



Central Arizona Project

Year-to-Date 1st Quarter

2025 Financial Review

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Financial Overview

The following discussion presents an overview of the financial activities and condition of the Central Arizona Water Conservation District (CAWCD or District). It summarizes the 2025 financial and budget performance through the first quarter and provides a projection for the full year. More detailed explanations are covered on the following pages.

Highlights

TOTAL REVENUES: As shown on the graphs to the right, total revenues through the first quarter were \$69 million, \$2 million higher than budget. The full-year total revenue forecast is \$489 million, \$27 million lower than budget. The full-year variance is primarily because:

- Water Operations & Maintenance (O&M) charges are lower than budget by \$34 million due to additional system conservation agreements and lower energy costs, resulting in lower delivery volumes. This is offset by interest income being \$15 million higher than budget.

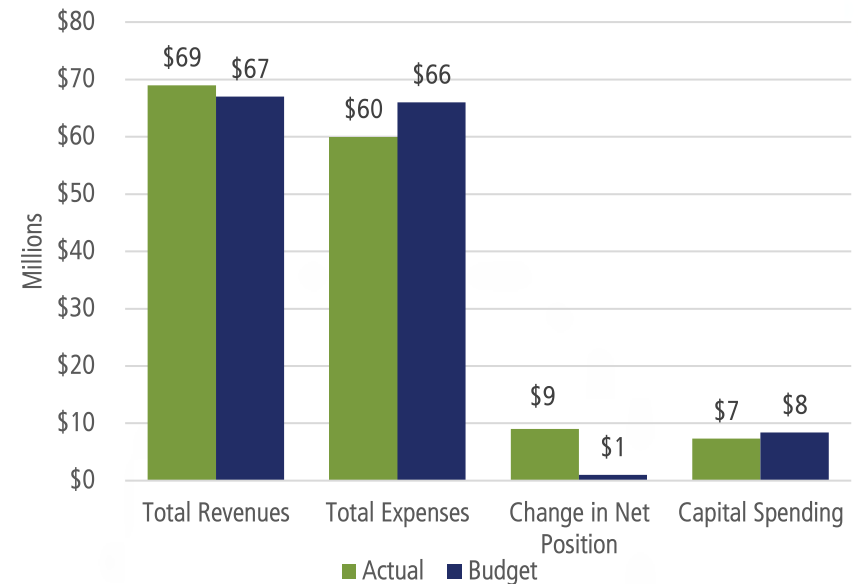
TOTAL EXPENSES: As shown on the graphs to the right, total expenses through the first quarter were \$60 million, \$6 million lower than budget. The full-year total expense forecast is \$292 million, \$30 million lower than budget. The biggest influence on the full-year variance is Energy, which is forecasted \$15 million lower than budget. The CAWCD Board approved \$6 million in additional spending authority which is included in the budget numbers.

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

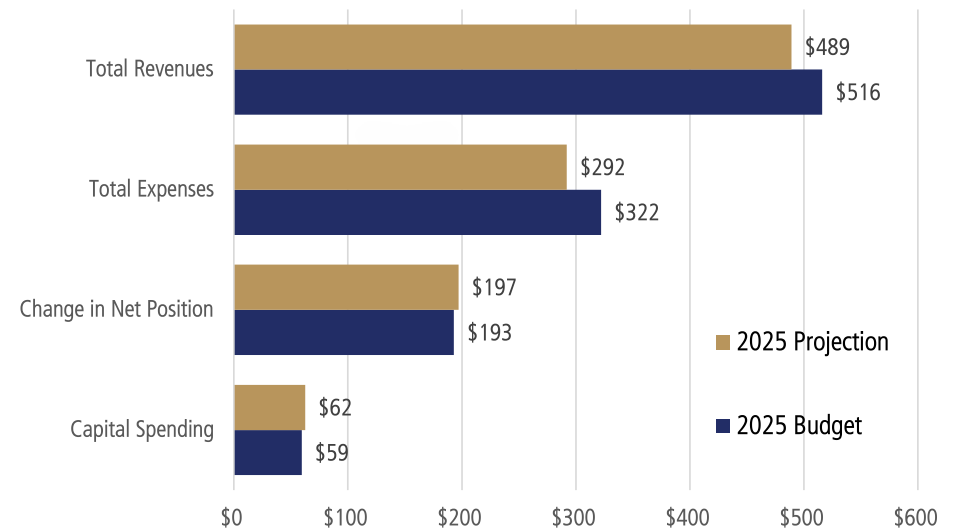
CHANGE IN NET POSITION: The change in net position—which is the difference between revenues and expenses—was \$9 million through the first quarter, \$8 million higher than budget. The full year forecast is \$197 million, \$4 million higher than budget. See Statements of Net Position on page 4 for additional information.

CAPITAL: Capital spending through the first quarter was \$7 million, \$1 million lower than budget. The full-year capital spending forecast is \$62 million, \$3 million higher than budget. The Project Steering Committee has reviewed and adjusted planned capital spending later in 2025, and it will continue to review projects and equipment needs to determine if additional adjustments can be made or if additional spending authority is needed. See Capital section starting on page 53 for additional information.

1st Quarter 2025 - Actual vs Budget



Full Year 2025 - Projection vs Budget



Statements of Net Position

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets and deferred outflows at the end of 2025 are projected to be \$131 million higher than the 2024 year-end balance.

CURRENT ASSETS: One of the largest component of the District's current assets is water inventory, which represents long term storage credits (LTSCs) and lake inventories. Water inventory is projected to increase by \$10 million in 2025.

Cash and short term investments are projected to decrease \$5 million. Other current assets—which are primarily made up of accounts receivable—are expected to decrease \$15 million. The receivable balance is expected to decrease because the 2025 year-end reconciliation is not expected to result in significant water customer receivables like it did in 2024.

NONCURRENT ASSETS: The largest component of the District's capital assets is the net permanent service right (PSR). The PSR represents the District's right to operate the Central Arizona Project system and collect revenues from operations, for which the District has incurred a repayment obligation to the United States. For 2025, amortization of the PSR is approximately \$18 million, and the net PSR will decrease from \$957 million to \$939 million. Net capital operating assets, which grow as a result of completed capital projects, are projected to increase by \$38 million.

Long Term Investments and restricted assets are expected to increase by \$121 million, following the increased reserve targets to address long-term maintenance and capital projects.

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

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

<i>(Dollars in millions)</i>	2024	2025	Change	
Current Assets				
Cash and short term investments	\$ 289	\$ 284	\$ (5)	(1.7%)
Funds held by federal gov't	13	7	(6)	(46.2%)
Water inventory	245	255	10	4.1%
Other current assets	78	63	(15)	(19.2%)
	625	609	(16)	(2.6%)
Noncurrent Assets				
Long Term Investments and restricted	737	858	121	16.4%
Agricultural water rights	48	48	-	0.0%
Capital assets - operating, net	346	384	38	11.0%
Capital assets - PSR, net	957	939	(18)	(1.9%)
Other assets	2	2	-	0.0%
	2,090	2,231	141	6.7%
Deferred Outflows of Resources				
Pension & OPEB valuation and Upfront Payments	10	16	6	60.0%
Total Assets & Deferred Outflows				
	\$ 2,725	\$ 2,856	\$ 131	4.8%

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

CURRENT LIABILITIES: Current liabilities include payables, accrued interest, and current principal obligations. Overall, current liabilities are projected to decrease \$27 million in 2025, primarily because accounts payable reflects the year-end reconciliation, resulting in a customer refund.

NONCURRENT LIABILITIES: Noncurrent liabilities are projected to decrease \$47 million, primarily because the federal repayment obligation will decrease \$43 million from the annual payment. In addition, contract revenue bonds are expected to decrease \$3 million as debt payments are made.

DEFERRED INFLOWS OF RESOURCES: Deferred inflows include customer deposits and upfront payments, as well as deferred inflow OPEB and pension valuation. Deferred inflows of resources are expected to remain consistent from 2024.

NET POSITION: Net position—which is the difference between Total Assets and Deferred Outflows and Total Liabilities and Deferred Inflows—is projected to increase \$199 million in 2025.

Total liabilities, deferred inflows of resources, and net position 2025 vs. 2024 (in millions)				
	2024	2025	Change	
Current liabilities	201	174	\$ (27)	(13.4%)
Noncurrent liabilities				
Repayment obligation, net	814	771	\$ (43)	(5.3%)
Contract revenue bonds	33	30	(3)	(9.1%)
Ag water right debt	89	89	-	0.0%
Asset retirement obligation	22	22	-	0.0%
Other noncurrent liabilities	99	98	(1)	(1.0%)
Total noncurrent liabilities	1,057	1,010	(47)	(4.4%)
Deferred inflows of resources				
Customer deposits and upfront payments	36	36	-	0.0%
Deferred inflow OPEB	7	7	-	0.0%
Deferred inflow pension	6	6	-	0.0%
Total deferred inflows of resources	49	49	-	0.0%
Net position				
Investments in capital assets	408	478	70	17.2%
Restricted, net	115	121	6	5.2%
Unrestricted, net	901	1,024	123	13.7%
Total net position	1,424	1,623	199	14.0%
Total liabilities, deferred inflows of resources, & net position	\$ 2,731	\$ 2,856	\$ 125	4.6%

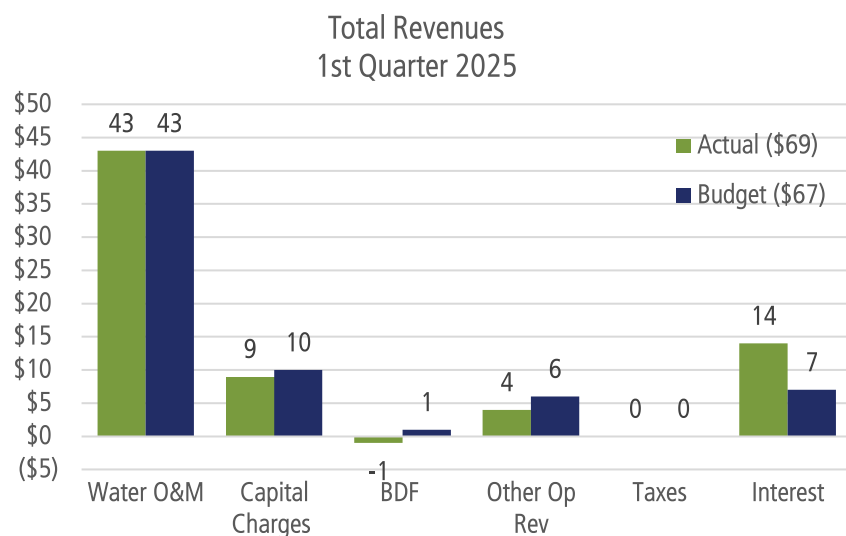
Statements of Revenues, Expenses & Change in Net Position

Net position increased \$9 million through the first quarter, compared to a budgeted increase of \$1 million. Net position is projected to increase by \$199 million for the year. The factors contributing to the year-to-date and full-year net position change are discussed in the sections that follow.

TOTAL REVENUES

1ST QUARTER 2025 BUDGET PERFORMANCE: Total revenues through the first quarter were \$69 million compared to a budget of \$67 million.

