



Public Notice Pursuant to A.R.S. § 38-431.02

ARIZONA MUNICIPAL WATER USERS ASSOCIATION MANAGEMENT BOARD

MEETING NOTICE AND AGENDA

Wednesday, January 15, 2025, 10:00 a.m.

**This meeting will be held as a Hybrid meeting.
Attendance in person is welcomed; Others may join via Zoom.**

Access this [Link](#) to join via Zoom. Meeting ID: 870 2450 6416
(Option to join by phone: 602-753-0140, same Meeting ID as above)

A. Call to Order

B. General Business—Items for Discussion and Possible Action

1. Approval of the Minutes for the September 11, 2024 Meeting
2. Approval of the Minutes for the December 11, 2024 Meeting
3. Next Meeting Date: February 12, 2025 at 10:00 a.m.
4. 2025 Legislative Session
5. Ag-to-Urban Concept
6. Annual Financial Audit Report for Fiscal Year 2024

C. Member Reports

D. Executive Director's Report

E. Future Agenda Items

F. Adjournment

*The order of the agenda may be altered or changed by the AMWUA Management Board. Members of the AMWUA Management Board may attend in person or by internet conferencing.

More information about AMWUA public meetings is available online at www.amwua.org/what-we-do/public-meetings, or by request.

Arizona Municipal Water Users Association

**MANAGEMENT BOARD
MEETING MINUTES
December 11, 2024
HYBRID MEETING**

MEMBERS PRESENT

Ron Serio, Glendale, Chair
Tara Ford, Tempe, Vice Chair
Kirk Beaty, Avondale
Gretchen Baumgardner, Scottsdale
David Burks, Peoria
Barbara Chappell, Goodyear
Troy Hayes, Phoenix
John Knudson, Chandler
Chris Hassert, Mesa
Jessica Marlow, Gilbert

AMWUA STAFF PRESENT

Barry Aarons, Aarons Co.
Michelle Barclay, AMWUA
Paul Bergelin, AMWUA

Kathleen Ferris, AMWUA
Tyenesha Fields, AMWUA
Warren Tenney, AMWUA

Sheri Trapp, AMWUA
Simone Williams, AMWUA

A. Call to Order

Ron Serio called the meeting to order at 10:00 a.m.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes from the November 13th, 2024, Meeting

Upon a motion made by Chris Hassert and a second made by Kirk Beaty, the AMWUA Management Board unanimously approved the November 13, 2024 meeting minutes.

2. Next Meeting Date: Wednesday, January 13, 2025, at 10:00 a.m.

3. 2025 Legislative Session and Potential Legislation

Warren Tenney Executive Director at AMWUA outlined preparations for the upcoming legislative session, set to begin on January 13, 2025. He noted that that legislation is anticipated to counter the Phoenix AMA groundwater model and link affordable housing with groundwater. He discussed the Ag-to-Urban concept, introduced by ADWR at the recent Governor’s Water Policy Council meeting. The Ag-to-Urban concept would retire irrigation grandfathered rights (IGFR) to reduce agricultural groundwater pumping and enhance aquifer sustainability. ADWR is proposing seven

guardrails that depending on how each one is set will determine if Ag-to-Urban will benefit the aquifer. The guardrails include limiting it to be used by designated providers, for lands irrigated in three of the last five years, consumer protection measures, conservation requirements for new development, a defined conversion rate between acres and acre-feet of water, and a limited timeframe.

Mr. Serio inquired if the Ag-to-Urban concept factors the agricultural land continually pumping or being retired at some point. Mr. Tenney clarified that ADWR's analysis accounts for the natural attrition of agricultural lands while also exploring whether accelerating retirement through this program could yield additional aquifer benefits.

Mr. Tenney underscored the importance of the Ag-to-Urban concept being developed through transparent stakeholder engagement, with detailed modeling to refine guardrails and ensure the final proposal supports sound water policy aligned with AMA management goals.

Paul Bergelin Water Policy Advisor at AMWUA discussed two legislative proposals: changes to the Central Arizona Groundwater Replenishment District's (CAGR) annual membership dues and the Arizona Department of Environmental Quality seeking oversight to advanced water purification (AWP) treatment. Regarding CAGR's annual membership dues, he explained that CAGR's Plan of Operation anticipates a shift in replenishment obligations from subdivisions to water providers, creating inequities in its dues across AMAs and with members service areas and member lands. To address this, CAGR proposes a formula change to stabilize rates and base the dues on actual replenishment obligations and standardizing costs across AMAs.

For Advanced Water Purification, Mr. Bergelin explained that ADEQ wants to clarify ambiguities in existing statutes regarding facility inspections and pollutant source control.

Barry Aarons of Aarons Company commented that he anticipates conflict between the Governor's Office and the Legislature regarding whether to pursue the Ag-to-Urban concept through rulemaking or through legislation. He noted the likelihood of an urban water bill similar to a previously vetoed one and emphasized the importance of engaging with legislative staff and stakeholders to build consensus.

4. [Messaging the Municipal Perspective for the 2025 Legislative Session](#)

Sheri Trapp Communication Director at AMWUA presented AMWUA's messaging about water security, which staff has approached similar to AMWUA's Colorado River shortage awareness campaign over the past five years. This messaging aims to emphasize the importance of water security as the foundation for Arizona's economy and communities, which is a direct result of municipalities investing in their water systems. Ms. Trapp noted that the primary target audience for this initiative is state-level elected officials as well as is relevant for the general public.

Ms. Trapp reviewed the talking points from the one-page document that defines water security and explains its importance to Arizona's economy

The messaging notes challenges threatening water security including the looming reductions in Colorado River water after 2026 and the stressed condition of the Phoenix-area aquifer. Ms. Trapp explained that the messaging includes the importance of developing new supplies such as advanced water purification and the expansion of Bartlett Dam. Ms. Trapp also explained the importance of Legislators working with municipal providers to develop collaborative policy

solutions. The messaging will be used at legislative events, one-on-one outreach, and with partners.

Ms. Trapp also reviewed the Colorado River fact sheet that was developed to provide more information about the anticipated reduction in Colorado River water post-2026. Ms. Trapp explained that other fact sheets were being drafted about the Phoenix AMA aquifer, Bartlett Dam, Advanced Water Purification, and the Assured Water Supply Program.

Gretchen Baumgardner pointed out that the data on potential reductions in Colorado River water is already public, and Scottsdale could face up to a 25% reduction in its water allocation under static reduction models. Baumgardner suggested that the fact sheet should present a range of possible reductions to reflect the reality of the situation in order to help avoid discrepancies or confusion. She emphasized the need for transparency in presenting the potential impacts of reduced Colorado River availability.

5. [Post-2026 Colorado River Operational Guidelines](#)

Mr. Bergelin reported US Bureau of Reclamation released short descriptions of five alternatives it plans to consider in Draft Environmental Impact Analysis for post-2026 Colorado River guidelines. Further details were provided at the Colorado River Water Users Association conference. None of the alternatives wholly reflect proposals Reclamation received earlier in the year but rather consists of components from different proposals and blended them together. Reclamation did not identify a Preferred Alternative.

Mr. Bergelin summarized the five alternatives at a high level, focusing on three key variables: shortages to the Lower Division States, how water releases from Lake Powell would be handled, and potential new storage creation. The alternatives range from the "no action" alternative to the "basin hybrid alternative", which was noted as potentially having the best chance for consensus.

Mr. Bergelin expressed concerns about the lack of explicit calls for reductions from the Upper Division States and the absence of clear compliance with the Colorado River Compact. He also pointed out that while some alternatives include protections for Glen Canyon Dam, there is no discussion about addressing the dam's infrastructure issues. He concluded by mentioning that Reclamation plans to release more detailed information soon, and that the Arizona water community, including AMWUA, is still evaluating the implications of these alternatives.

Ms. Baumgardner added that it's important for cities to share the potential impacts of these cuts, especially with new administrations and councils. She emphasized that transparent communication about the potential severity of Colorado River cuts will be crucial for making informed decisions and engaging with elected officials.

6. [2025 AMWUA Management Board Chair and Vice-Chair](#)

Mr. Serio reported that at the previous meeting, he formed a nomination committee consisting of Tara Ford, Troy Hayes and himself. The Committee is recommending Kirk Beaty as Chair in 2025 and David Burks as Vice-Chair.

Tara Ford made the motion to accept the Committee's recommendation and Troy Hayes seconded the motion, which the Management Board passed unanimously.

C. Member Reports

There were no member reports.

D. Executive Director's Report

Mr. Tenney expressed his appreciation for working with Ron Serio as chair throughout the year. He provided updates on AMWUA's staffing changes, including Kathy Ferris stepping down after 36 years as legal counsel and Rhett Larson to provide legal consulting services going forward. Simone Williams, with a PhD in arid land resource science, has joined as the Water Policy Analyst. However, AMWUA's conservation positions are vacant due to the departure of Harry Cooper and Jacob Perez Laurant to ASU. Mr. Tenney noted this was an opportunity to reevaluate AMWUA's conservation efforts the competitiveness of salary ranges.

Mr. Tenney expressed confidence in AMWUA's ability to navigate these and other challenges and wished everyone Happy Holidays.

E. Future Agenda Items

There were no requested future agenda items.

F. Adjournment

Mr. Serio adjourned the meeting at 11:18 a.m.



