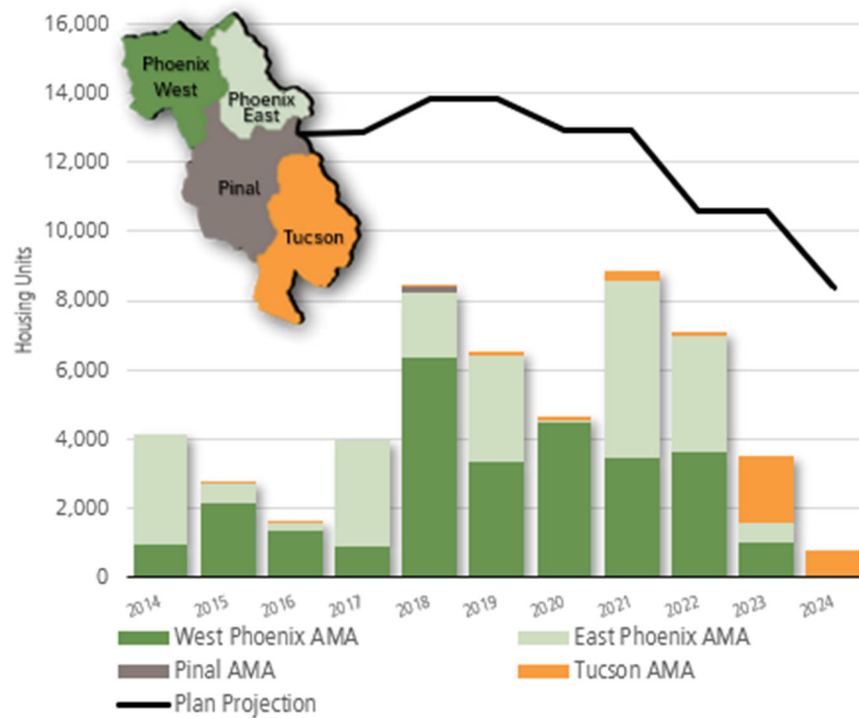


Figure 2: Activation Units

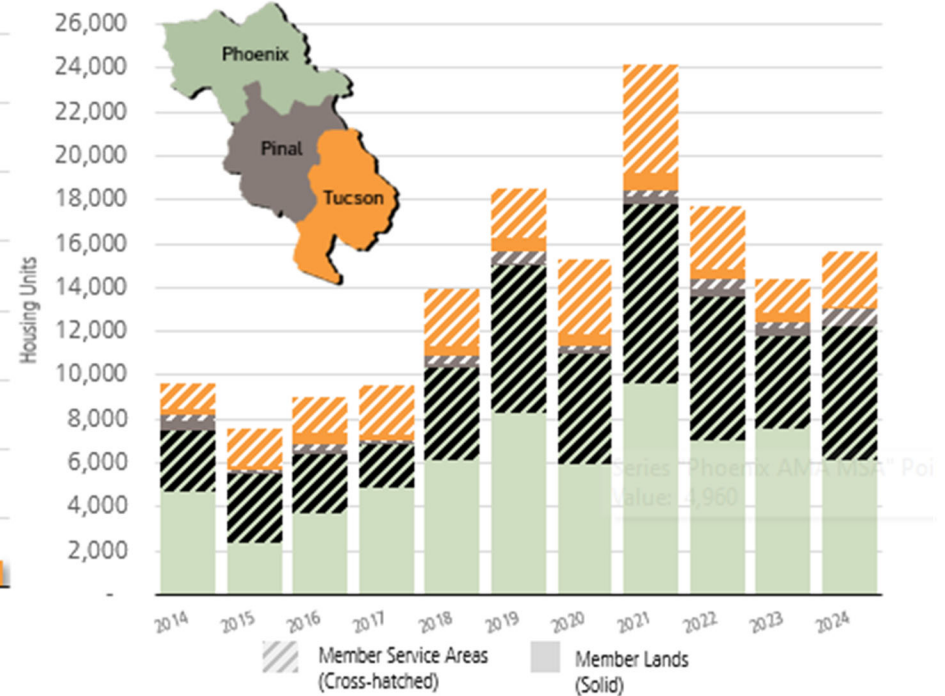


Table 1: Enrollment Units 2024

AMA	ML Lots	Projected Demand (AF/year)
West Phoenix	0	0
East Phoenix	0	0
Pinal	0	0
Tucson	789	281
TOTAL	789	281