- Water O&M revenues were \$43 million, which was in line with the budget
- Interest revenue was \$14 million compared to a budget of \$7 million due to favorable fair value adjustment and enhanced investment strategies.
- BDF revenues were under budget due to WAPA completing a reconciliation of CAP Transmission O&M expenses from October 2024 through March 2025
- All other revenue categories were at or near budget.



FULL-YEAR 2025 BUDGET PERFORMANCE:

At year-end, total revenues are projected to be \$489 million, \$27 million lower than budget.

Operating Revenues are projected to be \$40 million lower than budget.

- Water O&M charges are projected to be \$34 million lower than budget because of a system conservation agreement that was not in place when the budget was completed and lower energy costs.
- Other operating revenues are projected to be \$6 million lower than budget, primarily because CAGR rate revenues are projected to be \$5 million lower than budget due to lower-than-expected obligation.
- All other operating revenue categories are projected to be at or near budget.

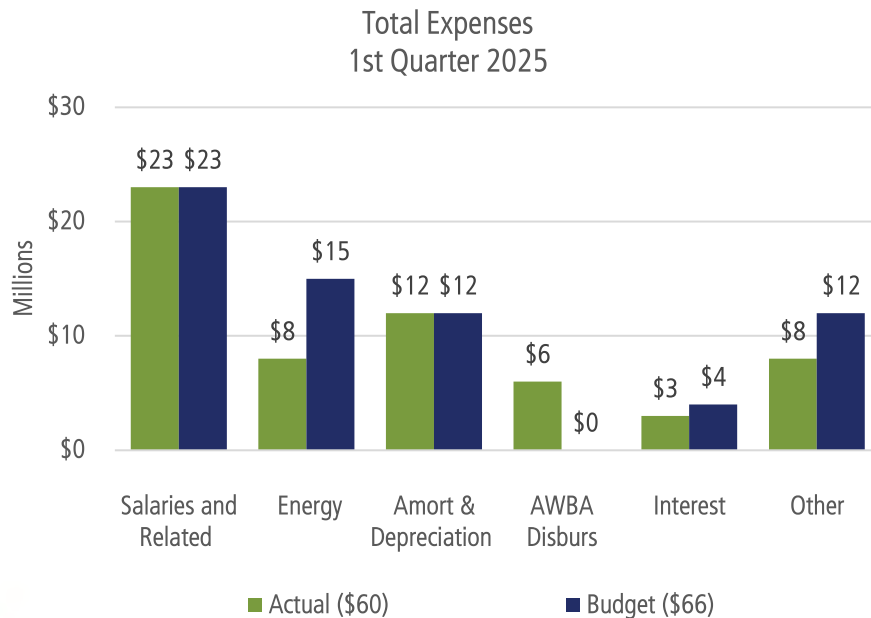
Nonoperating Revenues are expected to be \$13 million higher than budget primarily due to enhanced investment strategies and a favorable fair value adjustment.

	Full-Year 2025			
(Dollars in millions)	Projected	Budget	Variance	
Operating Revenues				
Water O&M charges	\$ 225	\$ 259	\$ (34)	(13.1%)
Water service capital charges	37	37	-	0.0%
BDF revenues	7	7	-	0.0%
Other revenues	69	75	(6)	(8.0%)
	<u>338</u>	<u>378</u>	<u>(40)</u>	<u>(10.6%)</u>
Nonoperating Revenues				
Property taxes	107	109	(2)	(1.8%)
Interest income & other	44	29	15	51.7%
	<u>151</u>	<u>138</u>	<u>13</u>	<u>9.4%</u>
Total Revenues	<u>\$ 489</u>	<u>\$ 516</u>	<u>\$ (27)</u>	<u>(5.2%)</u>

TOTAL EXPENSES

1ST QUARTER 2025 BUDGET PERFORMANCE: Total expenses through the first quarter were \$60 million, \$6 million lower than budget.

- Energy charges were \$7 million lower than budget, primarily because natural gas prices were lower than expected.
- Other expenses were \$4 million lower than budget, primarily because of lower-than-expected conservation program costs and lower recovery expenses.
- AWBA Disbursements were \$6 million higher than budget because of the purchase of long-term storage credits by the Water Bank which was not expected when the budget was created. The CAWCD approved this transfer, which has been added to the full year budget.
- All other expense categories were at or near budget.



FULL-YEAR 2025 BUDGET PERFORMANCE: At year end, total expenses are projected to be \$292 million, \$30 million lower than budget.

Operating Expenses are projected to be \$29 million lower than budget.

- Energy expenses are projected to end the year \$15 million lower than budget because natural gas prices are lower than expected and shaping opportunities.
- Other expenses are projected to be \$16 million lower than budget, primarily because:
 - ◇ Water for Underground Storage is expected to be \$1 million lower than budget because of less obligation than expected.
 - ◇ Outside services are expected to be \$12 million lower than budget because of lower-than-expected conservation program and recovery expenses.
 - ◇ Transmission expenses are expected to be lower by \$2 million due to the One Transmission Rate implementation.
- Amortization and Depreciation is expected to be \$3 million higher than budget because of more work-in-process being completed than expected.

All other operating and nonoperating expense categories are expected to be at or near budget.

Full-Year 2025					
<i>(Dollars in millions)</i>	Projected		Budget		Variance
Operating Expenses					
Salary and related costs	\$	92	\$	93	\$ 1 1.1%
Energy		65		80	15 18.8%
Amortization and depreciation		50		47	(3) (6.4%)
Other		64		80	16 20.0%
		271		300	29 9.7%
Nonoperating Expenses					
AWBA Disbursements		7		7	- 0.0%
Interest Expense		14		15	1 6.7%
		21		22	1 4.5%
Total Expenses	\$	292	\$	322	\$ 30 9.3%



Statement of Revenues, Expenses and Change in Net Position All Funds/Accounts

(Dollars in Thousands)

	YTD - 1st Quarter 2025				Full Year 2025					
	Actual	Budget	Variance		Forecast	Budget	Total Additional Spending Authority		Variance	
			(\$)	(%)					(\$)	(%)
Operating Revenues										
Water O&M charges	\$ 43,422	\$ 43,305	\$ 117	0.3%	\$ 225,151	\$ 258,676	\$ -	\$ 258,676	\$ (33,525)	(13.0%)
Water service capital charges	9,303	9,546	(243)	(2.5%)	37,225	37,196	-	37,196	29	0.1%
Basin Development Fund revenues	(647)	1,485	(2,132)	(143.6%)	6,865	6,725	-	6,725	140	2.1%
Other revenues	4,042	5,109	(1,067)	(20.9%)	69,452	74,902	-	74,902	(5,450)	(7.3%)
Total Operating Revenues	\$ 56,120	\$ 59,445	\$ (3,325)	(5.6%)	\$ 338,693	\$ 377,499	\$ -	\$ 377,499	\$ (38,806)	(10.3%)
Operating Expenses										
Salaries and related costs	\$ (22,847)	\$ (23,499)	\$ 652	2.8%	\$ (93,018)	\$ (92,985)	\$ -	\$ (92,985)	\$ (33)	(0.0%)
Energy	(7,799)	(15,518)	7,719	49.7%	(65,138)	(80,370)	-	(80,370)	15,232	19.0%
Transmission	(2,964)	(3,316)	352	10.6%	(11,565)	(13,395)	-	(13,395)	1,830	13.7%
Amortization	(4,531)	(4,531)	(0)	(0.0%)	(18,125)	(18,126)	-	(18,126)	1	0.0%
Depreciation	(7,173)	(6,958)	(215)	(3.1%)	(31,422)	(28,483)	-	(28,483)	(2,939)	(10.3%)
Other Operating Costs:										
Outside services	(5,497)	(9,028)	3,531	39.1%	(34,428)	(46,180)	-	(46,180)	11,752	25.4%
Materials and supplies	(2,414)	(2,158)	(256)	(11.9%)	(10,217)	(9,626)	-	(9,626)	(591)	(6.1%)
Water for underground storage	2,511	2,818	(307)	(10.9%)	(1,237)	(2,553)	-	(2,553)	1,316	51.5%
Overhead	1,048	781	267	34.2%	4,673	3,261	-	3,261	1,412	43.3%
Other expenses	(2,573)	(3,022)	450	14.9%	(10,976)	(11,471)	-	(11,471)	495	4.3%
Subtotal other costs	(6,925)	(10,609)	3,684	34.7%	(52,185)	(66,569)	-	(66,569)	14,384	21.6%
Total Operating Expenses	(52,239)	(64,431)	12,192	18.9%	(271,453)	(299,928)	-	(299,928)	28,475	9.5%
Operating Income/(Loss)	\$ 3,881	\$ (4,986)	\$ 8,867	177.8%	\$ 67,240	\$ 77,571	\$ -	\$ 77,571	\$ (10,331)	(13.3%)
Nonoperating Revenues/(Expenses)										
Property taxes	\$ -	\$ -	\$ -		\$ 106,528	\$ 109,181	\$ -	\$ 109,181	\$ (2,653)	(2.4%)
Interest income and other	14,378	7,102	7,276	102.5%	43,580	28,636	-	28,636	14,944	52.2%
Disbursements to AWBA	(6,322)	(180)	(6,142)	(3,412.2%)	(6,322)	(732)	(6,322)	(7,054)	732	10.4%
Interest expense and other	(3,425)	(3,663)	238	6.5%	(14,489)	(14,727)	-	(14,727)	238	1.6%
Total Nonoperating Revenues/(Expenses)	4,631	3,259	1,372	42.1%	129,297	122,358	(6,322)	116,036	13,261	11.4%
Change in Net Position	8,512	(1,727)	10,239	593.0%	196,537	199,929	(6,322)	193,607	2,930	1.5%
Net position at beginning of period	1,424,817	1,365,049	59,768	4.4%	1,424,817	1,365,049	-	1,365,049	59,768	4.4%
Net position at beginning of period -restated	1,424,817	1,365,049	59,768	4.4%	1,424,817	1,365,049	-	1,365,049	59,768	4.4%
Net position at end of period	\$ 1,433,329	\$ 1,363,322	\$ 70,007	5.1%	\$ 1,621,354	\$ 1,564,978	\$ (6,322)	\$ 1,558,656	\$ 62,698	4.0%

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

(Dollars in Thousands)