MANAGEMENT BOARD

MEETING MINUTES

September 11, 2024

HYBRID MEETING

BOARD MEMBERS PRESENT

Ron Serio, Glendale, Chair
Brian Biesemeyer, Scottsdale, Vice Chair
Kirk Beaty, Avondale
Silvana Burgos for Barbara Chappell, Goodyear
David Burks, Peoria
Tara Ford, Tempe
Troy Hayes, Phoenix
John Knudson, Chandler
Craig Caggiano for Jessica Marlow, Gilbert

AMWUA STAFF PRESENT

Barry Aarons, Aarons Co.	Kathy Ferris, AMWUA
Michelle Barclay, AMWUA	Jacob Perez Laurent, AMWUA
Paul Bergelin, AMWUA	Warren Tenney, AMWUA
Harry Cooper, AMWUA	Sheri Trapp, AMWUA

A. Call to Order

Brian Biesemeyer chaired the meeting and called the meeting to order at 11:02 a.m. Ron Serio was attended virtually.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes for the August 14, 2024 Meeting

Mr. Biesemeyer motioned for approval of minutes, and Mr. Serio approved Seconded for the August 14, 2024 meeting.

2. Next Meeting Date: Wednesday, October 9, 2024 – 11:00 a.m.

3. Northern Arizona Forest Fund and Watershed Health

Rebecca Davidson, Senior Director at the National Forest Foundation (NFF), and Sasha Stortz, Southwest Region Director, discussed the critical role of national forests in providing water supplies to the Valley. They highlighted the NFF’s partnership with the U.S. Forest Service and local entities, such as Phoenix, Scottsdale, and SRP, to restore and enhance forest and watershed health. Through

initiatives like the Northern Arizona Forest Fund, NFF has implemented projects to reduce wildfire risks, restore riparian habitats, and improve water quality and quantity. Since 2015, these efforts have resulted in over 27,000 acres of fuel reduction, 325 miles of sediment reduction, and the planting of 230,000 trees. Leveraging federal and non-federal funding, the NFF works collaboratively with various partners to protect forests, mitigate fire risks, and enhance water resiliency for downstream communities.

Additionally, Davidson emphasized the importance of addressing sedimentation, particularly in the Verde system, as it impacts dam and canal operations and water delivery to communities. The NFF focuses on sediment reduction as a key element of their work, informed by input from cities like Phoenix and Scottsdale, and continues to explore ways to better measure these benefits. Their efforts underscore the significance of upstream green infrastructure protection for downstream operations, demonstrating the value of partnerships in achieving sustainable water management across Arizona's watersheds.

4. CAGR D's 2025 Plan of Operation

Paul Bergelin, Water Policy Advisor at AMWUA, presented an overview of the Central Arizona Groundwater Replenishment District (CAGR D) and its 2025 Plan of Operation. CAGR D, established in 1993 by the Arizona Legislature, plays a crucial role in enabling development in areas lacking renewable water supplies under the Assured Water Supply Program. CAGR D undertakes replenishment activities for its members by acquiring renewable water supplies to offset groundwater pumping and charges fees to support these activities.

The 2025 Plan outlines CAGR D's obligations, water supply strategies, and financial capabilities for the next 20 years, with projections extending to 100 years. Key components include anticipated growth in replenishment obligations, water supply acquisition strategies, and the use of the replenishment reserve as an insurance policy. The plan also addresses storage capacity and financial mechanisms, such as fees and potential revenue bonds, to sustain operations.

CAGR D's replenishment obligations are expected to increase driven by growth in the Phoenix and Tucson Active Management Areas (AMAs). The plan highlights the impacts of the Alternative Pathway to Designation (ADAWS), which shifts some obligations from member lands to member service areas and requires providers to acquire renewable supplies for growth.

The timeline for the plan's approval includes submission to ADWR by January 1, 2025, followed by reviews, public hearings, and a determination by August 2025. Failure to approve the plan could result in moratoriums on subdivision growth and implications for currently designated providers. The presentation emphasized the importance of CAGR D's role in balancing growth and water sustainability in Arizona's AMAs.

5. ADWR's Rulemaking for Alternative Designation Rules

Mr. Bergelin provided an in-depth update on the ADAWS (Alternative Path to Designation) rules and their implications for water providers in Arizona, particularly those in the Phoenix Active Management Area (AMA). The ADAWS rules aim to shift the responsibility for future development towards designations, rather than certificates. It is to provide a path for currently undesignated water providers like Apache Junction, Queen Creek, and others in the West Valley, who face growth moratoriums due to the Phoenix AMA groundwater model.

Mr. Bergelin explained that under the ADAWS framework, water providers must have an alternative water supply that meets specific assured water supply requirements, including physical and legal availability, water quality, and financial capability. The goal is to reduce reliance on groundwater, and the new supplies

must be used within the provider's service area. He also discussed the potential for ADAWS providers to face a reduced term of designation, depending on the volume of new supply available, and the requirement for such providers to report their groundwater use and replenish it, potentially incurring higher costs as water supply costs rise.

In addition, Mr. Bergelin highlighted the implications of Senate Bill 1181, which allows ADAWS providers to gradually assume replenishment obligations for existing groundwater-dependent subdivisions in their service areas, rather than immediately assuming full replenishment costs. He noted that while ADAWS provides an opportunity for growth and water management, it also comes with risks, particularly if a provider fails to manage its resources prudently. If a provider does not meet the requirements for re-designation, it would still be a member of the Central Arizona Groundwater Replenishment District (CAGR) and pay those cost but would lose the designation and the ability to plan new subdivisions.

Mr. Bergelin concluded by emphasizing the importance of continued monitoring and oversight of ADAWS providers to ensure they meet the regulatory requirements and that water supplies are managed sustainably. He noted that ADWR is seeking public comments on the ADAWS rules, and AMWUA plans to submit comments expressing support for the rules while urging ADWR to consider additional oversight and reporting mechanisms to ensure that providers are acquiring water supplies on time and building the necessary infrastructure.

C. Executive Director's Report

Warren Tenney, Executive Director of AMWUA, reported that the August 24-month study by Reclamation confirmed Tier 1 shortages will persist through 2025 and likely into 2026, with uncertainty beyond that. Lake Mead remains at 33% capacity (elevation 1,063 feet), and the Colorado River system shows no improvement due to below-average winter runoff. Reclamation plans to release a draft NEPA evaluation for post-2026 guidelines by year-end, though skepticism exists about meeting this timeline, as negotiations between Upper and Lower Basin states remain stalled.

Mr. Tenney noted that AMWUA is actively engaging legislators through a "Water 101" event on September 30th to emphasize municipal investments in water security and infrastructure.

Mr. Tenney introduced Tye Fields, the new Office Manager, who was quickly adapting to her responsibilities.

Mr. Tenney expressed gratitude for Mr. Biesemeyer's significant contributions to AMWUA over the years, since he was retiring from Scottsdale.

D. Future Agenda Items

There were no future agenda items requested.

E. Adjournment

Mr. Biesemeyer adjourned the meeting at 11:45 a.m.

MANAGEMENT BOARD INFORMATION SUMMARY

January 15, 2025

2025 Legislative Session

ANNUAL PLAN REFERENCE

Legislation

Effectively advocate with one voice at the Legislature.

- Monitor, analyze and clarify state and federal legislation of interest to our members.
- Engage with legislators to inform them about the issues important to AMWUA including identifying and working with legislators to champion water issues.

Strategic Plan: Collaborate and Advocate for Solutions, Safeguard Water Supplies, Reinforce Groundwater Management, Prepare for Impacts of Drought & Shortage, Pursue Post-2025 Water Policy

SUMMARY

The First Regular Session of the 57th Legislature begins on January 13, 2025. As of the end of January 8, 2025, 123 measures have been pre-filed, including two bills that relate to water.

In preparation for the 2025 Legislative Session, the AMWUA 2025 Legislative Agenda was approved by the Board of Directors on November 21, 2024. AMWUA has also be preparing messaging to emphasize the importance of water security, the 100-year assured water supply standard, and Advanced Water Purification.

AMWUA staff and Legislative Contractor will provide an overview of relevant legislation that has been introduced to date as well as an outlook on what may take place during the upcoming session.

We anticipate that this legislative report will be updated prior to the January 15, 2025 meeting with bills that are introduced between now and that meeting.

RECOMMENDATION

Depending on the introduction of legislation before the January 15, 2025 Board meeting, the AMWUA Management Board may be asked to provide direction regarding legislation.

MANAGEMENT BOARD
INFORMATION SUMMARY
January 15, 2025

Ag-to-Urban Concept

ANNUAL PLAN REFERENCE

Legislation

Effectively advocate with one voice at the Legislature.

- Monitor, analyze and clarify state and federal legislation of interest to our members.
- Engage with legislators to inform them about the issues important to AMWUA including identifying and working with legislators to champion water issues.

Strategic Plan: Collaborate and Advocate for Solutions, Safeguard Water Supplies, Reinforce Groundwater Management, Prepare for Impacts of Drought & Shortage, Pursue Post-2025 Water Policy

SUMMARY

At the December 2, 2024, meeting of the Governor’s Water Policy Council, ADWR introduced how the State wants to pursue the Ag-to-Urban concept. ADWR stated that this concept was worth pursuing because it could reduce groundwater pumping, if done correctly. To that end, ADWR discussed seven “guardrails” that would be necessary for this concept, which include limiting this program’s scope of agricultural lands within a Designated provider’s service area, requiring three out of five years of past use, requiring additional conservation measures on any converted acreage, and sunseting the program after a certain period of time. There are other guardrails, such as the conversion rate and portability of groundwater, that ADWR is still refining.

ADWR intends to have a broad stakeholder process, including additional Council meetings, to develop the Ag-to-Urban proposal, which would then be adopted through a rulemaking process. The first stakeholder meeting is scheduled for January 16, 2025. Legislators have responded that they intend to pursue the concept through legislation rather than through rules.

AMWUA staff will provide an update about the process to develop the Ag-to-Urban concept and share their initial analysis done on this concept.

RECOMMENDATION

It is requested that the AMWUA Management Board ask questions and discuss the Ag-to-Urban concept.