Table 2: Activation Units 2024

AMA	ML Lots	MSA Lots	Total Lots
Phoenix	6,120	6,116	12,236
Pinal	0	764	764
Tucson	154	2,535	2,689
TOTAL	6,274	9,415	15,689

CAGRD Enrollment and Activation Summary

Enrollment in 2024

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

Figure 1 illustrates the recent history of CAGRD member land enrollment from 2014 through 2024. Table 1 provides a breakdown by AMA of member land enrollment activity through Q4 2024. The Tucson AMA had 2 new enrollments with a total of 789 lots and a projected demand of 281 AF/yr. No new subdivisions enrolled within the Phoenix or Pinal AMAs in 2024.

One new Member Service Area (MSA) in the Tucson AMA, Global Water - Farmers Water Co., enrolled in 2024. There were no MSA de-enrollments.

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 CAGRD MLs and MSAs, an Activation Fee must be paid to CAGRD per residential unit offered for sale. Figure 2 shows the recent history of activation lots in Member Lands and Member Service Areas by AMA. MSA lots are represented with crosshatching while ML lots are solid colors by AMA. The number of lots activated in 2024 totaled 15,689 (Member Land lots = 6,274; Member Service Area lots = 9,415). Table 2 provides a breakdown by AMA of lots that were activated in 2024. By comparison, there were 14,397 units activated in 2023.



Statement of Revenues, Expenses and Change in Net Position

Captive Insurance Fund

(Dollars in Thousands)

	2023 Actual	Full Year 2024				Notes
		Actual	Total Spending Authority	Variance (\$)	(%)	
Operating Revenues						
Other revenues	\$ 11,969	\$ 12,889	\$ 12,759	\$ 130	1.0%	
Total Operating Revenues	11,969	12,889	12,759	130	1.0%	
Operating Expenses						
Other Operating costs:						
Outside services	(239)	(244)	(275)	31	11.3%	
Other expenses	(9,514)	(10,901)	(11,642)	741	6.4%	
Total Operating Expenses	(9,753)	(11,145)	(11,917)	772	6.5%	
Net Operating Income/(Loss)	2,216	1,744	842	902	(107%)	
Nonoperating Revenues/(Expenses)						
Interest income and other	2	421	4	417	10,425.0%	A
Net Nonoperating Income/(Loss)	2	421	4	417	10,425.0%	
Change in Net Position	2,218	2,165	846	1,319	(155.9%)	
Net position at beginning of period	11,140	13,358	12,819	539	4.2%	
Net position at end of period	\$ 13,358	\$ 15,523	\$ 13,665	\$ 1,858	13.6%	

Notes:

- A **Nonoperating Revenues/(Expenses):** Interest income is higher than budget because of a revised investment strategy that takes advantage of the favorable economic environment.



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

(Dollars in Thousands)

	2023 Actual	Full Year 2024				Notes
		Actual	Spending Authority	Variance		
				(\$)	(%)	
Operating Expenses						
Outside services	\$ -	-	-	-		
Total Operating Expenses	-	-	-	-		
Non-operating Revenues/(Expenses)						
Interest income / FV Adj	431	\$ 490	\$ 279	\$ 211	75.6%	A
Interest expenses and other	-	-	-	-	-	
Total Non-operating Revenues/(Expenses)	431	490	279	211	75.6%	
Change in Net Position	431	490	279	211	75.6%	
Net position at beginning of period	8,592	9,023	8,887	136	1.5%	
Net position at end of period	\$ 9,023	\$ 9,513	\$ 9,166	\$ 347	3.8%	

Notes:

A. Full-year interest income 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

(Dollars in Thousands)	2024 Actual	2024 Budget	Variance
Capital Equipment	\$ 6,143	\$ 6,800	\$ 657
Capital Projects			
Electromechanical Relay Phase 2	6,063	1,559	(4,504)
SCADA Replacement Control Center	4,619	2,551	(2,067)
Backup Power Systems Replacement at Checks & TO	908	2,796	1,888
Isolation Valves Black Mountain/Snyder Hill	488	1,418	930
Roof Replacement Black Mountain/Snyder Hill	1,776	949	(828)
Generator Replacements PPs	310	1,064	754
Fire Pump Replacement WAD	1,153	500	(653)
Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain	753	211	(543)
Fire Hydrant Valves HQ	58	572	514
All Other Capital Projects	6,543	13,004	6,460
Subtotal - Capital Projects	\$ 22,671	\$ 24,624	\$ 1,953
Total CAWCD Capital Spending	\$ 28,814	\$ 31,424	\$ 2,610

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*	\$ 175,964	\$ 153,527	\$ 22,437
Water Education Center*	52,253	27,121	25,132
Electromechanical Relay Phase 2	39,655	21,282	18,373
SRP-CAP Interconnection Facility*	25,000	25,750	(750)
SCADA Replacement Control Center	23,943	20,036	3,907
Backup Power Systems Replacement at Checks & TO	17,477	13,223	4,254
Condition Based Monitoring	15,258	13,156	2,102
Generator Replacements PPs	14,776	12,394	2,382
Fire Protection Sys Upgrade Mark Wilmer	12,162	11,595	567
Elevator System Replacement Phase 2	9,375	8,951	424

* These projects are funded with sources separate from "Big R"



2024 Capital Spending Variance Summary

(Dollars in Thousands)

	Full Year 2024				
	2023 Actual	Actual	Total Spending Authority	Variance (\$)	Variance (%)
SUMMARY					
Capital & Cost-Shared Spending					
Salaries and related costs	\$ 5,231	\$ 5,269	\$ 3,959	\$ (1,310)	(33.1%)
Equipment, Structures & Interest:					
Equipment and Structures	29,616	20,172	18,633	(1,539)	(8.3%)
Capitalized Interest	-	-	-	-	N/A
Other expenses:					
Outside services	476	(2,485)	4,446	6,931	155.9%
Materials and supplies & other expenses	717	356	238	(118)	(49.6%)
Overhead expenses	5,669	5,502	4,148	(1,354)	(32.6%)
Subtotal other expenses	6,862	3,373	8,832	5,459	61.8%
Total Capital	\$ 41,709	\$ 28,814	\$ 31,424	\$ 2,610	8.3%

2024 CAWCD Capital Spending Variance Detail

(Dollars in Thousands)