	YTD - 1st Quarter 2025	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance Fund
Operating Revenues						
Water O&M charges	\$ 43,422	\$ (2,164)	\$ 45,586	\$ -	\$ -	\$ -
Water service capital charges	9,303	(332)	9,635	-	-	-
Basin Development Fund Revenues	(647)	-	(647)	-	-	-
Other revenues	4,042	(3,256)	466	-	3,591	3,241
Total Operating Revenues	56,120	(5,752)	55,040	-	3,591	3,241
Operating Expenses						
Salaries and related costs	(22,847)	-	(22,517)	-	(330)	-
Energy	(7,799)	-	(7,799)	-	-	-
Transmission	(2,964)	-	(2,964)	-	-	-
Amortization	(4,531)	-	(4,531)	-	-	-
Depreciation	(7,173)	-	(7,158)	-	(15)	-
Other operating costs:						
Outside services	(5,497)	-	(5,237)	-	(206)	(54)
Materials and supplies	(2,414)	-	(2,414)	-	(0)	-
Water for recharge	2,511	2,511	-	-	-	-
Overhead	1,048	-	1,377	-	(329)	-
Other expenses	(2,573)	3,241	(2,854)	-	(19)	(2,941)
Subtotal other costs	(6,925)	5,752	(9,128)	-	(554)	(2,995)
Total Operating Expenses	(52,239)	5,752	(54,097)	-	(899)	(2,995)
Operating Income/(Loss)	3,881	-	943	-	2,692	246
Nonoperating Revenues/(Expenses)						
Property taxes	-	-	-	-	-	-
Interest income and other	14,378	(238)	12,805	156	1,505	150
Disbursements to AWBA	(6,322)	-	(6,322)	-	-	-
Interest expense and other	(3,425)	238	(3,663)	-	-	-
Total Nonoperating Revenues/(Expenses)	4,631	-	2,820	156	1,505	150
Change in Net Position	8,512	-	3,763	156	4,197	396
Net position at beginning of period	1,424,817	(2,350)	1,035,125	9,513	367,006	15,523
Cumulative-effect of change in accounting principles	-	-	-	-	-	-
Net position at beginning of period-restated	1,424,817	(2,350)	1,035,125	9,513	367,006	15,523
Net position at end of period	\$ 1,433,329	\$ (2,350)	\$ 1,038,888	\$ 9,669	\$ 371,203	\$ 15,919

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

(Dollars in Thousands)

	Full Year 2025	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance Fund
Operating Revenues						
Water O&M charges	\$ 225,151	\$ (16,067)	241,218	\$ -	\$ -	\$ -
Water service capital charges	37,225	(1,949)	39,174	-	-	-
Basin Development Fund Revenues	6,865	-	6,865	-	-	-
Other revenues	69,452	(13,003)	2,031	-	67,436	12,988
Total Operating Revenues	338,693	(31,019)	289,288	-	67,436	12,988
Operating Expenses						
Salaries and related costs	(93,018)	-	(91,597)	-	(1,421)	-
Energy	(65,138)	-	(65,138)	-	-	-
Transmission	(11,565)	-	(11,565)	-	-	-
Amortization	(18,125)	-	(18,125)	-	-	-
Depreciation	(31,422)	-	(31,361)	-	(61)	-
Other operating costs:						
Outside services	(34,428)	-	(32,182)	-	(1,994)	(252)
Materials and supplies	(10,217)	-	(10,216)	-	(1)	-
Water for recharge	(1,237)	18,031	-	-	(19,268)	-
Overhead	4,673	-	6,145	-	(1,472)	-
Other expenses	(10,976)	12,988	(12,044)	-	(203)	(11,717)
Subtotal other costs	(52,185)	31,019	(48,297)	-	(22,938)	(11,969)
Total Operating Expenses	(271,453)	31,019	(266,083)	-	(24,420)	(11,969)
Operating Income/(Loss)	67,240	-	23,205	-	43,016	1,019
Nonoperating Revenues/(Expenses)						
Property taxes	106,528	-	106,528	-	-	-
Interest income and other	43,580	(238)	37,369	429	5,420	600
Disbursements to AWBA	(6,322)	-	(6,322)	-	-	-
Interest expense and other	(14,489)	238	(14,652)	-	(75)	-
Total Nonoperating Revenues/(Expenses)	129,297	-	122,923	429	5,345	600
Change in Net Position	196,537	-	146,128	429	48,361	1,619
Net position at beginning of period	1,424,817	(2,350)	1,035,125	9,513	367,006	15,523
Cumulative-effect of change in accounting principles	-	-	-	-	-	-
Net position at beginning of period-restated	1,424,817	(2,350)	1,035,125	9,513	367,006	15,523
Net position at end of period	\$ 1,621,354	\$ (2,350)	1,181,253	\$ 9,942	\$ 415,367	\$ 17,142

Statement of Net Position

(Dollars in Thousands)

	2024	As of 3/31/2025	As of 12/31/2025
ASSETS			
Current Assets			
Cash	\$ 19,429	\$ 22,821	\$ 20,633
Short Term Investments	269,147	250,288	262,956
Total cash and cash equivalents	288,576	273,109	283,589
Receivables			
Due from water customers	3,585	(2,108)	1,261
Due from property taxes, less allowance for doubtful accounts	49,608	38,439	51,707
Other Receivables	22,085	13,292	10,551
Water inventory	245,447	254,236	254,720
Funds held by federal government	12,852	(632)	7,034
Other assets	3,165	9,049	59
Total Current Assets	625,318	585,385	608,921
Noncurrent Assets			
Long Term Investments	605,453	619,138	722,160
Restricted assets	131,134	132,237	135,403
Agriculture water rights	47,663	47,663	47,663
Capital assets, less accumulated depreciation	346,497	346,622	383,885
Permanent service right, less accumulated amortization	956,927	952,396	938,802
Other assets	1,839	1,839	1,806
Total Noncurrent Assets	2,089,513	2,099,895	2,229,719
TOTAL ASSETS	2,714,831	2,685,280	2,838,640
DEFERRED OUTFLOWS OF RESOURCES			
Pension & OPEB Valuation and Upfront Payments	16,366	16,366	16,332
Total Deferred Outflows of Resources	16,366	16,366	16,332
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESEROUCEs	\$ 2,731,197	\$ 2,701,646	\$ 2,854,972

Statement of Net Position

(Dollars in Thousands)

	2024	As of 3/31/2025	As of 12/31/2025
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 83,308	\$ 55,148	\$ 65,021
Accrued payroll, payroll taxes and other accrued expenses	5,387	2,951	8,501
Water operations, capital charges, and unearned revenue	47,794	97,326	40,940
Asset retirement obligation due within one year	203	203	203
Current liabilities payable from restricted assets, advances to federal government, and other Non-current assets:			
Accrued interest payable	15,865	3,825	14,362
Repayment obligation, due within one year	42,808	42,808	42,808
Contract revenue bonds, due within one year	5,910	5,995	2,120
Total Current Liabilities	201,275	208,256	173,955
Noncurrent Liabilities:			
Repayment obligation, due after one year	813,815	771,007	771,007
Contract revenue bonds, due after one year, net	32,625	30,389	30,042
Non-Indian agricultural 9(d) debt	88,689	88,689	88,689
Asset retirement obligation due after one year	21,870	21,870	21,644
Other non-current liabilities	98,646	98,645	98,822
Subtotal Noncurrent Liabilities	1,055,645	1,010,600	1,010,204
Total Liabilities	1,256,920	1,218,856	1,184,159
DEFERRED INFLOWS OF RESOURCES			
Customer Deposits	36,357	36,358	36,358
Deferred Inflow OPEB	7,490	7,490	7,490
Pension Valuation	5,613	5,613	5,613
Total Deferred Inflows of Resources	49,460	49,461	49,461
NET POSITION			
Net investment in capital assets	408,266	448,819	476,710
Restricted	115,268	128,412	121,041
Unrestricted	901,283	856,098	1,023,603
Total Net Position	1,424,817	1,433,329	1,621,354
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,731,197	\$ 2,701,646	\$ 2,854,974

Statement of Net Position by Fund

(Dollars in Thousands)

	As of 12/31/2025	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance
ASSETS						
Current Assets						
Cash and short term investments	\$ 283,589	\$ -	\$ 222,881	\$ -	\$ 42,640	\$ 18,068
Receivables	63,519	(7,353)	56,811	-	14,061	-
Water inventory	254,720	-	21,919	-	232,801	-
Funds held by / advanced to federal government	7,034		7,034			
Other	59	(913)	(1,563)	-	2,385	150
Total Current Assets	608,921	(8,266)	307,082	-	291,887	18,218
Noncurrent Assets						
Long Term Investments and restricted assets	857,563	(2,350)	737,959	9,942	109,762	2,250
Agriculture water rights	47,663	-	47,663	-	-	-
Capital assets, less accumulated depreciation	383,885	-	358,616	-	25,269	-
Permanent service right, less accumulated amortization	938,802	-	938,802	-	-	-
Other assets, less accumulated amortization	1,806	-	1,806	-	-	-
Bond issuance costs, net of accumulated amortization	-	-	-	-	-	-
Total Noncurrent Assets	2,229,719	(2,350)	2,084,846	9,942	135,031	2,250
TOTAL ASSETS	2,838,640	(10,616)	2,391,928	9,942	426,918	20,468
DEFERRED OUTFLOWS OF RESOURCES	16,332	-	16,332	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 2,854,973	\$ (10,616)	\$ 2,408,261	\$ 9,942	\$ 426,918	\$ 20,468

Statement of Net Position by Fund

(Dollars in Thousands)

	As of 12/31/2025	Elimination	General Fund	Supplemental Water	CAGRD Account	Captive Insurance
LIABILITIES						
Current Liabilities						
Accounts payable / accrued payroll	\$ 73,522	\$ (7,508)	\$ 66,153	\$ -	\$ 11,551	\$ 3,326
Water operations and capital charges deferred revenue	40,940	-	40,940	-	-	-
Accrued Decommissioning - Current	203		203			
Other current liabilities	59,290	(758)	60,048	-	-	-
Total Current Liabilities	173,955	(8,266)	167,344	-	11,551	3,326
Noncurrent Liabilities						
Asset retirement obligation due after one year	21,644		21,644			
Repayment obligation, due after one year	771,007	-	771,007	-	-	-
Contract revenue bonds, due after one year, net	30,042	-	30,042	-	-	-
Non-Indian agricultural 9(d) debt	88,689	-	88,689	-	-	-
Other noncurrent liabilities	98,822	-	98,822	-	-	-
Total Noncurrent Liabilities	1,010,204	-	1,010,204	-	-	-
Total Liabilities	1,184,159	(8,266)	1,177,548	-	11,551	3,326
DEFERRED INFLOWS OF RESOURCES						
Customer Deposits and Upfront Payments	36,358	-	36,358	-	-	-
Deferred Inflow OPEB	7,490		7,490			
Pension Valuation	5,613	-	5,613	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	49,461	-	49,461	-	-	-
NET POSITION						
Net Investment in capital assets	476,710	-	451,441	-	25,269	-
Restricted	121,041	-	73,588	9,942	35,261	2,250
Unrestricted	1,023,603	(2,350)	656,224	-	354,837	14,892
TOTAL NET POSITION	1,621,354	(2,350)	1,181,253	9,942	415,367	17,142
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 2,854,973	\$ (10,616)	\$ 2,408,261	\$ 9,942	\$ 426,918	\$ 20,468

2025 Spending Authority

(Dollars in Thousands)

	General Fund Operating ¹	General Fund Nonoperating	CAGRD Operating ²	CAGRD Nonoperating	Captive Insurance Fund	Capital Budget
Board Approved Budget	\$ 199,648	\$ 15,384	\$ 4,895	\$ 75	\$ 11,953	\$ 59,439
(no additional spending authority)						
AWBA Transfer		6,322				
Final Spending Authority	\$ 199,648	\$ 21,706	\$ 4,895	\$ 75	\$ 11,953	\$ 59,439
Actual operating expenses	\$ 189,380	\$ 20,974	\$ 5,152	\$ 75	\$ 11,969	\$ 62,486
Variance (\$) Fav/(Unfav)	\$ 10,268	\$ 732	\$ (257)	\$ -	\$ (16)	\$ (3,047)
Variance (%)	5.1%	3.4%	(5.3%)	0.0%	(0.1%)	(5.1%)

NOTES

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

² CAGRD water for recharge to meet obligations is excluded.