MANAGEMENT BOARD

INFORMATION SUMMARY

January 15, 2025

Annual Financial Audit Report for Fiscal Year 2024

STRATEGIC PLAN REFERENCE

Operational Principles – Manage an Efficient and Effective Association

SUMMARY

The AMWUA Annual Financial Audit Report for the fiscal year ending June 30, 2024 is presented for your review and information. This audit report issued by the independent accounting firm of Forvis Mazar includes their opinion that the financial statements included in this report present fairly, in all material respects, the financial position of AMWUA as of June 30, 2024.

The auditors noted that AMWUA had some discrepancies in recording payments related to the Arizona State Retirement System health insurance premium benefit plan in Fiscal Year 2023. All balances are accurately stated as of June 30, 2024, and no other significant issues were noted.

AMWUA takes seriously its fiduciary responsibility to our member cities by fulfilling our mission requirements within the parameters of the approved budget. This independent audit report confirms that AMWUA completed Fiscal Year 2024 under budget and continues to be on a fiscally sound footing to meet the future needs of the Association.

RECOMMENDATION

It is requested that the AMWUA Management Board recommend to the AMWUA Board of Directors acceptance of the audit report as presented.

SUGGESTED MOTION

I move that the AMWUA Management Board recommend to the AMWUA Board of Directors acceptance of the AMWUA Annual Financial Audit Report for Fiscal Year 2024.

ATTACHMENTS

- **Attachment A:** Board of Directors Governance Letter
- **Attachment B:** Annual Financial Audit Report

Forvis Mazars Report to the Board of Directors

Arizona Municipal Water Users Association (AMWUA)

Results of the 2024 Financial Statement Audit, Including Required Communications

June 30, 2024

Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

Overview & Responsibilities

Matter	Discussion
Scope of Our Audit	<p>This report covers audit results related to your financial statements and supplementary information:</p> <ul style="list-style-type: none">• As of and for the year ended June 30, 2024.• Conducted in accordance with our contract dated May 28, 2024
Our Responsibilities	<p>Forvis Mazars is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).</p>
Audit Scope & Inherent Limitations to Reasonable Assurance	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.</p>
Extent of Our Communication	<p>In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.</p>
Independence	<p>The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.</p>
Your Responsibilities	<p>Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.</p>

Matter	Discussion
Distribution Restriction	<p>This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:</p> <ul style="list-style-type: none"> • Board of Directors and Management • Others within the Entity

Qualitative Aspects of Significant Accounting Policies & Practices

Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature), we noted the following:

- No matters are reportable

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- No matters are reportable

Management Judgments & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management’s estimation process and our procedures for testing the reasonableness of those estimates include:

- Estimated useful lives of capital assets
- Net pension/OPEB liability (asset) and related deferred outflows/inflows of resources

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Net pension/OPEB liability (asset)
- Related party transactions

Our Judgment About the Quality of the Entity’s Accounting Principles

During the course of the audit, we made the following observations regarding the Entity’s application of accounting principles:

- No matters are reportable

Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- Adjustment to restate beginning net position

Uncorrected Misstatements

No matters are reportable.

Other Required Communications

Significant Issues Discussed with Management

Prior to Retention

No matters are reportable.

During the Audit Process

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- Restatement of beginning net position related to prior year errors in the net OPEB asset and related deferred inflows/outflows of resources
- Classification of net position balances

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (see Attachments)

Required Communications Regarding Internal Control (AU-C 265)

Consideration of Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of AMWUA as of and for the year ended June 30, 2024, in accordance with GAAS, we considered the Entity's internal control over financial reporting (internal control).

This consideration served as a basis for designing audit procedures that are appropriate in the circumstance for the purpose of expressing our opinion on the financial statements.

However, this consideration was **not** for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:

- Board of Directors and Management
- Others within the Entity

Categorizing Deficiencies by Severity

Deficiency

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.



Significant Deficiency

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatements of the Entity's financial statements will not be prevented or detected and corrected on a timely basis.





Identified Deficiencies

We identified a certain deficiency in internal control that we consider to be a significant deficiency.

Significant Deficiency

- AMWUA's financial statements required prior period adjustments for proper financial statement presentation. The results of our test work indicated AMWUA did not properly record the net OPEB asset and related deferred outflows of resources and deferred inflows of resources for the Arizona State Retirement System health insurance premium benefit (OPEB) plan. As of June 30, 2024, all balances are properly stated.



Attachments

Management Representation Letter (Attachment A)

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.



Attachment A

Management Representation Letter

Representation of:
Arizona Municipal Water Users Association
3003 N. Central Ave.
Phoenix, Arizona 85012

Provided to:
Forvis Mazars, LLP
Certified Public Accountants
14241 Dallas Parkway, Suite 1100
Dallas, TX 75254

The undersigned (“We”) are providing this letter in connection with Forvis Mazars’ audit of our financial statements as of and for the year ended June 30, 2024.

Our representations are current and effective as of the date of Forvis Mazars’ report: January 7, 2025.

Our engagement with Forvis Mazars is based on our contract for services dated: May 28, 2024.

Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to Forvis Mazars’ report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of Forvis Mazars’ Report

We confirm, to the best of our knowledge and belief, the following:

Broad Matters

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.

3. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of governing body meetings held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.
 - e. All significant contracts.
4. We have responded fully and truthfully to all your inquiries.

Government Auditing Standards

5. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
6. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
7. We have identified and disclosed to you any violations or possible violations of laws, regulations, including those pertaining to adopting, approving, and amending budgets, and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
8. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.
9. We have a process to track the status of audit findings and recommendations.
10. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.

Misappropriation, Misstatements, & Fraud

11. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position or fund balance.

12. We have no knowledge of fraud or suspected fraud affecting the entity involving:
 - a. Management or employees who have significant roles in internal control over financial reporting, or
 - b. Others when the fraud could have a material effect on the financial statements.
13. We understand that the term “fraud” includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity’s assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, customers, analysts, SEC or other regulators, short-sellers, suppliers, or others.
15. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

Ongoing Operations

16. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern within one year of the date of this letter without consideration of potential mitigating effects of management’s plans not yet fully implemented and concluded substantial doubt does not exist.

Related Parties

17. We have disclosed to you the identity of all of the entity’s related parties and all the related-party relationships of which we are aware. The entity has not entered into any new agreements with a related party or modified terms related to an existing related-party transaction during the year under audit, or as of the date of this letter. Further, we do not have any existing or ongoing agreements with related parties that are still in effect as of the date of this letter.
18. We understand that the term related party refers to:
 - Affiliates
 - Management and members of their immediate families
 - Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

Litigation, Laws, Rulings & Regulations

19. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.
20. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
21. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.
22. There are no regulatory examinations currently in progress for which we have not received examination reports.
23. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*, nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
24. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations:

Nonattest Services

25. You have provided nonattest services, including the following, during the period of this engagement:
 - Preparing a draft of the financial statements and related notes and supplementary information
26. With respect to these services:
 - a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
 - e. We have established and maintained internal controls, including monitoring ongoing activities.

- f. When we receive final deliverables from you, we will store those deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

Financial Statements & Reports

- 27. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
- 28. The entity has restated the 2023 financial statements to conform with accounting principles generally accepted in the United States of America. Management has provided you with all relevant information regarding the restatement. We are not aware of any other known matters that required correction in the financial statements.
- 29. With regard to supplementary information:
 - a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
 - e. We understand that consolidating supplementary information is for purposes of additional analysis of the financial statements rather than to present the financial position and results of operations of each of the individual companies.

Transactions, Records, & Adjustments

- 30. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 31. The entity has appropriately reconciled its general ledger accounts to their related supporting information. All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. All intracompany (and intercompany) accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.
- 32. We have everything we need to keep our books and records.
- 33. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.
- 34. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the entity's accounts.

Governmental Accounting & Disclosure Matters

35. With regard to deposit and investment activities:
 - a. All deposit, repurchase and reverse repurchase agreements, and investment transactions have been made in accordance with legal and contractual requirements.
 - b. Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
 - c. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
36. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
37. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
38. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance is available and have determined that net position is properly recognized under the policy.
39. The entity's ability to continue as a going concern was evaluated and that appropriate disclosures are made in the financial statements as necessary under GASB requirements.
40. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis (pension, and other postemployment benefit information), has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.
41. With regard to pension and other postretirement benefits (OPEB):
 - a. We believe the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
 - b. We have provided you with the entity's most current pension and OPEB plan instrument for the audit period, including all plan amendments.
 - c. The participant data provided to you related to pension and OPEB plans are true copies of the data submitted or electronically transmitted to the plan's actuary.

- d. The participant data that we provided the plan's actuary for the purposes of determining the actuarial present value of accumulated plan benefits and other actuarially determined amounts in the financial statements were complete.

Accounting & Disclosure

- 42. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements or other arrangements (either written or oral) that are in place.
- 43. Except as reflected in the financial statements, there are no:
 - a. Plans or intentions that may materially affect carrying values or classifications of assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position or fund balance.
 - b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - d. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.
 - e. Agreements to purchase assets previously sold.
 - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.
 - g. Guarantees, whether written or oral, under which the entity is contingently liable.
 - h. Known or anticipated asset retirement obligations.
 - i. Supplier finance arrangements.
- 44. Except as disclosed in the financial statements, the entity has:
 - a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
 - b. Complied with all aspects of contractual agreements, for which noncompliance would materially affect the financial statements, except for the events of default under the [enter description] of debt for which we obtained a waiver.

Revenue, Accounts Receivable, & Inventory

- 45. Adequate provisions and allowances have been accrued for any material losses from:
 - a. Uncollectible receivables.
 - b. Excess or obsolete inventories.
 - c. Sales commitments, including those unable to be fulfilled.

- d. Purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.