Projects	Full Year 2024				Notes
	Actual	Total Spending Authority	Variance (\$)	Variance (%)	
CAPITAL EQUIPMENT					
Buildings & Structures	\$ 174	156	\$ (18)	(11.4%)	
Vehicles	1,112	693	(419)	(60.4%)	
Field & Other Equipment	4,550	5,671	1,121	19.8%	
Communication Equipment	308	280	(28)	(9.9%)	
Capital Equipment Total	\$ 6,143	6,800	\$ 657	9.7%	
<u>2024-2025 Budgeted Projects</u>					
Air Compressors Brady, Picacho, Red Rock	\$ 771	894	\$ 123	13.8%	
Aqueduct Hydrology Improvement*	1,484	1,285	(199)	(15.5%)	
Backup Power Systems Replacement at Checks & TO	908	2,796	1,888	67.5%	A
Condition Based Monitoring	2,242	2,284	42	1.8%	
Discharge Valves at Bouse Hills, Little Harquahala & Hassayampa	1,056	699	(357)	(51.0%)	
Electromechanical Relay Phase 2	6,063	1,559	(4,504)	(288.8%)	B
Elevator System Replacement Phase 2	580	455	(125)	(27.4%)	
Financial Planning Refresh 2024	589	565	(24)	(4.2%)	
Fire Hydrant Valves HQ	58	572	514	89.9%	C
Fire Protection Sys Upgrade Mark Wilmer	762	923	161	17.4%	
Fire Pump Replacement WAD	1,153	500	(653)	(130.6%)	D
Generator Replacements PPs	310	1,064	754	70.9%	E
Harcuvar Substation Upgrade	400	400	-	0.0%	
Isolation Valves Black Mountain/Snyder Hill	488	1,418	930	65.6%	F
Monitor Well Agua Fria Recharge*	294	357	62	17.5%	
Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain	753	211	(543)	(257.7%)	G
Multi Use Buildings Headquarters-Bouse Maintenance Yard	361	550	189	34.3%	
Network Refresh 2024	268	275	-	0.0%	
Noise Reduction Project Phase 2 Mark Wilmer	795	298	(497)	(166.6%)	
Parking Lot Upgrades Headquarters	185	431	246	57.1%	
Programmable Logic Controller Replacement Waddell	1,195	1,334	138	10.4%	
Roof Fall Protection Headquarters	33	26	(7)	(28.6%)	
Roof Replacement Black Mountain/Snyder Hill	1,776	949	(828)	(87.2%)	H
SCADA Replacement Control Center	4,619	2,551	(2,067)	(81.0%)	I
SRP-CAP Interconnection Facility *	-	85	85	100.0%	
Switchyard Security Hardening Delaney	57	50	(7)	(13.7%)	
TDRP Recovery Wells*	452	3	(449)	(13728.9%)	
Water Education Center*	1,918	1,701	(216)	(12.7%)	
West Entrance Gate Headquarters	390	24	(366)	(1493.7%)	
West Entrance Gate Phase 2 ROW Headquarters	75	90	15	16.7%	
Windows Server Refresh 2024	284	275	-	0.0%	
Totals - 2024-2025 Budgeted Projects	\$ 30,319	24,624	\$ (5,693)	(23.1%)	

2024 CAWCD Capital Spending Variance Detail (cont.)

(Dollars in Thousands)

	Full Year 2024				
		Total Spending Authority	Variance (\$)	(%)	Notes
<u>Projects Without a Budget in 2024</u>					
Motor Exciters & Control Unit Replacements at West Plants	\$ 1	-	\$ (1)	-	
Network Refresh 2023	8	-	(8)	-	
Potable Water Line TFO	2	-	(2)	-	
Potable Water Skid Replacement	64	-	(64)	-	
Pump Casings/Imprvmnts SND/BLK	117	-	(117)	-	
Transformer McCullough	(7,839)	-	7,839	-	J
Totals - Projects Without a Budget in 2024	\$ (7,648)	-	\$ 7,648	0.0%	
NET CAPITAL	\$ 28,814	31,424	\$ 2,610	8.3%	

- A **Backup Power Systems Replacement at Checks Turnouts & Microwave Sites:** Work delayed into due to supply chain issues with generators. Redesign took place in 2024 and construction is scheduled for 2025.
- B **Electromechanical Relay Replacement Phase 2:** Included 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.
- C **Fire Hydrant Valves HQ:** Project completed ahead of schedule based on production rate and efficiencies found with increased outage availability and adjacent work.
- D **Fire Pump Replacement WAD:** Total costs exceeded original estimate which was developed in 2022 when scope was only 40% known. Total amount delivered the full Fire Pump with emergency back-up power per NFPA & FM Global standards.
- 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 actuals.
- F **Isolation Valves Black Mountain/Snyder Hill:** Initial project phase resulted in a more refined scope for phase two, and included additional administrative costs. Project materials delivered, installation pushed into 2025.
- G **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. Redesign has delayed project completion into 2025/2026.
- H **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.
- I **SCADA Replacement Control Center:** Initiated Control Center Enterprise SCADA upgrade (\$1.9M), and ordered required equipment approved by PSC.
- J **Transformer McCullough: Project** funds which were prepaid and sitting in reserve with USBR were refunded in Q3. Project will be readdressed when scope and timeline are reestablished.
- * These projects are funded with sources separate from "Big R"