Annual Repayment Obligation Master Repayment Contract (Accrual Basis)

(Dollars in Thousands)

	2024 Actual	2025		Variance	Notes
		Projection	Budget	(\$)	
Sources of Funds					
Net line rental revenue	4,371	2,283	2,785	(502)	A
Hoover 4.5 mil surcharge	2,847	2,958	2,056	902	B
Parker-Davis	2,673	2,548	1,854	694	B
Net CAP transmission revenues including line losses	2,085	(1,733)	(695)	(1,038)	C
Land-related revenues:					
Land use (net)	524	809	725	84	
Land sales (net)	-	-	-	-	
Interest on deposits	353	169	150	19	
Total Credits Toward Repayment	\$ 12,852	\$ 7,034	\$ 6,875	\$ 159	
Uses of Funds					
Principal	\$ 42,808	\$ 42,808	\$ 42,808	\$ -	
Interest	15,025	13,609	13,609	-	
Gross Payment <i>(Due Jan. 20th, following year-end)</i>	\$ 57,833	\$ 56,417	\$ 56,417	\$ -	
Net Due / Excess Funds for Repayment	\$ (44,981)	\$ (49,383)	\$ (49,542)	\$ 159	
CAP NGS Energy & Navajo Transmission Reconciliation	\$ (659)	\$ -	\$ -	\$ -	
Net Funds Due to/from Federal Government	\$ (45,640)	\$ (49,383)	\$ (49,542)	\$ 159	

Notes:

- A Energy Sales are projected to be lower than anticipated
- B Hoover and Parker-Davis surcharge revenues should be over budget due to higher than projected kilowatt hour usage
- C Negative variance due to WAPA's reconciliation of "CAP Transmission O&M" expenses for the 6 month period of Oct 2024 through March 2025, during which time Reclamation was not invoiced for work performed

Staffing - Average Full Time Equivalent (FTE)

	Ist Qtr	2025		Variance		Notes
	2025	Forecast	Budget	FTEs	% (*)	
Management Council	11.0	11.5	13.0	1.5	11.5%	
<i>AGM - Finance & Admin Group</i>						
Finance & Administration						
Finance & Accounting	20.0	20.7	21.0	0.3	1.6%	
Supply Chain & Facilities	26.0	26.7	27.0	0.3	1.2%	
Total Finance and Administration	46.0	47.3	48.0	0.7	1.4%	
Technology & Governance						
Analytics	9.0	9.0	9.0	-	0.0%	
Information Technology	27.0	28.5	29.0	0.5	1.7%	
Enterprise Security	10.0	11.3	12.0	0.8	6.3%	
Total Technology & Governance	46.0	48.8	50.0	1.3	2.5%	
Employee Services						
Cent Learning & Development	6.0	6.0	6.0	-	0.0%	
Environment, Health & Safety	11.0	11.0	11.0	-	0.0%	
Human Resources	6.0	7.5	7.5	(0.0)	(0.1%)	
Total Employee Services	23.0	24.5	24.5	(0.0)	(0.0%)	
<i>AGM - Water Policy Group</i>						
Water Policy						
CAGRD	8.0	8.5	9.0	0.5	5.6%	
Water Policy	9.0	9.3	10.0	0.8	7.5%	
Total Water Policy	17.0	17.7	19.0	1.3	6.6%	
Legal	6.0	6.0	6.0	-	0.0%	
<i>AGM - Public & Intergov't Affairs</i>	16.3	16.7	17.0	0.3	1.6%	
<i>AGM - Ops & Engineering Group</i>						
Centralized Maint & Reliability						
Centralized Maintenance	67.2	69.4	71.0	1.6	2.3%	
Maintenance Control	43.2	43.1	43.0	(0.1)	(0.2%)	
Total Centralized Maint & Reliability	110.4	112.5	114.0	1.5	1.4%	
Field Maintenance						
Operational Technology	35.4	36.8	38.0	1.2	3.1%	
South Area Maintenance	44.1	44.8	45.0	0.2	0.4%	
West Area Maintenance	44.9	45.6	46.0	0.4	0.9%	
Total Field Maintenance	124.4	127.2	129.0	1.8	1.4%	
Operations and Engineering						
Engineering	66.4	66.4	65.0	(1.3)	(2.1%)	
Power Program Admin	2.0	2.0	2.0	-	0.0%	
Water Operations	23.7	23.3	23.0	(0.3)	(1.5%)	
Total Operations and Engineering	92.1	91.7	90.0	(1.7)	(1.9%)	
Vacancy/Salary Savings Equivalent	-	(5.9)	(15.0)	(9.1)	60.7%	
Total FTE	492.2	498.0	495.5	(2.5)	(0.5%)	

General Fund

The General Fund ended the first quarter with a net position increase of \$3.8 million compared to a budgeted decrease of \$6.7 million. The General Fund is projected to end the year with a net position increase of \$146.1 million.

The following discussion summarizes the General Fund's 2025 budget performance through the first quarter and for the full year projection.

GENERAL FUND

Budget Performance - 1st Quarter 2025

<i>(Dollars in thousands)</i>	Projected	Budget	Variance	
Revenues	\$ 67,845	\$ 63,430	\$ 4,415	(5.6%)
Expenses	(64,082)	(70,126)	6,044	6.2%
Change in Net Position	3,763	(6,696)	10,459	
Beginning Net Position	1,035,125	1,012,196	22,929	
Ending Net Position	\$ 1,038,888	\$ 1,005,500	\$ 33,388	

GENERAL FUND

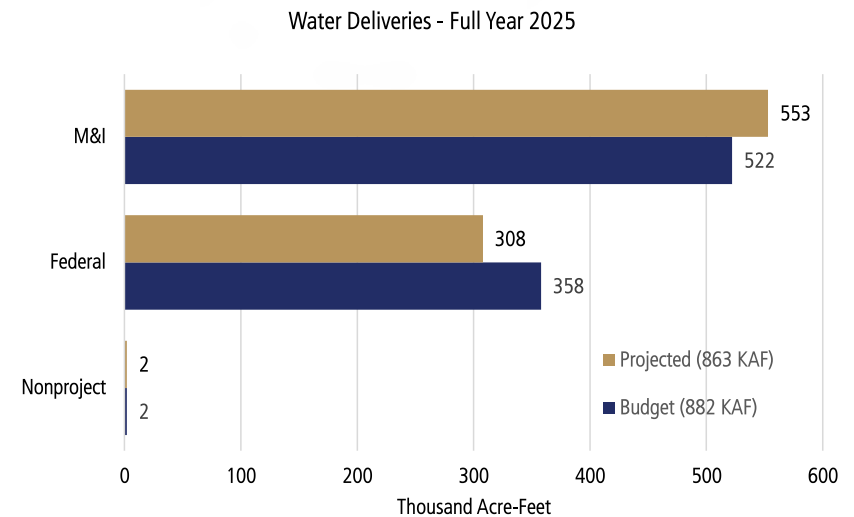
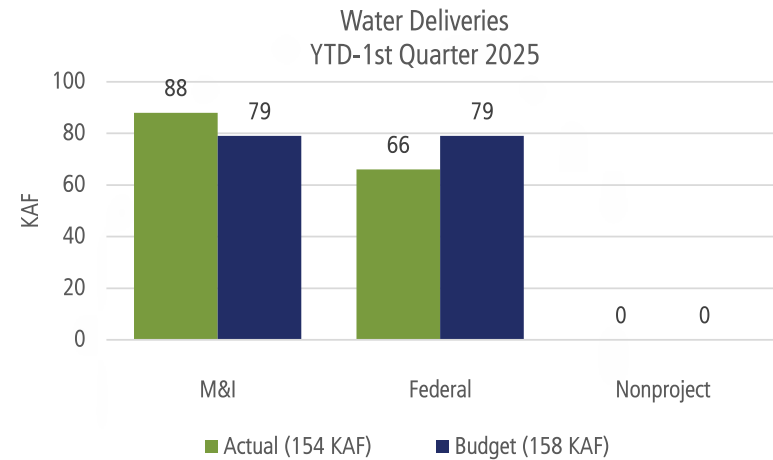
Budget Performance - Full Year 2025

<i>(Dollars in thousands)</i>	Projected	Budget	Variance	
Revenues	\$ 433,185	\$ 458,258	\$ (25,073)	(2.4%)
Expenses	(287,057)	(308,797)	\$ 21,740	2.6%
Change in Net Position	146,128	149,461	\$ (3,333)	
Beginning Net Position	1,035,125	1,012,196	\$ 22,929	
Ending Net Position	\$ 1,181,253	\$ 1,161,657	\$ 19,596	

Water Deliveries

Through the first quarter, total water deliveries were 154 KAF, 4 KAF lower than budget. The full-year total water delivery forecast is 863 KAF, 19 KAF lower than budget.

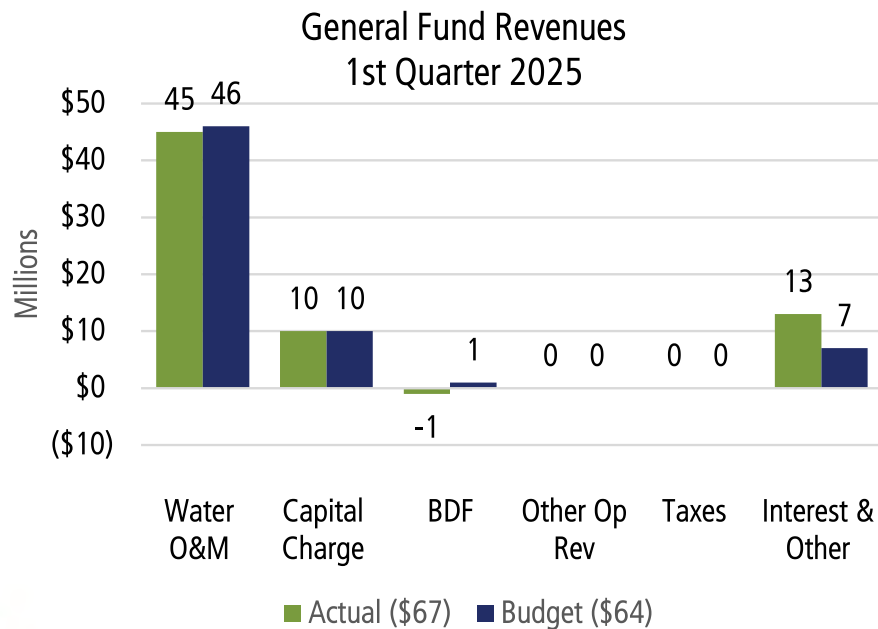
The lower delivery volume is mainly due to a revised delivery schedule requested by USBR, altering the NIA shortage volume.