Estimates

46. We have identified all accounting estimates that could be material to the financial statements and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.
47. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that “near term” means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to volumes of business, revenues, available sources of supply, or markets, loans, investments, or deposits, existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

Fair Value

48. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:
 - a. The underlying assumptions are reasonable and they appropriately reflect management’s intent and ability to carry out its stated course of action.
 - b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.
 - c. The significant assumptions appropriately reflect market participant assumptions.
 - d. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Warren Tenney

[Warren Tenney \(Jan 7, 2025 13:16 MST\)](#)


Warren Tenney, Executive Director
wtenney@amwua.org



Arizona Municipal Water Users Association

**Independent Auditor's Report, Financial Statements,
and Required Supplementary Information**

June 30, 2024 and 2023



Arizona Municipal Water Users Association
Phoenix, Arizona

Financial Statements
June 30, 2024 and June 30, 2023

Issued by:
Finance Department

Arizona Municipal Water Users Association
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June 30, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Arizona Municipal Water Users Association
Phoenix, Arizona

Opinion

We have audited the financial statements of the Arizona Municipal Water Users Association (AMWUA), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the AMWUA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the AMWUA as of June 30, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

The 2023 financial statements, before they were restated for the matter discussed in Note 11, were audited by other auditors, and their report thereon, dated October 9, 2023, expressed an unmodified opinion on those financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the AMWUA's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Forvis Mazars, LLP

**Dallas, Texas
January 7, 2025**

**Arizona Municipal Water Users Association
Management’s Discussion and Analysis
June 30, 2024 and 2023**

The following Management’s Discussion and Analysis of Arizona Municipal Water Users Association’s (AMWUA) activities and financial performance provides an introduction to AMWUA’s financial statements for the fiscal years ended June 30, 2024 and 2023.

Financial and Operational Highlights

Total net position for AMWUA equaled \$60,850 at June 30, 2024 and \$244,530 at June 30, 2023 decreasing by \$183,680 for fiscal year 2024 and decreasing by \$2,310 for fiscal year 2023.

For fiscal year 2024, revenues assessed to the member cities totaled \$1,541,940, which represents a \$122,399 increase from fiscal year 2023, including a carryover credit of \$88,000. For fiscal year 2023, revenues assessed to the member cities totaled \$1,419,541, which represents a \$23,058 increase from fiscal year 2022, including a carryover credit of \$85,000. Each city is assessed the same amount for the first 50% of the water portion of the budget, and the second 50% is based on population.

City	Assessment	Percentage
Phoenix	\$ 467,605	30.33
Mesa	186,093	12.07
Scottsdale	132,342	8.58
Tempe	133,895	8.68
Glendale	128,926	8.36
Chandler	113,767	7.38
Gilbert	109,206	7.08
Peoria	100,586	6.52
Goodyear	85,847	5.57
Avondale	83,673	5.43
	\$ 1,541,940	100.00

Below is a listing of operating expenditures by major budget category comparing the approved budget to actual budget (cash) basis, and actual GAAP basis:

	Approved Budget	Actual Budgeted Expenditures	Actual GAAP
Administration	\$ 875,525	\$ 800,635	\$ 886,536
Employee Benefits	188,000	169,472	169,472
Professional Services	207,920	240,489	223,048
Occupancy	220,744	218,887	218,887
Travel and Training	11,500	8,428	8,428
Capital Outlay	11,500	8,223	8,223
Office Operating Expenses	32,750	34,245	34,245
Water Conservation	82,000	95,461	95,461
	\$ 1,629,939	\$ 1,575,840	\$ 1,644,300

**Arizona Municipal Water Users Association
Management's Discussion and Analysis
June 30, 2024 and 2023**

Overview of Operating Expenditures

Expenditures for Administration include salaries and pension-funding payments to the Arizona State Retirement System. The actual for Administration and Employee Benefits was under budget by \$93,418. Expenditures for Employee Benefits include payroll taxes; payroll processing; medical, dental, and disability insurance; and cell phone allowance. The savings was due to a vacant position during the year, timing of staff compensation and health benefit plan participation changes.

Expenditures for Professional Services include audit fees and contracts for the following services: Website Maintenance and Redevelopment, Communication, Legal, Legislative, and Financial. The actual was over budget by \$32,569, primarily due to using contract services during the year due to a vacant position.

Expenditures for Occupancy include building lease, building operating expenses, and telephone and internet charges. The actual was under budget by \$1,857.

Expenditures for Travel and Training were under budget \$3,072.

Expenditures for Capital Outlay include the copier lease and money spent on computer software and hardware upgrades. The expenditures for this line item were under budget by \$3,277.

Expenditures for Office Operating Expenses include all expenses related to office operations. This includes supplies, meetings (lunch and snacks provided to attendees of the Management and Board meetings), printing costs, postage and deliveries, subscription and reference, dues and memberships, office liability insurance, and equipment maintenance costs. The actual was over budget by \$1,495.

Expenditures for Water Conservation and the Water Loss Control and Training Program were \$13,461 over budget due to a new agreement for the Smartscape Training Program.

Overview of the Financial Statements

AMWUA's basic financial statements include the statements of net position; statements of revenues, expenses, and changes in net position; statements of cash flows; and the notes to the financial statements. AMWUA's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB).

**Arizona Municipal Water Users Association
Management's Discussion and Analysis
June 30, 2024 and 2023**

Summary of Net Position

	2024	2023 as Restated	2022 as Restated
Current assets	\$ 1,116,567	\$ 1,270,725	\$ 1,156,298
Net OPEB asset	27,590	31,533	29,574
Net capital assets	1,000,475	1,151,280	1,302,086
Deferred outflows of resources	109,224	150,530	239,272
Total assets and deferred outflows of resources	\$ 2,253,856	\$ 2,604,068	\$ 2,727,230
Current liabilities	\$ 115,465	\$ 121,290	\$ 70,152
Net pension liability	807,454	900,987	777,862
Lease liability	1,156,359	1,254,952	1,342,128
Deferred inflows of resources	113,728	82,309	290,248
Net investment in capital assets	(155,884)	(103,672)	(40,042)
Restricted net position	91,276	105,219	83,686
Unrestricted	125,458	242,983	203,196
Total liabilities, deferred inflows of resources, and net position	\$ 2,253,856	\$ 2,604,068	\$ 2,727,230

- Current assets decreased by \$154,158 in 2024 and increased by \$114,427 in 2023. Current assets consist primarily of cash, investments in the Arizona State Local Government Investment Pool, and in some years, a small amount of receivables and prepaids. Since the cash assessments generally match the anticipated expenses for each fiscal year, the cash and investments balances will fluctuate based upon the level of actual expenditures compared to the approved budget.
- Net OPEB asset represents AMWUA's proportionate share of the net OPEB asset of the Arizona State Retirement System. This reporting requirement was implemented to satisfy the requirements of GASB 75.
- Net capital assets decreased by \$150,805 during fiscal year 2024 and decreased by \$150,806 during fiscal year 2023. Capital assets consist of office furniture, equipment, and certain leasehold improvements. In 2021, AMWUA capitalized \$1,409,508 for the right-of-use asset in accordance with GASB 87. In 2022, AMWUA capitalized \$6,674 for the purchase of a microphone system upgrade for the board room. AMWUA's threshold for capitalization is \$1,000 with a useful life of greater than one year.
- Current liabilities decreased by \$5,825 in 2024 and increased by \$51,138 in 2023. At fiscal year-end, all current liabilities consist of unpaid operating expenses.
- Net pension liability represents AMWUA's proportionate share of the net pension liability of the Arizona State Retirement System. This reporting requirement was implemented in fiscal year 2015 to satisfy the requirements of GASB 68.
- Total net position decreased by \$183,680 to \$60,850 in fiscal year 2024 and decreased by \$2,310 to \$244,530 in fiscal year 2023.

**Arizona Municipal Water Users Association
Management's Discussion and Analysis
June 30, 2024 and 2023**

Contingency and Reserve Funds Status

In March 2013, the Board of Directors approved the Contingency Fund and Reserve Fund Policy directing and restricting the use of AMWUA's excess cash.

The Contingency Fund was established in the amount of \$600,000 and may only be used as authorized by the Board of Directors for unanticipated emergency or extraordinary expenses. Pursuant to the policy, these funds are held in the Local Government Investment Pool (LGIP) with the Arizona State Treasurer.

The Reserve Fund was established with a balance equal to the difference between AMWUA's excess cash and the Contingency Fund. If the balance of the Reserve Fund falls below \$50,000, the Board of Directors shall determine how to restore the balance to at least \$50,000. Monies in the Reserve Fund may only be used as authorized by the Board of Directors. In accordance with the policy, this fund may not be used for ongoing operational expenses but may be used for capital expenditures (such as office equipment and furniture), to offset the cost of relocating the office, or for professional services that fall outside of the normal operations of AMWUA. At June 30, 2024, the balance of the Reserve Fund is \$282,307. Pursuant to the policy, these funds are held in the LGIP with the Arizona State Treasurer.

In June 2020, the Board of Directors approved the Office Lease Stabilization Fund Policy to smooth the effect of rent increases in future years. AMWUA received six months of free rent overlapping fiscal year 2021 and fiscal year 2022. Rather than reduce budget and assessments, AMWUA kept these consistent and designated \$90,000 (\$45,000 in each fiscal year) to be held in the Office Lease Stabilization Fund. Beginning in fiscal year 2022, \$10,000 will be utilized to reduce the office space line item in future budgets. At June 30, 2024, the balance of the Office Lease Stabilization fund is \$63,686. Pursuant to the policy, these funds are held in the LGIP with the Arizona State Treasurer.