Total CAWCD Capital Projects Variance Detail

(Dollars in Thousands)

Projects	Through 2023	2024 Actual	Remaining Balance	Total Projected	Total Spending Authority	Variance (\$)	(%)	Notes
2024 - 2025 Budgeted Projects								
Air Compressors Brady, Picacho, Red Rock	\$ 97	\$ 771	\$ 1,150	\$ 2,018	\$ 1,359	\$ (660)	(48.6%)	A
Aqueduct Hydrology Improvement*	1	1,484	174,479	175,964	153,527	(22,437)	(14.6%)	B
Backup Power Systems Replacement at Checks & TO	10,714	908	5,855	17,477	13,223	(4,254)	(32.2%)	C
Condition Based Monitoring	9,659	2,242	3,357	15,258	13,156	(2,102)	(16.0%)	D
Discharge Valves at Bouse Hills, Little Harquahala & Hassayampa	2,181	1,056	0	3,237	2,721	(516)	(19.0%)	
Electromechanical Relay Phase 2	9,397	6,063	24,195	39,655	21,282	(18,373)	(86.3%)	E
Elevator System Replacement Phase 2	8,796	580	(0)	9,375	8,951	(424)	(4.7%)	
Financial Planning Refresh 2024	-	589	-	589	565	(24)	(4.2%)	
Fire Hydrant Valves HQ	1,647	58	0	1,705	2,449	743	30.4%	F
Fire Protection Sys Upgrade Mark Wilmer	11,354	762	46	12,162	11,595	(567)	(4.9%)	
Fire Pump Replacement WAD	119	1,153	0	1,272	502	(770)	(153.4%)	G
Generator Replacements PPs	-	310	14,466	14,776	12,394	(2,382)	(19.2%)	H
Harcuar Substation Upgrade	-	400	3,051	3,451	3,195	(256)	(8.0%)	
Isolation Valves Black Mountain/Snyder Hill	2,612	488	916	4,016	3,462	(554)	(16.0%)	
Monitor Well Agua Fria Recharge*	92	294	(0)	386	424	38	9.0%	
Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain	828	753	267	1,848	1,428	(420)	(29.4%)	
Multi Use Buildings Headquarters-Bouse Maintenance Yard	-	361	2,674	3,035	2,317	(718)	(31.0%)	I
Network Refresh 2024	-	268	-	268	275	7	2.7%	
Noise Reduction Project Phase 2 Mark Wilmer	984	795	0	1,780	1,420	(360)	(25.3%)	
Parking Lot Upgrades Headquarters	-	185	3,131	3,316	2,304	(1,012)	(43.9%)	J
Programmable Logic Controller Replacement Waddell	4,581	1,195	93	5,869	6,458	589	9.1%	
Roof Fall Protection Headquarters	-	33	946	980	763	(217)	(28.5%)	
Roof Replacement Black Mountain/Snyder Hill	87	1,776	85	1,948	1,036	(913)	(88.1%)	K
SCADA Replacement Control Center	3,768	4,619	15,556	23,943	20,036	(3,907)	(19.5%)	L
SRP-CAP Interconnection Facility*	-	-	25,000	25,000	25,750	750	2.9%	
Switchyard Security Hardening Delaney	606	57	(0)	663	536	(126)	(23.5%)	
TDRP Recovery Wells*	2,985	452	0	3,438	13,478	10,041	74.5%	M
Water Education Center*	233	1,918	50,102	52,253	27,121	(25,132)	(92.7%)	N
West Entrance Gate Headquarters	2,126	390	0	2,517	2,151	(365)	(17.0%)	
West Entrance Gate Phase 2 ROW Headquarters	-	75	547	622	637	15	2.4%	
Windows Server Refresh 2024	-	284	-	284	275	(9)	(3.1%)	
Totals - 2024-2025 Budgeted Projects	\$ 72,867	\$ 30,319	\$ 325,917	\$ 429,103	\$ 354,789	\$ (74,314)	(20.9%)	

Total CAWCD Capital Projects Variance Detail (cont.)