General Fund Revenues

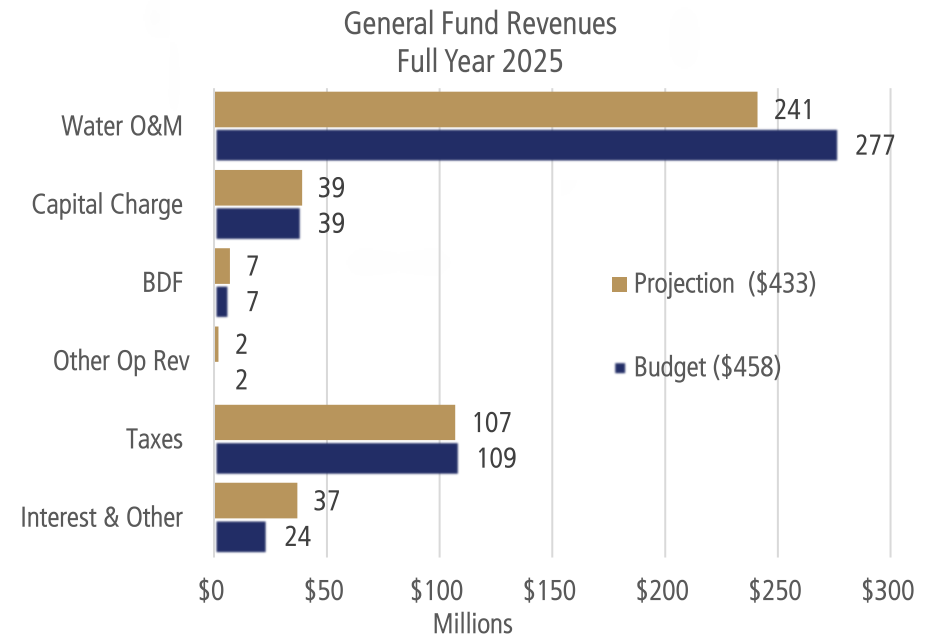
1ST QUARTER 2025 BUDGET PERFORMANCE: Through the first quarter of 2025, total General Fund revenues were \$67 million, \$3 million higher than budget.

- Water O&M revenues were \$1 million lower than budget because of lower delivery volumes due to a system conservation agreement that wasn't in place when the budget was completed.
- BDF Revenues were \$2 million under budget due to a reconciliation of CAP Transmission O&M expenses.
- Interest & other revenues were \$6 million higher than budget due to favorable fair value adjustment.
- All other General Fund operating and nonoperating revenues were at or near budget.



FULL YEAR 2025 BUDGET PERFORMANCE: Full year General Fund revenues are projected to be \$433 million, \$25 million lower than the full-year budget of \$458 million. Interest Income and Other is projected to be \$37 million, \$13 million higher than budget. The key factors contributing to the variance are:

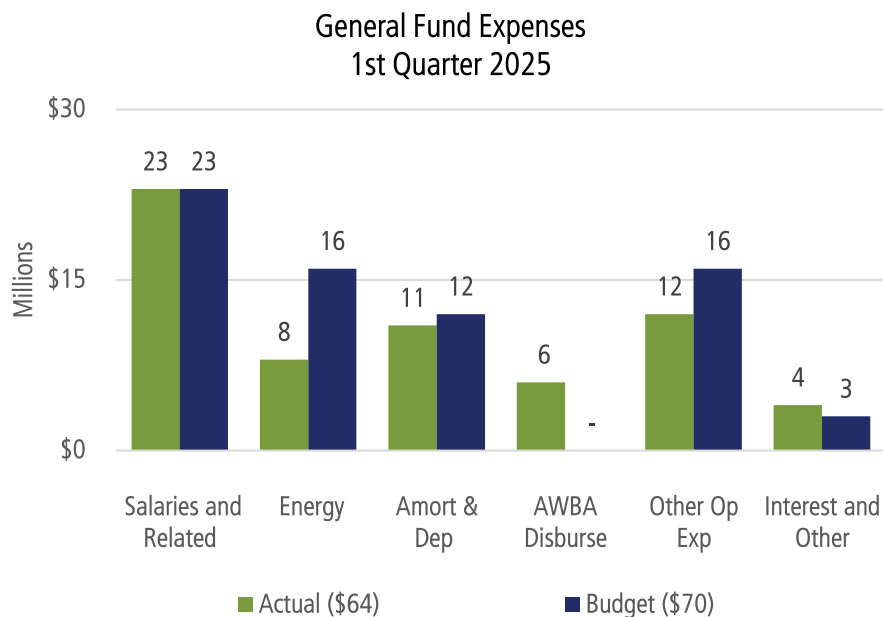
- Water O&M revenues are projected to be \$36 million lower than budget because of system conservation programs that were not in place when the budget prepared and lower energy costs.
- All other General Fund operating and nonoperating revenue categories are expected to be at or near budget.



General Fund Expenses

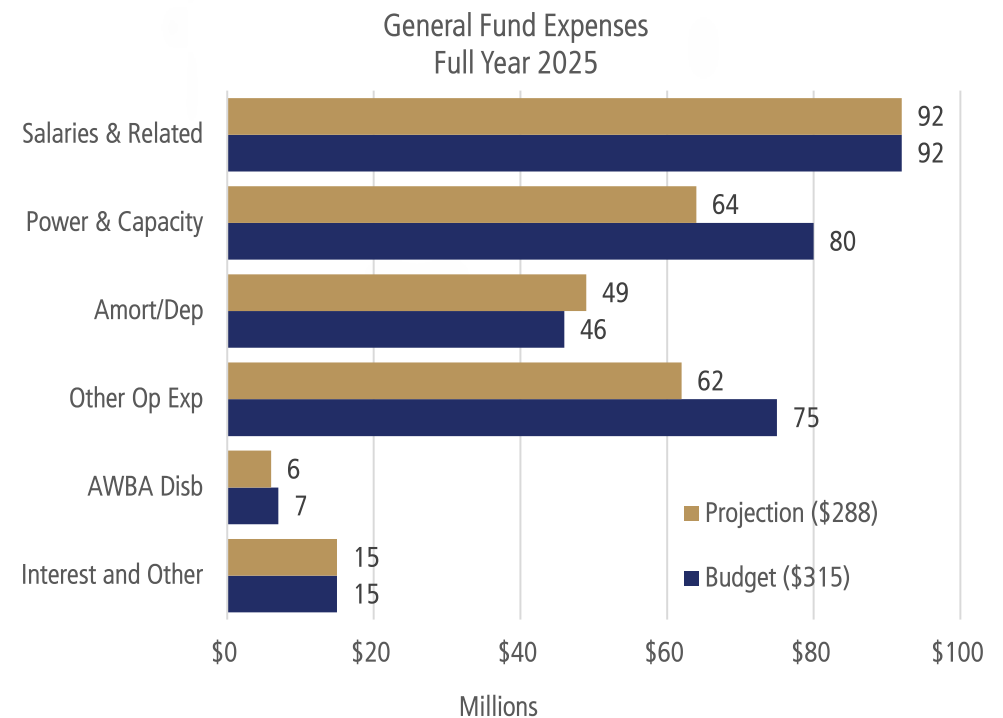
1ST QUARTER BUDGET PERFORMANCE: Through the first quarter of 2025, total General Fund expenses were \$64 million, \$6 million lower than budget. Key factors contributing to the variance were:

- Energy expenses were \$8 million lower than budget, primarily because natural gas prices were lower than expected.
- Other expenses were \$4 million lower than budget, primarily because of lower-than-expected conservation program and recovery expenses.
- AWBA Disbursements were \$6 million higher than budget because the Water Bank purchased long-term storage credits that were not expected when the budget was created, which the Board approved as additional spending authority.
- All other expense categories were at or near budget.



FULL YEAR 2025 BUDGET PERFORMANCE: Total 2025 General Fund expenses are expected to be \$288 million, \$27 million lower than budget.

- Energy expenses are expected to end the year \$16 million lower than budget because natural gas prices were lower than expected and shaping opportunities.
- Other operating expenses are projected to be \$13 million lower than budget, primarily because outside services are expected to be \$12 million lower than budget due to conservation programs being federally funded.
- Amortization and Depreciation is expected to be \$3 million higher than budget because of more work-in-process being completed than expected.
- All other operating and nonoperating expenses are projected to be at or near budget.



General Fund Reserves

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

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

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

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

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

RESERVE MANAGEMENT GUIDELINES

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

END OF YEAR BALANCE PROJECTIONS

Strategic Reserves and Working Capital are projected to be at target at end-year. The Extraordinary Cost Reserve (ECR) is at \$419 million at the end of Q1.

Board Established Targets

(Dollars in Millions)

Strategic Reserves

Capital Reserve	\$73
Operating Reserve	\$85
Contingency Reserve	\$8
Total Strategic Reserves Target	\$166

Total Extraordinary Cost Reserves Target	\$444
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Total Working Capital Target	\$91
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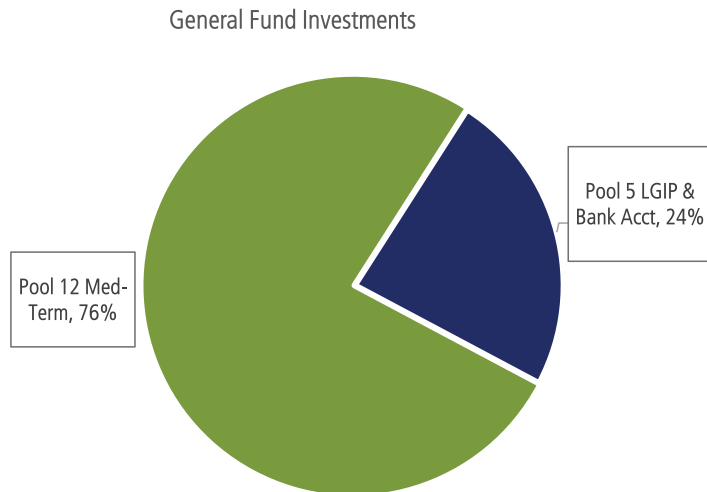
General Fund Cash and Investments

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

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

The average investment yields for funds invested with the State Treasurer through March 2025 was 3.82% for pool 12 and 4.37% for pool 5.