Summary of Changes in Net Position

	<u>2024</u>	<u>2023 as Restated</u>	<u>2022 as Restated</u>
Operating revenues			
Annual assessments	\$ 1,541,940	\$ 1,419,541	\$ 1,396,484
Other	14	4	45,250
	<u>1,541,954</u>	<u>1,419,545</u>	<u>1,441,734</u>
Total operating revenues			
	<u>1,541,954</u>	<u>1,419,545</u>	<u>1,441,734</u>
Operating expenses	<u>1,705,094</u>	<u>1,352,223</u>	<u>1,376,819</u>
Nonoperating revenues (expenses)			
Interest on investments	76,298	34,593	2,464
Interest paid	(96,838)	(104,225)	(73,174)
	<u>(20,540)</u>	<u>(69,632)</u>	<u>(70,710)</u>
Total nonoperating revenues (expenses)			
	<u>(20,540)</u>	<u>(69,632)</u>	<u>(70,710)</u>
Increase (decrease) in net position	(183,680)	(2,310)	(5,795)
Net position, July 1, as Restated	<u>244,530</u>	<u>246,840</u>	<u>252,635</u>
Net position, June 30	<u>\$ 60,850</u>	<u>\$ 244,530</u>	<u>\$ 246,840</u>

**Arizona Municipal Water Users Association
Management’s Discussion and Analysis
June 30, 2024 and 2023**

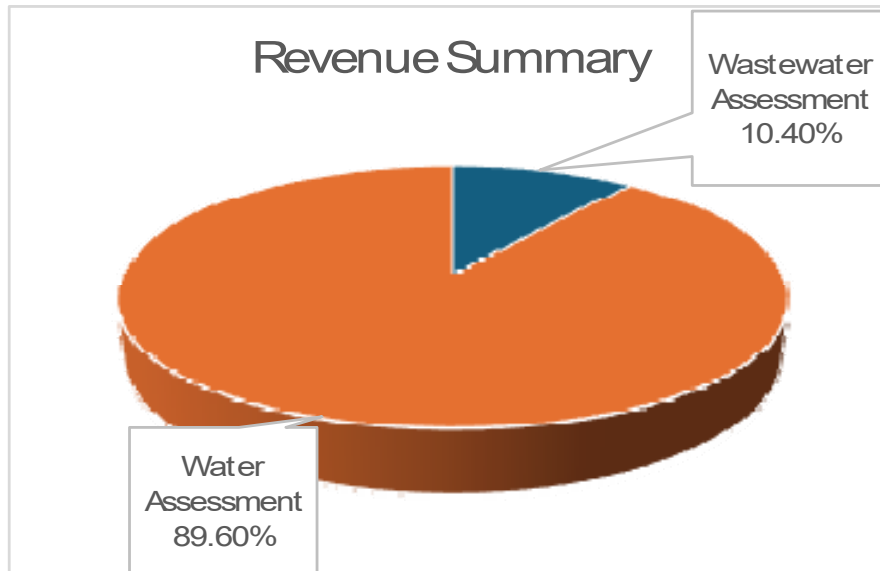
- Actual annual assessments billed to the cities increased by \$122,399 in 2024 and increased by \$23,057 in 2023. Annual assessments include a decrease for a carryover credit given to the members. The carryover credit for June 30, 2024 was \$88,000 and June 30, 2023 was \$85,000.
- Other revenues increased \$10 in 2024. Other revenues include a contribution in the LGIP investment account.
- Total operating expenses increased by \$352,871 in 2024 and decreased by \$24,596 in 2023.
- Nonoperating revenues/expenses increased by \$49,092 in 2024 and increased by \$1,078 in 2023. Nonoperating revenues/expenses consist of interest on investments and interest on the operating lease.

Operating Revenues

AMWUA’s revenue is primarily generated by water and wastewater assessments from member cities. For fiscal year 2024 of the \$1,541,940 in revenue recognized from annual assessments, \$1,381,870 represents water assessments, \$248,070 represents wastewater assessments with the remaining credit of \$88,000 applied to overall assessments due.

The following chart shows the sources and the percentage of all revenue by category for the fiscal year ended June 30, 2024:

Revenue Summary for Fiscal Year Ended June 30, 2024 (Total = \$1,541,940)

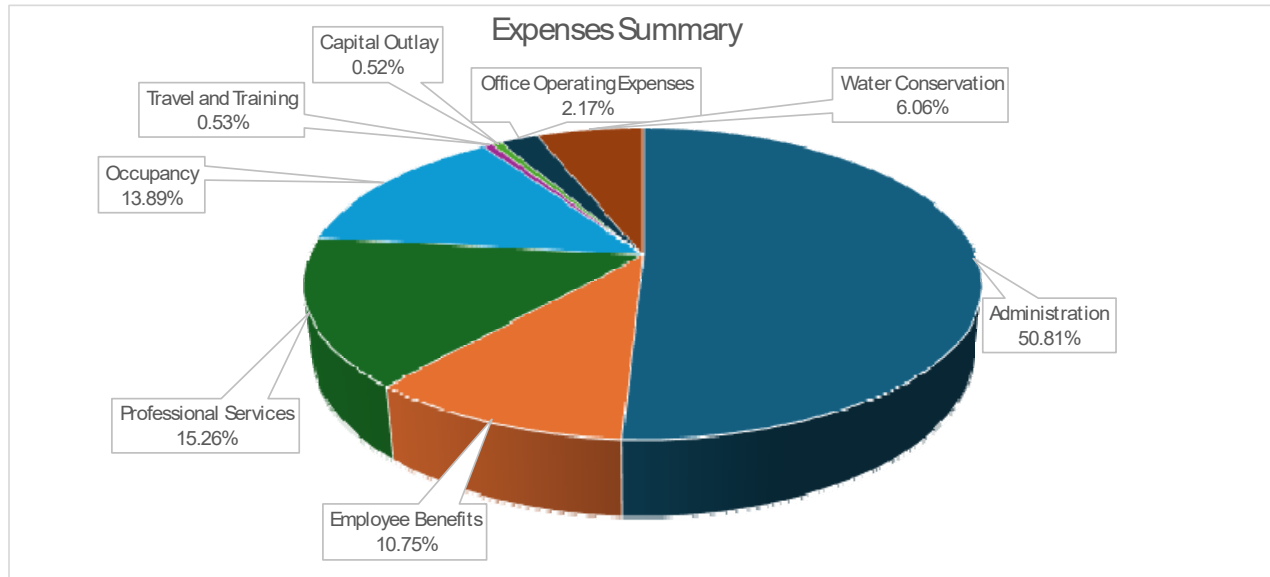


**Arizona Municipal Water Users Association
Management’s Discussion and Analysis
June 30, 2024 and 2023**

Operating Expenses

The following chart shows AMWUA’s operating expenses by category for the year ended June 30, 2024:

Expenses Summary for Fiscal Year Ended June 30, 2024 (Total = \$1,705,094)



AMWUA’s Capital and Lease Assets

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Property and equipment	\$ 1,543,208	\$ 1,543,208	\$ 1,543,208
Leasehold improvements	7,102	7,102	7,102
Less accumulated depreciation and amortization	<u>(549,835)</u>	<u>(399,030)</u>	<u>(248,224)</u>
Net property and equipment	<u>\$ 1,000,475</u>	<u>\$ 1,151,280</u>	<u>\$ 1,302,086</u>

AMWUA owns no real property. Property and equipment consist of office equipment for office operations and administration such as office furniture, computers, telephone equipment, etc. The right-of-use asset is 91.33% of property and equipment. Net property and equipment decreased \$150,805 during fiscal year 2024 and decreased by \$150,806 during fiscal year 2023.

Economic Factors and Next Year’s Budget

All AMWUA members are voting members, and each member pays 50% of the AMWUA water portion of the budget equally and the remaining 50% by member population. Wastewater assessments are based on flow ownership in the 91st Avenue WWTP at 204.50 mgd.

In June 2024, the AMWUA Board of Directors approved the fiscal year 2025 budget. The fiscal year 2025 budget increased by 4.39% over the fiscal year 2024 budget. The actual assessments to the members are being increased and include a \$22,000 carryover from prior year. Comparing the FY25 budget to FY24 budget after the carryovers, there is a 3.04% increase.

**Arizona Municipal Water Users Association
Management's Discussion and Analysis
June 30, 2024 and 2023**

Requests For Financial Information

This financial report is designed to provide a general overview of AMWUA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director of AMWUA.

Arizona Municipal Water Users Association
Statements of Net Position
June 30, 2024 and 2023

	2024	2023 as Restated
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 314,840	\$ 205,380
Investments	795,091	988,840
Prepaid expenses and other assets	6,636	76,505
Total Current Assets	1,116,567	1,270,725
Noncurrent Assets		
Net OPEB asset	27,590	31,533
Capital Assets, net	1,000,475	1,151,280
Total Noncurrent Assets	1,028,065	1,182,813
Total Assets	2,144,632	2,453,538
Deferred Outflows of Resources		
OPEB plan items	2,639	1,020
Pension plan items	106,585	149,510
Total Deferred Outflows of Resources	109,224	150,530
Total Assets and Deferred Outflows of Resources	\$ 2,253,856	\$ 2,604,068

Arizona Municipal Water Users Association
Statements of Net Position (Continued)
June 30, 2024 and 2023

	2024	2023 as Restated
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 23,537	\$ 59,730
Deferred revenue	18,197	-
Compensated absences payable	73,731	61,560
Lease liability	110,957	98,593
Total Current Liabilities	226,422	219,883
Noncurrent Liabilities		
Net pension liability	807,454	900,987
Lease liability	1,045,402	1,156,359
Total Noncurrent Liabilities	1,852,856	2,057,346
Total Liabilities	2,079,278	2,277,229
Deferred Inflows of Resources		
OPEB plan items	12,146	18,150
Pension plan items	101,582	64,159
Total Deferred Inflows of Resources	113,728	82,309
Net Position		
Net investment in capital assets	(155,884)	(103,672)
Restricted		
Post-employment benefits	27,590	31,533
Other	63,686	73,686
Unrestricted	125,458	242,983
Total Net Position	60,850	244,530
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 2,253,856	\$ 2,604,068