(Dollars in Thousands)

	Through 2023	2024 Actual	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	\$ (0)	\$ 15,498	\$ -	\$ (15,498)	-	
Network Refresh 2023	710	8	0	718	-	(718)	-	
Potable Water Line TFO	-	2	2,688	2,690	-	(2,690)	-	
Potable Water Skid Replacement	2,963	64	0	3,027	-	(3,027)	-	
Pump Casings/Imprvmnts SND/BLK	-	117	5,844	5,961	-	(5,961)	-	
Transformer McCullough	7,839	(7,839)	0	-	-	-	-	
Totals - Projects Without a Budget in 2024	\$ 27,010	\$ (7,648)	\$ 8,533	\$ 27,895	\$ -	\$ (27,895)	-	
Totals - Budgeted & Unbudgeted	\$ 99,877	\$ 22,671	\$ 334,450	\$ 456,998	\$ 354,789	\$ (102,209)	(28.8%)	

- A **Air Compressors Brady, Picacho, Red Rock:** Material cost and contractor pricing exceeded original estimates. \$200K prepayment from 2023 rolled into this year causing additional variance for the pre-work completed.
- B **Aqueduct Hydrology Improvement*:** Work beginning with design, and includes Phase 1 Hydrology and details design & Phase 2 Hydrology.
- C **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.
- D **Condition Based Monitoring:** Waddell PP pilot phase implemented ahead of full retrofit. Once complete (2025), the project will move forward with the remaining retrofit in 2026 and has been quoted at \$2.3M.
- E **Electro Mech Relay Phase 2:** The MWPP 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.
- F **Fire Hydrant Valves HQ:** Project completed ahead of schedule based on production rate and efficiencies found with increased outage availability and adjacent work.
- G **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.
- H **Generator Replacements PPs:** Project design is underway and currently estimated to be complete in 2025. The forecast reflects the most current scope.
- I **Multi Use Buildings Headquarters-Bouse Maintenance Yard:** The project is forecasted over original estimates due to estimated increases in construction costs. Final costs are being negotiated, and will be finalized in early 2025.
- J **Parking Lot Upgrades Headquarters:** Contractor's proposal exceeded Engineering's original estimate. Project has had minor scope additions, but the majority of the increase results is due to rising asphalt/construction costs.
- K **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
- L **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.
- M **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
- N **Water Education Center:** 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

Q4 2024

BACKGROUND

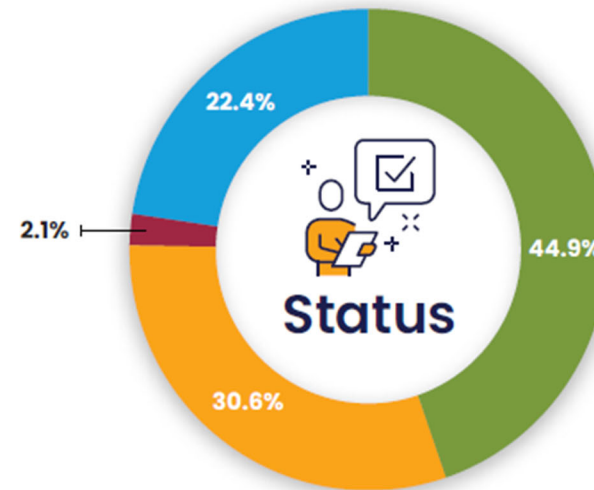
In 2020, the Board adopted the [2022 Board Strategic Plan](#). Facilitated by an external consultant, the 18-month process included several Board retreats, input from employees, and two rounds of stakeholder forums. Implementation of the new plan began with the 2022-23 budget cycle. The Plan provides 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 Strategic Asset Management Plan, 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.

CAP 2024-25 BUSINESS PLAN OVERALL SUMMARY AS OF Q4 2024



- **In Progress:** work is underway
- **Ongoing:** work is continuous
- **Not Yet Started:** work has not begun
- **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.



Financial Planning and Analysis staff began work to develop initial rate projections.