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



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

	Market Value as of	
<i>(Dollars in millions)</i>	3/31/25	12/31/24
Strategic Reserves		
Restricted Reserves		
Major Repair & Replacement Reserve	-	-
Assigned Reserves		
Capital Reserve	73	73
Operating Reserve	85	85
Contingency Reserve	8	8
Total Strategic Reserves	166	166
Working Capital	\$ 79	\$ 91
Extraordinary Cost Reserves	\$ 429	\$ 326
Other Reserves		
Navajo Decommissioning	\$ 18	\$ 18
Repayment Reserve	39	39
Emergency OM&R Reserve	7	7
System Use Reserve	4	4
Tribal ICS Reserve	37	36
Voluntary Rate Stabilization	-	-
Bond Reserve	5	7
9(d) Debt Reserve	28	27
Recovery Reserve	6	6
Recharge O & M	9	9
Total Other Reserves	153	153
Total Reserves	\$ 827	\$ 736

Statement of Revenues, Expenses and Change in Net Position

General Fund

(Dollars in Thousands)

	YTD - 1st Quarter 2025				Full Year 2025						Notes
	Actual	Budget	Variance		Forecast	Budget	Additional Spending	Total Spending Authority	Variance		
			(\$)	(%)					(\$)	(%)	
Water Deliveries (acre-feet in thousands)	155	159	(4)	(2.6%)	862	882	-	882	(20)	(2.3%)	A
Operating Revenues											
Water O&M charges	45,586	\$ 45,828	(242)	(0.5%)	241,218	\$ 277,233	\$ -	\$ 277,233	\$ (36,015)	(13.0%)	A
Water service capital charges	9,635	9,841	(206)	(2.1%)	39,174	39,362	-	39,362	(188)	(0.5%)	
Basin Development Fund Revenues	(647)	1,485	(2,132)	(143.6%)	6,865	6,725	-	6,725	140	2.1%	B
Other revenues	466	282	184	65.2%	2,031	1,553	-	1,553	478	30.8%	C
Total Operating Revenues	55,040	57,436	(2,396)	(4.2%)	289,288	324,873	-	324,873	(35,585)	(11.0%)	
Operating Expenses											
Salaries and related costs	(22,517)	(23,136)	619	2.7%	(91,597)	(91,534)	-	(91,534)	(63)	(0.1%)	
Energy	(7,799)	(15,518)	7,719	49.7%	(65,138)	(80,370)	-	(80,370)	15,232	19.0%	D
Transmission	(2,964)	(3,316)	352	10.6%	(11,565)	(13,395)	-	(13,395)	1,830	13.7%	E
Amortization of Permanent Service Right	(4,531)	(4,531)	-	0.0%	(18,125)	(18,125)	-	(18,125)	-	0.0%	
Depreciation and Amortization	(7,158)	(6,943)	(215)	(3.1%)	(31,361)	(28,422)	-	(28,422)	(2,939)	(10.3%)	F
Other operating costs:											
Outside services	(5,237)	(8,563)	3,326	38.8%	(32,182)	(44,246)	-	(44,246)	12,064	27.3%	G
Materials and supplies	(2,414)	(2,158)	(256)	(11.9%)	(10,216)	(9,626)	-	(9,626)	(590)	(6.1%)	
Overhead	1,377	1,161	216	18.6%	6,145	4,781	-	4,781	1,364	28.5%	
Other expenses	(2,854)	(3,279)	425	13.0%	(12,044)	(12,476)	-	(12,476)	432	3.5%	
Total other operating expenses	(9,128)	(12,839)	3,711	28.9%	(48,297)	(61,567)	-	(61,567)	13,270	21.6%	
Total Operating Expenses	(54,097)	(66,283)	12,186	18.4%	(266,083)	(293,413)	-	(293,413)	27,330	9.3%	
Operating Income/(Loss)	943	(8,847)	9,790	110.7%	23,205	31,460	-	31,460	(8,255)	(26.2%)	
Nonoperating Revenues/(Expenses)											
Property taxes	-	-	-		106,528	109,181		109,181	(2,653)	(2.4%)	
Interest income and other	12,805	5,994	6,811	113.6%	37,369	24,204	-	24,204	13,165	54.4%	H
Disbursements to AWBA	(6,322)	(180)	(6,142)	(3412.2%)	(6,322)	(732)	(6,322)	(7,054)	732	10.4%	I
Interest expense and other	(3,663)	(3,663)	-	0.0%	(14,652)	(14,652)	-	(14,652)	-	0.0%	
Net Nonoperating Income/(Loss)	2,820	2,151	669	31.1%	122,923	118,001	(6,322)	111,679	11,244	10.1%	
Change in Net Position	3,763	(6,696)	10,459	156.2%	146,128	149,461	(6,322)	143,139	2,989	2.1%	
Net Position at beginning of period	1,035,125	1,012,196	22,929	2.3%	1,035,125	1,012,196	-	1,012,196	22,929	2.3%	
Net Position at end of period	1,038,888	\$ 1,005,500	\$ 33,388	3.3%	1,181,253	\$ 1,161,657	\$ (6,322)	\$ 1,155,335	\$ 25,918	2.2%	

Statement of Revenues, Expenses and Change in Net Position

General Fund

Notes

- A **Water O&M Revenues:** 2025 water deliveries are forecasted to be 20 KAF lower than budget because of additional system conservation agreements, which contributes to the forecast being \$32.9 million lower than budget. In addition, energy costs are forecast lower than budget, which results in lower water delivery revenues.
- B **Basin Development Fund Revenues:** Q1 BDR revenues well under budget due to WAPA's unexpected reconciliation of "CAP Transmission O&M" expenses for 6 month period of Oct 2024 through March 2025; FY revenue projected to be on budget
- C **Other Revenues:** 2025 other revenues are \$0.5 million higher than budget, primarily because of higher recharge revenues and renewable energy credits than budgeted.
- D **Energy:** Due to the shortage and conservation & preservation agreements, there are projected lower diversions and lower water deliveries creating the opportunity for greater shaping. Also, the mild winter resulted in lower natural gas usage in the market, increasing supply and reducing prices.
- E **Transmission:** Transmission costs generally follows energy prices, and beginning in 2024, the Western Area Power Administration (WAPA) combined four transmission systems under one rate, the One Transmission Rate (OTR) in order to improve price stability, streamline transmission scheduling, and to reduce administrative costs.
- F **Depreciation and Amortization:** Full-year variance is primarily due to increasing material and equipment costs, combined with projects delayed into the 2025, when they will be complete and begin to depreciate.
- G **Outside Services:** Full-year expenses are \$12 million lower than budget, mostly because some conservation programs were ultimately federally funded; generally lower-than-expected conservation program costs.
- H **Interest Income and Other:** Full-year actual higher than budget because of a favorable fair value adjustment
- I **Disbursements to AWBA:** Lower than spending authority due to AWBA not requesting admin transfers.

Water Volumes

(in Acre-Feet)

	YTD - 1st Quarter 2025				Full Year 2025				Notes
	Actual	Budget	Variance		Forecast	Budget	Variance		
			(A/F)	(%)			(A/F)	(%)	
PROJECT WATER DELIVERIES			-				-		
Municipal & Industrial Water Subcontract	88,345	79,270	9,075	11.4%	552,540	522,674	29,866	5.7%	
Federal Contract	65,883	79,303	(13,420)	(16.9%)	307,710	357,639	(49,929)	(14.0%)	
Subtotal Project Water Deliveries	154,228	158,573	(4,345)	(2.7%)	860,250	880,313	(20,063)	(2.3%)	A
NONPROJECT WATER DELIVERIES									
Firming - Federal	-	-	-	-	1,040	1,040	-	0.0%	
Firming - CAWCD	-	-	-	-	-	-	-	-	
Other Wheeled Water-Federal	300	-	300	-	943	943	-	0.0%	
Other Wheeled Water - CAWCD	-	-	-	-	-	-	-	-	
Subtotal Nonproject Water	300	-	300	-	1,983	1,983	-	0.0%	
Total Water Deliveries	154,528	158,573	(4,045)	(2.6%)	862,233	882,296	(20,063)	(2.3%)	
Transfer of credits to CAGR	-	-	-	-	11,953	15,509	(3,556)	(22.9%)	
Take or Pay/Adjustment	-	-	-	-	-	-	-	-	
Billed Fixed OM&R Water Volumes	154,528	158,573	(4,045)	(2.6%)	874,186	897,805	(23,619)	(2.6%)	

A The lower total delivery volume is mainly due to a revised delivery schedule requested by USBR, altering the NIA shortage volume

Water Revenues and Capital Charges

(Dollars in Thousands)

	YTD - 1st Quarter 2025				Full Year 2025				
	Actual	Budget	Variance		Forecast	Budget	Variance		Notes
			(\$)	(%)			(\$)	(%)	
PROJECT WATER REVENUES									
Municipal & Industrial Water Subcontract	\$ 26,062	\$ 22,909	\$ 3,153	13.8%	\$ 152,441	\$ 161,397	\$ (8,956)	(5.5%)	
Federal Contract	19,435	22,919	(3,484)	(15.2%)	84,894	110,435	(25,541)	(23.1%)	
Subtotal Project Water Deliveries	45,497	45,828	(331)	(0.7%)	237,335	271,832	(34,497)	(12.7%)	A
Excess - There were no excess water delivery revenues in 2024.									
NONPROJECT WATER REVENUES									
Firming - Federal	-	-	-	-	307	321	(14)	(4.4%)	
Firming - CAWCD	-	-	-	-	-	-	-	-	
Other Wheeled Water-Federal	89	-	89	-	278	291	(13)	(4.5%)	
Other Wheeled Water - CAWCD	-	-	-	-	-	-	-	-	
Subtotal Nonproject Water Revenues	89	-	89	-	585	612	(27)	(4.4%)	
Water O&M Charges before adjustments	45,586	45,828	(242)	(0.5%)	237,920	272,444	(34,524)	(12.7%)	
Misc. Adjustments	-	-	-	-	-	-	-	-	
Transfer of credits to CAGRD	-	-	-	-	3,298	4,789	(1,491)	(31.1%)	
Take/Pay Adj.	-	-	-	-	-	-	-	-	
Total Water O&M Charges	\$ 45,586	\$ 45,828	\$ (242)	(0.5%)	\$ 241,218	\$ 277,233	\$ (36,015)	(13.0%)	
CAPITAL & FACILITY USE CHARGES									
M&I subcontractors	9,631	9,619	\$ 12	0.1%	38,525	38,474	51	0.1%	
M&I nonsubcontract	-	209	(209)	(100.0%)	645	837	(192)	(22.9%)	
Facility Use Charges - Pima & Maricopa (interstate)	-	-	-	-	-	-	-	-	
Facility Use Charges - Nonproject Water	-	13	(13)	(100.0%)	-	51	(51)	(100.0%)	
Underground storage facilities	4	-	4	-	4	-	4	-	
Total Capital & Facility Use Charges	\$ 9,635	\$ 9,841	\$ (206)	(2.1%)	\$ 39,174	\$ 39,362	\$ (188)	(0.5%)	