Arizona Municipal Water Users Association
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023 as Restated
Operating Revenues		
Annual assessments	\$ 1,541,940	\$ 1,419,541
Other	14	4
Total Operating Revenues	<u>1,541,954</u>	<u>1,419,545</u>
Operating Expenses		
Salaries	955,639	808,662
Benefits	95,390	84,794
Occupancy costs	35,831	18,078
Legal and accounting	153,290	136,651
Temporary services	54,220	52,920
Water conservation	204,560	50,353
Printing and duplicating	6,725	4,486
Consulting services	4,800	4,800
Depreciation and amortization	150,806	150,806
Travel and meetings	8,833	7,254
Office supplies	9,787	8,491
Subscription and reference materials	6,511	6,049
Postage and shipping	880	694
General business insurance	5,173	4,944
Dues	1,642	1,539
Conferences	11,007	11,702
Total Operating Expenses	<u>1,705,094</u>	<u>1,352,223</u>
Operating Income (Loss)	<u>(163,140)</u>	<u>67,322</u>
Nonoperating Revenues (Expenses)		
Interest on investments	76,298	34,593
Interest paid	(96,838)	(104,225)
Total Nonoperating Revenues (Expenses)	<u>(20,540)</u>	<u>(69,632)</u>
Change in Net Position	(183,680)	(2,310)
Net Position, Beginning of Year	244,530	238,361
<i>Adjustment error correction</i>	-	8,479
Net Position, Beginning of Year, as Restated	<u>244,530</u>	<u>246,840</u>
Net Position, End of Year	<u>\$ 60,850</u>	<u>\$ 244,530</u>

Arizona Municipal Water Users Association
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u> <u>as Restated</u>
Cash Flows Provided by Operating Activities		
Cash received from members and customers	\$ 1,560,151	\$ 1,422,811
Cash paid to employees	(1,055,724)	(895,305)
Cash paid to suppliers and vendors	<u>(469,583)</u>	<u>(328,928)</u>
Net Cash Provided by Operating Activities	<u>34,844</u>	<u>198,578</u>
Cash Flows Provided by (Used in) Capital and Related Financing Activities		
Principal paid on lease	(98,593)	(87,176)
Interest paid on lease	(96,838)	(104,225)
Transfers from Investment Account	1,420,000	100,000
Transfers to Investment Account	<u>(1,150,000)</u>	<u>(200,000)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>74,569</u>	<u>(291,401)</u>
Cash Flows Provided by Investing Activities		
Interest on investments	<u>47</u>	<u>179</u>
Net Cash Provided by Investing Activities	<u>47</u>	<u>179</u>
Increase (Decrease) in Cash and Cash Equivalents	109,460	(92,644)
Cash and Cash Equivalents, Beginning of Year	<u>205,380</u>	<u>298,024</u>
Cash and Cash Equivalents, End of Year	<u>\$ 314,840</u>	<u>\$ 205,380</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ (163,140)	\$ 67,322
Adjustments		
Depreciation and amortization	150,805	150,806
Prepaid expenses and other current assets	69,869	(72,657)
Accounts payable	(36,193)	54,957
Deferred revenue	18,197	-
Compensated absences payable	12,171	(3,819)
Pension plan items	(13,185)	7,893
OPEB plan items	<u>(3,680)</u>	<u>(5,924)</u>
Net Cash Provided by Operating Activities	<u>\$ 34,844</u>	<u>\$ 198,578</u>

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Arizona Municipal Water Users Association (AMWUA) was incorporated on March 10, 1969. The Association is a nonprofit corporation formed for the purpose of providing a forum for the discussion of planning for the solution of regional water problems, to ensure maximum efficiency and economy in maintaining and securing water and water rights, and in producing, treating, conserving, and distributing water for urban uses through the pooling of common resources and intergovernmental cooperation.

The more significant of AMWUA's accounting policies are described below.

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Revenues are recorded when earned and expenses recorded at the time liabilities are incurred.

AMWUA is a special purpose governmental entity engaged only in business-type activities. It is required to present the financial statements required for enterprise funds, which include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. It also requires a Management's Discussion and Analysis as required supplementary information.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions affect the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, AMWUA evaluates its estimates and assumptions based upon historical experience and various other factors and circumstances. Management believes that its estimates and assumptions are reasonable in the circumstances; however, actual results may differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, AMWUA considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

AMWUA places all of its investments within the Arizona Local Government Investment Pool (LGIP). All such investments are stated at fair value based upon quoted market prices. Investment income is included in nonoperating revenues in the financial statements.

Capital Assets

Capital assets are initially recorded at cost. These assets are depreciated using the straight-line method over their estimated useful lives, generally 3 to 5 years for furniture and equipment. The capitalization threshold is \$1,000 with a useful life greater than one year. Leasehold improvements are amortized over the shorter of their estimated useful lives or the term of the associated lease. Intangible right-of-use assets are amortized over the lease term or the underlying asset's useful life. The useful life of the intangible right-of-use asset is 10 years.

Arizona Municipal Water Users Association
Notes to Financial Statements
June 30, 2024 and 2023

Operating Revenues

Operating revenues primarily reflect members' assessments for water and wastewater activities. All operating revenues are recognized when earned. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Tax-Exempt Status

AMWUA has received a tax determination letter indicating that it qualifies as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code. AMWUA is also exempt from State of Arizona taxation.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

AMWUA's personnel regulations generally provide for granting paid time off in varying amounts. Benefits are accrued when earned by employees.

Contingency and Reserve Funds Status

In March 2013, the Board of Directors approved the Contingency Fund and Reserve Fund Policy directing and restricting the use of AMWUA's excess cash.

The Contingency Fund was established in the amount of \$600,000 and may only be used as authorized by the Board of Directors for unanticipated emergency or extraordinary expenses. Pursuant to the policy, these funds are held in the LGIP with the Arizona State Treasurer.

The Reserve Fund was established with a balance equal to the difference between AMWUA's excess cash and the Contingency Fund. Monies in the Reserve Fund may only be used as authorized by the Board of Directors. In accordance with the policy, this fund may not be used for ongoing operational expenses but may be used for capital expenditures (such as office equipment and furniture), to offset the cost of relocating the office, or for professional services that fall outside of the normal operations of AMWUA. At June 30, 2024, the balance of the Reserve Fund is \$282,307. Pursuant to the policy, these funds are held in the LGIP with the Arizona State Treasurer.

In June 2020, the Board of Directors approved the Office Lease Stabilization Fund Policy to smooth the effect of rent increases in future years. AMWUA received six months of free rent overlapping fiscal year 2021 and fiscal year 2022. Rather than reduce budget and assessments, AMWUA kept these consistent and designated \$90,000 (\$45,000 in each fiscal year) to be held in the Office Lease Stabilization Fund. Beginning in fiscal year 2022, \$10,000 will be utilized to reduce the office space line item in future budgets. At June 30, 2024, the balance of the Office Lease Stabilization fund is \$63,686. Pursuant to the policy, these funds are held in the LGIP with the Arizona State Treasurer.

Arizona Municipal Water Users Association
Notes to Financial Statements
June 30, 2024 and 2023

Leases

AMWUA is a lessee for noncancellable leases and recognizes a lease liability and a right-to-use lease asset (lease asset) in the financial statements. AMWUA recognizes lease liabilities with an initial, individual value of \$30,000 or more. AMWUA uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease.

At the commencement of the lease, AMWUA measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Key estimates and judgements related to leases include how AMWUA determines (1) the discount rate is uses to discount expected lease payments to present value, (2) lease term, and (3) lease payments.

- AMWUA uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, AMWUA uses the IRS applicable federal rate tables to measure the interest rate of lease liabilities as its incremental borrowing rate.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payment and purchase option price that AMWUA is reasonably certain to exercise.

AMWUA monitors changes in circumstances that would require a remeasurement of its lease and will remeasure lease asset and liability if certain changes occur that are expected to significantly affect the amount of lease liability.

Pensions

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

Post-Employment Benefits

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized.

Net Position Flow Assumption

In the financial statements, AMWUA applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

Net Investment in Capital Assets – This amount consists of capital, lease and subscription assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt, that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position – This amount is restricted by external parties such as creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Arizona Municipal Water Users Association
Notes to Financial Statements
June 30, 2024 and 2023

Unrestricted Net Position – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Note 2. Cash and Investments

AMWUA places its cash with high credit quality financial institutions and generally limits the amount of credit exposure to the amount in excess of the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit of \$250,000. At June 30, 2024, the bank balance was \$323,234. AMWUA had no petty cash at June 30, 2024 and \$500 of petty cash at June 20, 2023.

AMWUA places all of its investments within the LGIP. The Arizona State Treasurer’s Office operates this pool to provide professional short-term investment services to a wide array of public entities. By investing in the LGIP, participants are able to benefit from the substantial aggregate buying power of the state portfolio as well as a pool of monies from other participants. Therefore, AMWUA has no individual investments in excess of 5% of the total investments as of June 30, 2024 and 2023.

The State Treasurer’s pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools as an investment company are not registered with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant’s position in the State Treasurer’s investment pools approximates the value of the participant’s shares in the pool and the participants’ shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

The State Board of Investment provides oversight for the State Treasurer’s pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares, and the participant’s shares are not identified with specific investments and not subject to custodial credit risk.

The provisions of State law (A.R.S. 35-323) govern the investment of funds in excess of \$100,000. A.R.S. 35-323 allows for investment in certificates of deposit, interest bearing savings accounts, repurchase agreements with a maximum maturity of 180 days, pooled investment funds established by the State Treasurer, obligations guaranteed by the United States, bonds of the State of Arizona or other local municipalities, commercial paper of prime quality that is rated “P1” by Moody’s investors or “A1” by Standard and Poor’s rating service, and bonds, debentures or notes that are issued by corporations organized and doing business in the United States subject to certain restrictions. For investments of less than \$100,000, procedures as specified by local ordinance or resolution must be followed.