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.



At the October 10, 2024 meeting, the Board approved the 2025 CAGRD Plan of Operation. The Plan was submitted to ADWR in December.



On November 19, 2024, CAGRD and Finance staff hosted a Stakeholder Roundtable to discuss CAGRD Annual Membership Dues.



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.



Power Program staff participate in an energy auction on October 16, 2024 to secure resources for 2025 and 2026.





KEY RESULT AREA: Project Reliability

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

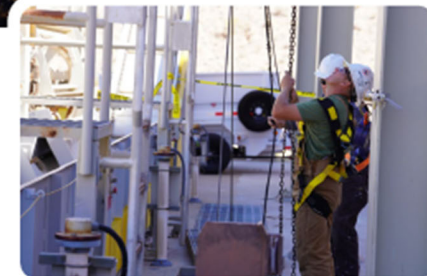
Strategic Issue: Implement and improve CAP's strategic asset management plan program to ensure long-term infrastructure viability.



The Heavy Overhaul Team works to disassemble Unit 5 at Twin Peaks Pumping Plant as part of the planned overhaul of this unit.



Crews work during the 2024 Fall Outage.



Public Affairs staff created a commercial on CAP Reliability at Salt Gila Pumping Plant.



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.



CAP held a Tribal Coordination Meeting with the Ak-Chin Indian Community on November 19, 2024.



Two councilmembers from the Gila River Indian Community visited CAP for a tour on December 17, 2024.



General Manager Burman talking with Stakeholders at the Governor's State of the State Luncheon in the West Valley.



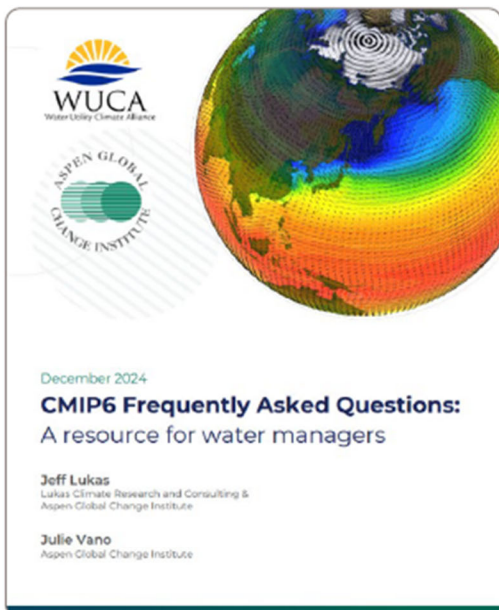
Secretary Cesare and stakeholders from Tucson Water at the Tucson State of the State on November 13, 2024.



KEY RESULT AREA: Stewardship and Sustainability

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

Strategic Issue: Implement plans for climate change adaptation and mitigation and develop plans to address climate-related impacts



CAP was co-project manager for a Water Utility Climate Alliance (WUCA) guide that was published online in December 2024. The guide contains frequently asked questions as a resource for water managers to support water utilities in using the latest climate projection data to be resilient.



Staff participated in the ASU Flow event on October 23, 2024, in collaboration with the ASU-NASA-CAP research team.



Nolie Templeton presented at a Chase employee education event on water scarcity on October 11, 2024.



KEY RESULT AREA: Water Supply

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

Strategic Issue: Actively participate in plans and support relationships to maintain a healthy Colorado River System.



CAP arranged a tour of Gila River Indian Community Projects for the Salinity Control Forum on October 21-22, 2024.

CAP staff visited New Mexico in October 2024 to learn more about their system.



The Water Policy team toured CAP's Salt-Gila Pumping Plant on December 19, 2024.





KEY RESULT AREA: Workforce

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

Strategic Issue: Implement programs to support building a diverse, inclusive and representative workforce, emphasizing programs to attract Tribal candidates.

Pros & Cons working with the Older & Younger Generations



CAP's Diversity and Inclusion Team hosted a Lunch and Learn event on October 14, 2024, featuring guest speaker Megan Johnson to talk about the generational gap.