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

Energy & Transmission Adjustment

	YTD - 1st Quarter 2025				Full Year 2025				Notes
	Actual	Budget	Variance		Forecast	Budget	Variance		
			(\$)	(%)			(Amount)	(%)	
ENERGY (MWH)				-					
Waddell	4,330	-	(4,330)	0.0%	35,441	31,111	(4,330)	(13.9%)	
Hoover	26,097	28,557	2,460	8.6%	113,922	116,247	2,325	2.0%	
Long-term contracts	137,191	32,508	(104,683)	(322.0%)	507,254	157,874	(349,380)	(221.3%)	
Market Purchases	274,783	319,547	44,764	14.0%	974,126	1,413,916	439,790	31.1%	
Total MWH	442,401	380,612	(61,789)	(16.2%)	1,630,743	1,719,148	88,405	5.1%	
ENERGY RATE (\$/MWH)									
Waddell	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	
Hoover	53.53	52.77	(0.76)	(1.4%)	51.91	52.58	0.66	1.3%	
Long-term contracts	48.25	38.04	(10.22)	(26.9%)	52.70	38.60	(14.10)	(36.5%)	A
Market Purchases	27.79	54.28	26.49	48.8%	32.03	51.79	19.75	38.1%	B
Weighted Average (\$/MWH)	\$ 35.73	\$ 52.78	\$ 17.05	32.3%	\$ 40.02	\$ 50.61	\$ 10.58	20.9%	
ENERGY COSTS (\$000)									
Waddell	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	
Hoover	1,397	1,507	110	7.3%	5,914	6,112	198	3.2%	E
Long-term contracts	6,620	1,237	(5,383)	(435.3%)	26,733	6,094	(20,639)	(338.7%)	A, E
Market Purchases	7,636	17,346	9,710	56.0%	31,203	73,222	42,019	57.4%	B
Gross Energy Costs (\$000)	\$ 15,653	\$ 20,090	\$ 4,437	22.1%	\$ 63,850	\$ 85,428	\$ 21,578	25.3%	
Energy Scheduling Services	\$ 129	\$ 234	\$ 105	44.9%	\$ 926	\$ 936	\$ 10	1.1%	
MWD Agreement Expense	-	-	-	0.0%	80	80	-	0.0%	
Lake Pleasant Adjustment	(7,986)	(4,807)	3,179	(66.1%)	283	(6,075)	(6,358)	104.7%	C
Lake Roosevelt Adjustment	3	-	(3)	0.0%	0	-	(0)	0.0%	C
Total Energy (\$000)	\$ 7,799	\$ 15,517	\$ 7,718	49.7%	\$ 65,139	\$ 80,369	\$ 15,230	18.9%	
TRANSMISSION ADJUSTMENT									
Elec Trans-Losses	\$ 468	\$ 1,023	\$ 555	54.3%	\$ 2,124	\$ 4,091	\$ 1,967	48.1%	D
Elec Trans-SRP SALT GILA	56	65	9	13.8%	251	259	8	3.1%	D
Elec Trans-Brady/Pichacho/RR	-	-	-	0.0%	-	-	-	0.0%	D
Elec Trans-WECC Trans	13	18	5	27.8%	125	185	60	32.4%	D
Total Transmission Adjustment (\$000)	\$ 537	\$ 1,106	\$ 569	51.4%	\$ 2,500	\$ 4,535	\$ 2,035	44.9%	
OTHER ADJUSTMENT									
Other Income	(178)	-	178	0.0%	(178)	-	178	0.0%	E
Total Energy, Transmission & Other Adjustments (\$000)	\$ 8,158	\$ 16,623	\$ 8,465	50.9%	\$ 67,461	\$ 84,904	\$ 17,443	20.5%	

Notes explaining the variances are shown on following page.

Energy & Transmission Adjustment

Notes

- A As part of the CAP power portfolio, two long-term contracts were solidified at the end of 2019. The first is a 20 year power purchase agreement at a fixed contract energy price from a solar facility (currently in year-six), and the second is a 5-year power purchase agreement from Salt River Project (SRP) expiring at the end of May 2025, in which the contracted energy price is tied to a natural gas index, and is therefore variable in nature. A third contract, with Tucson Electric Power, was signed in 2024 and the pricing is not tied to an index.
- B Due to the conservation agreements, there are projected lower diversions and lower water deliveries creating the opportunity for greater shaping. The outage in the western portion of the canal from mid-January to mid-February will push some diversion volume to Q4. The forecast includes favorable summer sales, and CAP continues to explore price stability and looks to the forward energy auctions as a method to accomplish this. The day-ahead duck-curve energy pricing continues to remain favorable.
- C The Lake Pleasant & Lake Roosevelt variances are the net impact of storing (negative number) and releasing (positive number) water. The energy cost to store water in the lakes is held as inventory rather than being expensed. When used, the inventory amount is added to the energy cost. Lake Pleasant will contribute approximately 50 thousand acre-feet of water, decreasing inventory, and there are no plans for Lake Roosevelt (through the SRP/CAP exchange agreement) to contribute to the supply.
- D Transmission costs, which are variable in nature, are included in energy costs. Transmission losses are contractually assessed to the affected transmission systems and are projected to decrease over planned amounts due to favorable rates. Beginning in 2024, WAPA combined four transmission systems under one rate, the One Transmission Rate (OTR) in order to improve price stability, streamline transmission scheduling, and to reduce administrative costs.
- E Sale of 2024/25 year-to-date renewable energy certificates (RECs) as a result of the Salome AZ Solar 1 project, which passed all registration requirements and began collecting RECs in October of 2020, and CAWCD's portion of 2024/25 Hoover renewable energy certificates (RECs) sold by the Arizona Power Authority.

Underground Storage—Operations and Maintenance

(Dollars in Thousands)

	YTD - 1st Quarter 2025				Full Year 2025				Notes
	Actual	Budget	Variance		Forecast	Budget	Variance		
			(\$)	(%)			(\$)	(%)	
Water Deliveries <i>(KAF)</i>	8	15	(7)	(46.7%)	77	69	8	11.6%	A
Revenues									
Other revenues	\$ 116	\$ 92	\$ 24	26.1%	\$ 1,110	\$ 988	\$ 122	12.3%	A
Total Revenues	116	92	24	26.1%	1,110	988	122	12.3%	
Expenses									
Salaries and related costs	(37)	-	(37)		(62)	(26)	(36)	(138.5%)	B
Other operating costs:									
Outside services	(35)	-	(35)		(249)	(188)	(61)	(32.4%)	
Materials and supplies	(10)	-	(10)		(24)	(17)	(7)	(41.2%)	
Other expenses	(77)	(48)	(29)	(60.2%)	(169)	(97)	(72)	(74.2%)	C
Total other operating costs	(122)	(48)	(74)	(153.9%)	(442)	(302)	(140)	(46.4%)	
Total Expenses	(159)	(48)	(111)	(2)	(504)	(328)	(176)	(53.7%)	
Change in Net Position	(43)	44	(87)	(197.4%)	606	660	(54)	(8.2%)	
Net position at beginning of period	8,783	8,108	675	8.3%	8,783	8,108	675	8.3%	
Net position at end of period	\$ 8,740	\$ 8,152	\$ 588	7.2%	\$ 9,389	\$ 8,768	\$ 621	7.1%	
Expense Summary									
Aqua Fria	\$ (7)	\$ -	\$ (7)		\$ (25)	\$ (17)	\$ (8)	(47.1%)	
Hieroglyphic Mountains	(53)	(6)	(47)	(783.3%)	(86)	(40)	(46)	(115.0%)	D
Lower Santa Cruz	(54)	(17)	(37)	(217.6%)	(125)	(78)	(47)	(60.3%)	E
Pima Mine Road	(7)	-	(7)		(67)	(60)	(7)	(11.7%)	
Superstition Mountain	(27)	(25)	(2)	(8.0%)	(138)	(130)	(8)	(6.2%)	
Tonopah Desert	(11)	-	(11)		(63)	(3)	(60)	(2000.0%)	F
Total Expenses	\$ (159)	\$ (48)	\$ (111)	(231.3%)	\$ (504)	\$ (328)	\$ (176)	(53.7%)	

Notes explaining the variances are shown on the following page.

Underground Storage Operations and Maintenance

Notes

- A **Water Deliveries and Total Revenues:** Total deliveries are forecast to be 8 KAF higher than budget. As a result, revenue is \$122 thousand higher than budget.
- B **Salaries and Related Costs:** Full-year expenses are forecast to be \$176 thousand higher than budget due to an increase in deliveries and unplanned maintenance which requires more FTEs.
- C **Other Expenses:** Full-year expenses are forecast to be \$72 thousand over due to additional power expenses to handle increased deliveries. Overhead also increased as a result of additional FTEs to handle more recharge projects.
- D **Hieroglyphic Mountains:** Full-year expenses are expected to be \$46 thousand higher than budget because of increased deliveries and unplanned maintenance work, which requires more FTEs (increase in salaries and overhead); power; and materials and supplies.
- E **Lower Santa Cruz:** Full-year expenses are expected to be \$47 thousand higher than budget because of unplanned maintenance work, which requires more FTEs (increase in salaries and overhead) and materials and supplies.
- F **Tonopah Desert:** Full-year expenses are \$60 thousand higher than budget because of increased engineering services to support a permit renewal.



Underground Storage—Recovery

(Dollars in Thousands)

	YTD - 1st Quarter 2025				Full Year 2025				Notes
	Actual	Budget	Variance		Forecast	Budget	Variance		
			(\$)	(%)			(\$)	(%)	
Revenues									
Other revenues					\$ -				
Total Revenues	-	-	-	-	-	-	-	-	
Expenses									
Salaries and related costs									
Other operating costs:									
Outside services	(42)	-	(42)		(42)	-	(42)		
Materials and supplies									
Other expenses	-	-	-		-	-	-		
Total other operating costs	(42)	-	(42)		(42)	-	(42)		
Total Expenses	(42)	-	(42)		(42)	-	(42)		A
Change in Net Position	(42)	-	(42)		(42)	-	(42)		
Net position at beginning of period	(534)				(534)		(534)		
Net position at end of period	\$ (576)	\$ -	\$ (42)		\$ (576)	\$ -	\$ (576)		
Total	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		

Notes

A The TDRP Conceptual Wellfield Analysis began in August 2024 and concluded in March 2025 where a portion of the expenses occurred in Q1 2025

2025 Rate Reconciliation

(Dollars in Thousands)

General Fund Operating Expenses	\$	266,083	\$	296,679	\$	293,413
Adjustments for O&M Expenses						
Depreciation & Amortization		(49,486)		(48,737)		(46,547)
Energy		(65,138)		(80,292)		(80,370)
Transmission & Other Adjustments		(2,322)		(4,481)		(4,535)
Underground storage site O&M		(504)		(600)		(328)
Extraordinary Maintenance (when part of "Big R")		(2,529)		(2,525)		(2,525)
Other income		(728)		(760)		(760)
Compensated Mitigation (Funded by 'Big R')		(389)		(2,817)		(2,817)
Programs Funded by Water Storage Tax Reserve		(1,500)		(2,000)		(2,000)
Programs Funded by Recovery Reserve		(42)		-		-
Programs Funded by Extraordinary Cost Reserve		(5,725)		(11,480)		(11,480)
Total Adjustments		(128,363)		(153,692)		(151,362)
Fixed O&M Expenses	\$	137,720	\$	142,987	\$	142,051
Energy, Transmission & Other Adjustments						
Energy	\$	65,138	\$	80,292	\$	80,370
Transmission & Other Adjustments		2,322		4,481		4,535
Total Energy, Transmission & Other Adjustments	\$	67,460	\$	84,773	\$	84,905

2025 Rate Reconciliation

(Dollars in Thousands)

Subcontract / Federal Rates

				Variance	Variance
	Forecast	Published	Budget	Publ vs Proj	Bdgt vs Proj
Water Delivery Costs (Thousands)					
Fixed O&M Expenses	\$ 137,720	\$ 142,987	\$ 142,051	\$ 5,267	\$ 4,331
Total Energy & Transmission Adjustment Expenses	67,460	84,773	84,905	17,313	17,445
Water Delivery (Acre-Feet)					
Billed Fixed OM&R Water Volume	874,186	900,000	897,805	25,814	23,619
Pumping Energy Rate Water Volume	874,186	900,000	897,805	25,814	23,619
Water Delivery Rate (\$/AF)					
Calculated Fixed O&M Rate	\$ 157.54	\$ 160.00	\$ 158.22	\$ 2.46	\$ 0.68
Capital Replacement Component ("Big R")	41.18	40.00	56.00	(1.18)	14.82
Total Fixed OM&R	198.72	200.00	214.22	1.28	15.50
Calculated Pumping Energy Rate	77.17	95.00	94.57	17.83	17.40
Total Pumping Energy Rate 1	77.17	95.00	94.57	17.83	17.40
Total Delivery Rate	\$ 275.89	\$ 295.00	\$ 308.79	\$ 19.11	\$ 32.90