The LGIP is primarily invested in commercial paper and government agency notes, with lesser investments in repurchase agreements and corporate notes. AMWUA’s funds are invested in Pool 5 with the LGIP, which is rated AAAf/S1+ by Standard.

Arizona Municipal Water Users Association
Notes to Financial Statements
June 30, 2024 and 2023

The following is a summary of AMWUA's cash and investments:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 314,840	\$ 205,380
Investments in LGIP	795,091	988,840
Total cash and investments	<u>\$ 1,109,931</u>	<u>\$ 1,194,220</u>

Note 3. Capital Assets

Capital assets at June 30, 2024 consist of the following:

	Beginning Balance July 1, 2023	Increase	Decrease	Ending Balance June 30, 2024
Capital assets				
Furniture and equipment	\$ 133,701	\$ -	\$ -	\$ 133,701
Leasehold improvements	7,102	-	-	7,102
Right-of-use asset				
Leased buildings and improvements	1,409,508	-	-	1,409,508
Total depreciable assets	<u>1,550,311</u>	<u>-</u>	<u>-</u>	<u>1,550,311</u>
Less accumulated depreciation and amortization				
Furniture and equipment	(110,027)	(9,855)	-	(119,882)
Leasehold improvements	(7,102)	-	-	(7,102)
Leased buildings and improvements	(281,902)	(140,950)	-	(422,852)
Total accumulated depreciation and amortization	<u>(399,031)</u>	<u>(150,805)</u>	<u>-</u>	<u>(549,836)</u>
Capital assets, net of accumulated depreciation and amortization	<u>\$ 1,151,280</u>	<u>\$ (150,805)</u>	<u>\$ -</u>	<u>\$ 1,000,475</u>

Arizona Municipal Water Users Association
Notes to Financial Statements
June 30, 2024 and 2023

Capital assets at June 30, 2023 consist of the following:

	Beginning Balance July 1, 2022	Increase	Decrease	Ending Balance June 30, 2023
Capital assets				
Furniture and equipment	\$ 133,701	\$ -	\$ -	\$ 133,701
Leasehold improvements	7,102	-	-	7,102
Right-of-use asset				
Leased buildings and improvements	1,409,508	-	-	1,409,508
Total depreciable assets	1,550,311	-	-	1,550,311
Less accumulated depreciation and amortization				
Furniture and equipment	(100,172)	(9,855)	-	(110,027)
Leasehold improvements	(7,102)	-	-	(7,102)
Leased buildings and improvements	(140,951)	(140,951)	-	(281,902)
Total accumulated depreciation and amortization	(248,225)	(150,806)	-	(399,031)
Capital assets, net of accumulated depreciation and amortization	\$ 1,302,086	\$ (150,806)	\$ -	\$ 1,151,280

Note 4. Leases

AMWUA entered into a facility lease which expires September 2031. The related obligation under the lease agreement has been recorded at the present value of its future minimum lease payments using a discount rate of 8%. Amortization of right-of-use assets recorded under leases is included with depreciation and amortization expense.

The net present value and future minimum lease payments at year-end were as follows:

	Principal	Interest
2025	\$ 110,957	\$ 88,503
2026	124,347	79,142
2027	138,849	68,670
2028	154,555	56,994
2029	171,564	44,014
2030–2032	456,087	44,075
Total	\$ 1,156,359	\$ 381,398

Arizona Municipal Water Users Association
Notes to Financial Statements
June 30, 2024 and 2023

Note 5. Changes in Long-Term Liabilities

Long-term liabilities at June 30, 2024 consist of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease payable	\$ 1,254,952	\$ -	\$ (98,593)	\$ 1,156,359	\$ 110,957
Compensated absences payable	61,560	24,824	(12,653)	73,731	73,731
Long-term liabilities	<u>\$ 1,316,512</u>	<u>\$ 24,824</u>	<u>\$ (111,246)</u>	<u>\$ 1,230,090</u>	<u>\$ 184,688</u>

Long-term liabilities at June 30, 2023 consist of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease payable	\$ 1,342,128	\$ -	\$ (87,176)	\$ 1,254,952	\$ 98,593
Compensated absences payable	65,379	9,524	(13,343)	61,560	61,560
Long-term liabilities	<u>\$ 1,407,507</u>	<u>\$ 9,524</u>	<u>\$ (100,519)</u>	<u>\$ 1,316,512</u>	<u>\$ 160,153</u>

Note 6. Annual Assessments

AMWUA assesses membership dues based upon operating costs for the year. During fiscal year 2024, the members paid 50% of the AMWUA water portion of the budget equally and the remaining 50% was allocated based on member population. The wastewater portion of the budget is paid only by the five members who own an interest in the 91st Avenue Wastewater Treatment Plant. Wastewater assessments are based on percentage of ownership in the 204.50 million gallons per day plant.

Arizona Municipal Water Users Association
Notes to Financial Statements
June 30, 2024 and 2023

The following summarizes the dues assessed for fiscal years 2024 and 2023. The 2024 assessments are net of an \$88,000 credit given to members:

<u>Voting Members</u>	<u>2024</u>	<u>2023</u>
City of Chandler*	\$ 113,767	\$ 104,190
City of Glendale	128,926	118,626
City of Mesa	186,093	171,845
City of Peoria*	100,586	91,850
City of Phoenix	467,605	432,429
City of Scottsdale	132,342	122,419
City of Tempe	133,895	123,601
Town of Gilbert*	109,206	99,872
City of Goodyear*	85,847	78,150
City of Avondale*	83,673	76,559
	<u>\$ 1,541,940</u>	<u>\$ 1,419,541</u>
Total annual assessments		

*Member does not have an ownership interest in the 91st Avenue Wastewater Treatment Plant.

Note 7. Deferred Compensation Plans

In October 2004, AMWUA became eligible to join the Arizona State Retirement System (ASRS). The ASRS is a cost-sharing multiple-employer defined benefit pension plan established by the State of Arizona to provide pension benefits for employees of the state and employees of participating political subdivisions and school districts. Additionally, the ASRS provides a health insurance premium benefit (OPEB) plan and sponsors medical and dental coverage for retired members. AMWUA made monthly retirement contributions into the ASRS at the rate of 12.29% and 12.17% of the participants' annual salaries in 2024 and 2023, respectively. AMWUA still maintains the Plan 457, in that each employee who wishes to participate has an individual account to which the employee may make voluntary contributions.

Note 8. Risk Management

AMWUA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. AMWUA carries commercial insurance for risks of loss, including property, and liability and workers' compensation and director and officers. There were no claims in any of the past three fiscal years.

Note 9. Related-Party Transactions

AMWUA's governing board is comprised of individuals from each member city. The member cities contributed nearly all revenues in the form of annual assessments during fiscal years 2024 and 2023. Annual assessments are based upon the Board-adopted budget. For additional information on annual assessments, see Note 6.

Note 10. Pensions and Other Postemployment Benefits

Plan Description

AMWUA employees participate in the ASRS. The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

Benefits Provided

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

	Retirement Initial Membership Date	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50*	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 months of the last 120 months	Highest 60 months of the last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits

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

Health insurance premium benefits are available to retired or disabled members with five years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with five to nine years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Arizona Municipal Water Users Association
Notes to Financial Statements
June 30, 2024 and 2023

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.29% (12.14% for retirement and 0.15% for long-term disability) of the members’ annual covered payroll, and AMWUA was required by statute to contribute at the actuarially determined rate of 12.03% (11.99% for retirement, 0.15% for health insurance premium benefit, and 0.11% for long-term disability) of the active members’ annual covered payroll. In addition, AMWUA was required by statute to contribute at the actuarially determined rate of 9.99% (9.94% for retirement and 0.05% for long-term disability) of annual covered payroll of retired members who worked for AMWUA in positions that would typically be filled by an employee who contributes to the ASRS. AMWUA’s contributions related to the pension were \$88,340 and \$74,040 for the years ended June 30, 2024 and 2023, respectively. AMWUA’s contributions to the health insurance premium benefit plan were \$717 and \$1,379 for the years ended June 30, 2024 and 2023, respectively. AMWUA funded 100% of its annual required contribution to the ASRS for the years ended June 30, 2024 and 2023.

Net Pension/OPEB Liability (Asset)

The net OPEB asset and net pension liability were measured as of June 30, 2023. The total liability used to calculate the net OPEB asset or net pension liabilities was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023.

AMWUA's proportion of the net OPEB asset or net pension liability were based on AMWUA’s actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023.

At June 30, 2024, AMWUA reported the following asset and liability for its proportionate share of the ASRS’ net pension/OPEB asset or liability. In addition, at June 30, 2023, AMWUA’s percentage proportion for the plan and the related change from its proportion measured as of June 30, 2022 was:

ASRS	Net Pension/ OPEB Liability	AMWUA % Proportion	Increase (Decrease)
Pension	\$ 807,454	0.00499%	\$ (93,533)
Health insurance premium benefit	(27,590)	0.00511%	3,943

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Notes to Financial Statements
June 30, 2024 and 2023

At June 30, 2023, AMWUA reported the following asset and liability for its proportionate share of the ASRS' net pension/OPEB asset or liability. In addition, at June 30, 2022, AMWUA's percentage proportion for the plan and the related change from its proportion measured as of June 30, 2021 was:

ASRS	Net Pension/ OPEB Liability	AMWUA % Proportion	Increase (Decrease)
Pension	\$ 900,987	0.00600%	\$ 123,125
Health insurance premium benefit	(31,533)	0.00565%	1,959

Expense

For the year ended June 30, 2024, AMWUA recognized the following pension and OPEB expense/(income):

ASRS	Pension/OPEB Expense (Income)
Pension	\$ 78,763
Health insurance premium benefit	(2,963)

For the year ended June 30, 2023, AMWUA recognized the following pension and OPEB expense/(income):

ASRS	Pension/OPEB Expense (Income)
Pension	\$ 81,933
Health insurance premium benefit	(4,545)

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Notes to Financial Statements
June 30, 2024 and 2023

Deferred Outflows/Inflows of Resources

At June 30, 2024, AMWUA reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,245	\$ -	\$ 1,164	\$ 10,289
Changes of assumptions or other inputs	-	-	-	549
Net difference between projected and actual earnings on pension plan investments	-	28,568	-	1,212
Changes in proportion and differences between contributions and proportionate share of contributions	-	73,014	1,475	96
Contributions subsequent to the measurement date	88,340	-	-	-
Total	<u>\$ 106,585</u>	<u>\$ 101,582</u>	<u>\$ 2,639</u>	<u>\$ 12,146</u>

The amounts reported as deferred outflows of resources related to ASRS pension and OPEB resulting AMWUA contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset or a reduction of the net pension/OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension	Health Insurance Premium Benefit
2025	\$ (53,190)	\$ (4,275)
2026	(57,385)	(4,740)
2027	30,788	(302)
2028	(3,550)	(344)
2029	-	154
Total	<u>\$ (83,337)</u>	<u>\$ (9,507)</u>

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Notes to Financial Statements
June 30, 2024 and 2023

At June 30, 2023, AMWUA reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,677	\$ -	\$ -	\$ 16,094
Changes of assumptions or other inputs	44,718	-	512	860
Net difference between projected and actual earnings on pension plan investments	-	23,733	-	1,060
Changes in proportion and differences between contributions and proportionate share of contributions	23,075	40,426	508	136
Contributions subsequent to the measurement date	74,040	-	-	-
Total	\$ 149,510	\$ 64,159	\$ 1,020	\$ 18,150

The amounts reported as deferred outflows of resources related to ASRS pension and OPEB resulting AMWUA contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset or a reduction of the net pension/OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension	Health Insurance Premium Benefit
2024	\$ 44,475	\$ (4,733)
2025	(29,944)	(5,156)
2026	(41,206)	(5,670)
2027	37,986	(765)
2029	-	(806)
Total	\$ 11,311	\$ (17,130)

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Notes to Financial Statements
June 30, 2024 and 2023

Actuarial Assumptions

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

	<u>2024</u>	<u>2023</u>
Actuarial valuation date	June 30, 2022	June 30, 2021
Actuarial roll forward date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	7.0%	7.0%
Projected salary increases	2.9%–8.4% for pensions	2.9%–8.4% for pensions
Inflation	2.3%	2.3%
Permanent base increases	Included for pensions	Included for pensions
Mortality rates	2017 SRA Scale U-mp	2017 SRA Scale U-mp

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage excluding any expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	44%	1.54%
Credit	23%	1.36%
Interest rate sensitive bonds	6%	0.09%
Private equity	10%	0.67%
Real estate	17%	1.00%
Total	<u>100%</u>	

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Notes to Financial Statements
June 30, 2024 and 2023

Discount Rate

At June 30, 2023 and 2022, the discount rate used to measure the ASRS total pension/OPEB (asset) liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under state statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension/OPEB (asset) liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

The following presents AMWUA's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0%, as well as what the proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

2024

ASRS	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Proportionate share of			
Net pension liability	\$ 1,209,448	\$ 807,454	\$ 472,263
Net insurance premium benefit (asset)	(19,284)	(27,590)	(34,648)

2023

ASRS	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Proportionate share of			
Net pension liability	\$ 1,329,379	\$ 900,987	\$ 543,774
Net insurance premium benefit (asset)	(22,674)	(31,533)	(39,049)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

Arizona Municipal Water Users Association
Notes to Financial Statements
June 30, 2024 and 2023

Note 11. Restatement of Prior Years' Financial Statements for Misstatement

In prior years, AMWUA did not appropriately include the asset, deferred outflows of resources, and deferred inflows of resources related to the ASRS' health insurance premium benefit (OPEB) plan. AMWUA retroactively restated the financial statements to include the plan. Additionally, fiscal year 2023 has been corrected for ending net position classifications. The changes impacted the following line items for fiscal year 2023:

	2023 as Previously Reported	Adjustment for Correction of Error	2023 as Restated
Statements of Financial Position			
Deferred Outflows of Resources - OPEB plan items	\$ -	\$ 1,020	\$ 1,020
Net OPEB asset	\$ -	\$ 31,533	\$ 31,533
Deferred Inflows of Resources - OPEB plan items	\$ -	\$ (18,150)	\$ (18,150)
Net Position - Net investment in capital assets	\$ -	\$ (103,672)	\$ (103,672)
Net Position - Restricted for Post-employment benefits	\$ 73,686	\$ 31,533	\$ 105,219
Net Position - Unrestricted	\$ 156,441	\$ 86,542	\$ 242,983
Statements of Revenues, Expenses and Changes in Net Position			
Benefits	\$ 90,718	\$ (5,924)	\$ 84,794
Statements of Cash Flows			
Operating income (loss)	\$ 61,398	\$ 5,924	\$ 67,322
Change in OPEB plan items	\$ -	\$ (5,924)	\$ (5,924)

Required Supplementary Information

**Arizona Municipal Water Users Association
Schedule of the Proportionate Share of the Net Pension/OPEB Liability (Asset)
Arizona State Retirement System
Last Ten Fiscal Years**

ASRS, Pension

	2024	2023	2022	2021	2020
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
AMWUA's proportion of the net pension liability (asset)	0.00499%	0.00552%	0.00592%	0.00544%	0.00589%
AMWUA's proportionate share of the net pension liability (asset)	\$ 807,454	\$ 900,987	\$ 777,862	\$ 942,563	\$ 857,064
AMWUA's covered payroll	\$ 636,022	\$ 632,390	\$ 656,240	\$ 600,259	\$ 621,646
AMWUA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	126.95%	142.47%	118.53%	157.03%	137.87%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%	69.33%	73.24%
	2019	2018	2017	2016	2015
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
AMWUA's proportion of the net pension liability (asset)	0.00627%	0.00602%	0.00541%	0.00624%	0.00815%
AMWUA's proportionate share of the net pension liability (asset)	\$ 874,444	\$ 937,799	\$ 873,228	\$ 924,728	\$ 1,198,514
AMWUA's covered payroll	\$ 630,523	\$ 586,438	\$ 506,728	\$ 576,162	\$ 735,857
AMWUA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	138.69%	159.91%	172.33%	160.50%	162.87%
Plan fiduciary net position as a percentage of the total pension liability	73.40%	69.92%	67.06%	68.35%	69.49%

ASRS, Health Insurance Premium Benefit

	2024	2023	2022	2021	2020
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
AMWUA's proportion of the net OPEB liability (asset)	0.00511%	0.00565%	0.00607%	0.00557%	0.00604%
AMWUA's proportionate share of the net OPEB liability (asset)	\$ (27,590)	\$ (31,533)	\$ (29,574)	\$ (3,944)	\$ (1,669)
AMWUA's covered payroll	\$ 651,317	\$ 657,096	\$ 666,427	\$ 593,959	\$ 620,006
AMWUA's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-4.24%	-4.80%	-4.44%	-0.66%	-0.27%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	134.37%	137.79%	130.24%	104.33%	101.62%
	2019	2018			
Measurement date	June 30, 2018	June 30, 2017			
AMWUA's proportion of the net OPEB liability (asset)	0.00621%	0.00593%			
AMWUA's proportionate share of the net OPEB liability (asset)	\$ (2,236)	\$ (3,228)			
AMWUA's covered payroll	\$ 602,194	\$ 564,436			
AMWUA's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-0.37%	-0.57%			
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	102.20%	103.57%			

NOTE: The OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

**Arizona Municipal Water Users Association
Schedule of Pension/OPEB Contributions
Arizona State Retirement System
Last Ten Fiscal Years**

ASRS, Pension

	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 88,340	\$ 74,040	\$ 75,950	\$ 75,823	\$ 67,109
Contributions in relation to the actuarially determined contribution	88,340	74,040	75,950	75,823	67,109
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
AMWUA's covered payroll	\$ 636,022	\$ 632,390	\$ 632,390	\$ 656,240	\$ 586,096
Contributions as a percentage of covered-employee payroll	13.89%	11.71%	12.01%	11.55%	11.45%
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 69,500	\$ 68,727	\$ 63,218	\$ 54,980	\$ 62,744
Contributions in relation to the actuarially determined contribution	69,500	68,727	63,218	54,980	62,744
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
AMWUA's covered payroll	\$ 621,646	\$ 630,523	\$ 586,438	\$ 506,728	\$ 576,161
Contributions as a percentage of covered-employee payroll	11.18%	10.90%	10.78%	10.85%	10.89%

ASRS, Health Insurance Premium Benefit

	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 717	\$ 1,379	\$ 2,598	\$ 2,913	\$ 2,859
Contributions in relation to the actuarially determined contribution	717	1,379	2,598	2,913	2,859
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
AMWUA's covered payroll	\$ 651,317	\$ 657,096	\$ 666,427	\$ 593,959	\$ 620,006
Contributions as a percentage of covered-employee payroll	0.11%	0.21%	0.39%	0.49%	0.46%
	2019	2018			
Actuarially determined contribution	\$ 2,664	\$ 2,534			
Contributions in relation to the actuarially determined contribution	2,664	2,534			
Contribution deficiency (excess)	\$ -	\$ -			
AMWUA's covered payroll	\$ 602,194	\$ 564,436			
Contributions as a percentage of covered-employee payroll	0.44%	0.45%			

NOTE: The OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

Note 1. Pensions

Actuarial Assumptions for Valuations Performed

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends

The actuarial assumptions used in the June 30, 2022 valuation were based upon the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes, which were applied to the June 30, 2020 actuarial valuation. The total liabilities as of June 30, 2022 reflect changes in actuarial assumptions based upon the results of an actuarial experience, including decreasing the discount rate from 7.5% to 7.0%.