Long Term Contract reconciliation-Fixed OM&R (\$000)- (refund)/bill	\$ (1,118)
Long Term Contract reconciliation-Energy (\$000)- (refund)/bill	\$ (15,587)
Total Long Term Contract reconciliation (\$000)- (refund)/bill	\$ (16,705)



Extraordinary Maintenance Projects

(Dollars in Thousands)

	YTD - 1st Quarter 2025				Full Year 2025			
	Actual	Budget	Variance		Forecast	Total Spending Authority	Variance	
			(\$)	(%)			(\$)	(%)
Expenses								
Salaries and related costs	\$ (28)	\$ (13)	\$ (15)	(115.4%)	\$ (303)	\$ (226)	\$ (77)	(34.1%)
Other operating costs:								
Outside services	-	-	-	-	(2,010)	(2,060)	50	2.4%
Materials and supplies	(4)	(0)	(4)	(1233.3%)	(7)	(2)	(5)	(250.0%)
Other expenses/overhead	(33)	(14)	(19)	(135.7%)	(209)	(237)	28	11.8%
Subtotal	(37)	(14)	(23)	(1.1%)	(2,226)	(2,299)	73	3.2%
Total Expenses	\$ (64)	\$ (27)	\$ (38)	(1.6%)	\$ (2,529)	\$ (2,525)	\$ (4)	(0.2%)

	Total Project Costs							
	Through 2024	2025 Projection	Balance Remaining	Projection	Total Spending Authority	Variance (\$)	Variance (%)	
EM-Reline Discharge Lines & Manifolds at Salt Gila	\$ (2,413)	\$ (2,423)	\$ (46)	\$ (4,882)	\$ (5,028)	\$ 146	2.9%	
EM-Agua Fria Siphon Lining Repairs	-	\$ (106)	\$ (15,522)	\$ (15,628)	\$ -	\$ (15,628)	0.0%	
Total	\$ (2,413)	\$ (2,529)	\$ (15,568)	\$ (20,510)	\$ (5,028)	\$ (15,482)	\$ 0	

Notes:

- A Contractor lowered expected costs, to \$1.75M/year. Other costs savings realized are keeping project under budget.
Reline project at Salt Gila pumping plant forecast accommodates additional inspector for 10 weeks. This is a "Big R" funded project. Closeout expected Q2 2026
- B Lining repairs are planned for the Aqua Fria Siphon in 2026. Project was opened one year early to accommodate a full inspection during the 2025 summer outage.



Central Arizona Groundwater Replenishment District (CAGRDR)

BUDGET PERFORMANCE - Full Year 2025

<i>(Dollars in Thousands)</i>	Projection	Budget	Change	
Revenues	\$ 72,856	\$ 77,474	\$ (4,618)	(6%)
Expenses	(24,495)	(28,246)	3,751	13%
Change in Net Position	48,361	49,228	(867)	(2%)
Beginning Net Position	367,006	378,147	(11,141)	
Ending Net Position	\$ 415,367	\$ 427,375	\$ (12,008)	

Total Revenues

Total CAGRDR revenues are projected to be \$72.9 million for the year, \$4.6 million lower than budget.

The full-year operating revenue forecast is \$5.9 million lower than budget.

- Rate forecast is \$5.1 million lower than budget because of lower obligation than estimated in the budget.
- Fee forecast is \$0.4 million higher than budget.
- Dues forecast is \$1.2 million lower than budget because of lower total infrastructure and water rights revenues, which directly impacts Dues revenue.

Nonoperating income is projected to be \$1.3 million higher than budget because of a favorable economic environment.

Total Expenses

Total CAGRDR expenses are projected to be \$24.5 million for the year, \$3.8 million lower than budget, primarily because water expenses are forecast \$4.0 million lower because of lower obligation than expected. This expense represents an estimate of 2025 pumping and any 2025 long-term storage credit purchases from CAWCD.

Reserves

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

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

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

To date, CAGRDR has developed several different types of water supplies through a variety of mechanisms. These supplies range from permanent CAP M&I subcontract entitlements to a long-term lease of water from an Arizona Tribal community. CAGRDR has entered into several agreements to purchase long-term storage credits and has contracted for a 100-year lease of municipal effluent. These various supplies represent the equivalent of approximately 35,000 acre-feet/year of 100-year water supply. A \$95 million long-term storage credit purchase was completed in 2019.

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

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



Statement of Revenues, Expenses and Change in Net Position

CAGR

(Dollars in Thousands)

	YTD - 1st Quarter 2025				Full Year 2025			
				Variance				Variance
	Actual	Budget	(\$)	(%)	Forecast	Budget	(\$)	(%)
Operating Revenues								
Other operating revenue								
Revenue-Rates	\$ 10	\$ -	\$ 10		\$ 36,630	\$ 41,697	\$ (5,067)	(12.2%)
Revenue-Fees	3,581	4,827	(1,246)	(25.8%)	20,095	19,670	425	2.2%
Revenue-Dues	-	-	-		10,711	11,982	(1,271)	(10.6%)
Total Operating Revenues	3,591	4,827	(1,236)	(25.6%)	67,436	73,349	(5,913)	(8.1%)
Operating Expenses								
Salaries and related costs	(330)	(363)	33	9.1%	(1,421)	(1,451)	30	2.1%
Depreciation	(15)	(15)	-	0.0%	(61)	(61)	-	0.0%
Other operating costs:								
Outside services	(206)	(400)	194	48.5%	(1,994)	(1,674)	(320)	(19.1%)
Water for underground storage	-	-	-		(19,268)	(23,276)	4,008	17.2%
Materials and supplies	(0)	0	(1)	(182.3%)	(1)	(1)	-	0.0%
Overhead	(329)	(380)	51	13.4%	(1,472)	(1,520)	48	3.2%
Other expenses	(19)	(42)	24	56.0%	(203)	(188)	(15)	(8.0%)
Total other operating costs	(554)	(822)	268	32.6%	(22,938)	(26,659)	3,721	14.0%
Total Operating Expenses	(899)	(1,200)	301	25.1%	(24,420)	(28,171)	3,751	13.3%
Net Operating Income/(loss)	2,692	3,627	(935)	(25.8%)	43,016	45,178	(2,162)	(4.8%)
Nonoperating Revenues/(Expenses)								
Interest income and other	1,505	1,031	474	46.0%	5,420	4,125	1,295	31.4%
Interest expense and other	-	-	-		(75)	(75)	-	0.0%
Net Nonoperating Income/(Loss)	1,505	1,031	474	46.0%	5,345	4,050	1,295	32.0%
Change in Net assets	\$ 4,197	\$ 4,658	\$ (461)	(9.9%)	\$ 48,361	\$ 49,228	\$ (867)	(1.8%)

See page 39 for significant variance explanations.

CAGRD Replenishment Obligation Year and Corresponding Purchased Water

(in Acre-Feet)

REPLENISHMENT OBLIGATIONS

Acre-Feet by AMA	Phoenix AMA	Pinal AMA	Tucson AMA	Total AMAs
2025				
Outstanding Obligation - Year Ending	35,507	(3,126)	2,998	35,379
Prior year Obligations adjustment (prev est less CDAR)	111	-	(19)	92
Obligation Estimate for current year	35,507	687	2,979	39,173
Less CAWCD Deliveries to meet Obligation (CDAR)	(35,618)	-	(2,979)	(38,597)
Less CAWCD LTSC purchased to meet Obligation	-	-	-	-
Less I&WR LTSC purchased to meet Obligation	-	-	-	-
Outstanding Obligations at end of 2025	35,507	(2,439)	2,979	36,047

CAGRD Fund Balances

(Dollars in Thousands)

	2024 Actual	2025 Q1 Actual	2025 Projected
Administrative:			
Beginning Fund Balance	\$ 1,661	\$ 1,639	\$ 1,639
Administrative Revenue	1,990	392	2,666
Administrative (Operating) Expenses	(2,086)	(407)	(2,570)
Interest Income / Expense	74	25	98
Ending Fund Balance	<u>\$ 1,639</u>	<u>\$ 1,649</u>	<u>\$ 1,833</u>
Conservation:			
Beginning Fund Balance	\$ 863	\$ 777	\$ 777
Administrative Component Revenue	69	6	75
Administrative (Operating) Expenses	(204)	-	(190)
Interest Income / Expense	49	9	34
Ending Fund Balance	<u>\$ 777</u>	<u>\$ 792</u>	<u>\$ 696</u>

CAGRD Fund Balances

(Dollars in Thousands)

	2025 Projected			
	Phoenix AMA	Pinal AMA	Tucson AMA	Total
Water and Replenishment:				
Beginning Fund Balance	\$ 7,558	\$ 214	\$ 1,016	\$ 8,788
Revenue	11,564	85	1,087	12,736
Prior year adjustment	-	-	-	-
Water Purchased	(13,899)	-	(1,186)	(15,085)
CAWCD Credits Purchased	-	-	-	-
I&WR Credits Purchased	-	-	-	-
Interest Income (Expense)	376	9	52	437
Ending Balance	<u>\$ 5,599</u>	<u>\$ 308</u>	<u>\$ 969</u>	<u>\$ 6,876</u>
Replenishment Reserve:				
Beginning Fund Balance	\$ 4,267	\$ 11	\$ 211	\$ 4,489
Replenishment Reserve Revenue	4,607	95	386	5,088
Water Purchased	-	-	-	-
CAWCD Credits Purchased	(4,139)	(32)	-	(4,171)
I&WR Credits Purchased	-	-	(346)	(346)
Interest Income / Expense	192	1	9	202
Ending Balance	<u>\$ 4,927</u>	<u>\$ 75</u>	<u>\$ 260</u>	<u>\$ 5,262</u>

CAGRD Fund Balances

(Dollars in Thousands)

	2024 Actual	2025 Q1 Actual	2025 Projected
Infrastructure and Water Rights:			
Beginning Fund Balance	\$ 92,530	\$ 113,343	\$ 113,343
Revenue	40,937	3,558	39,081
Proceeds from LTSC internal transfers	333	-	346
Reimbursement from Obligation fund	8,962	1,361	14,832
NIA Reallocation and 9(d) Debt	(7,430)	-	(7,430)
GRIC and other Lease Considerations	(16,427)	(7,786)	(16,530)
Water Costs for LTSC	(1,373)	(24)	(1,354)
LTSC purchases	(4,101)	(79)	(7,534)
Technical Studies & Other Operating Expens	(1,264)	(294)	(1,305)
Interest Income / Expense	4,817	1,324	4,786
Ending Fund Balance	\$ 113,343	\$ 111,403	\$ 138,235

CAGRD Enrollment and Activation Summary

Figure 1: Member Land Enrollment

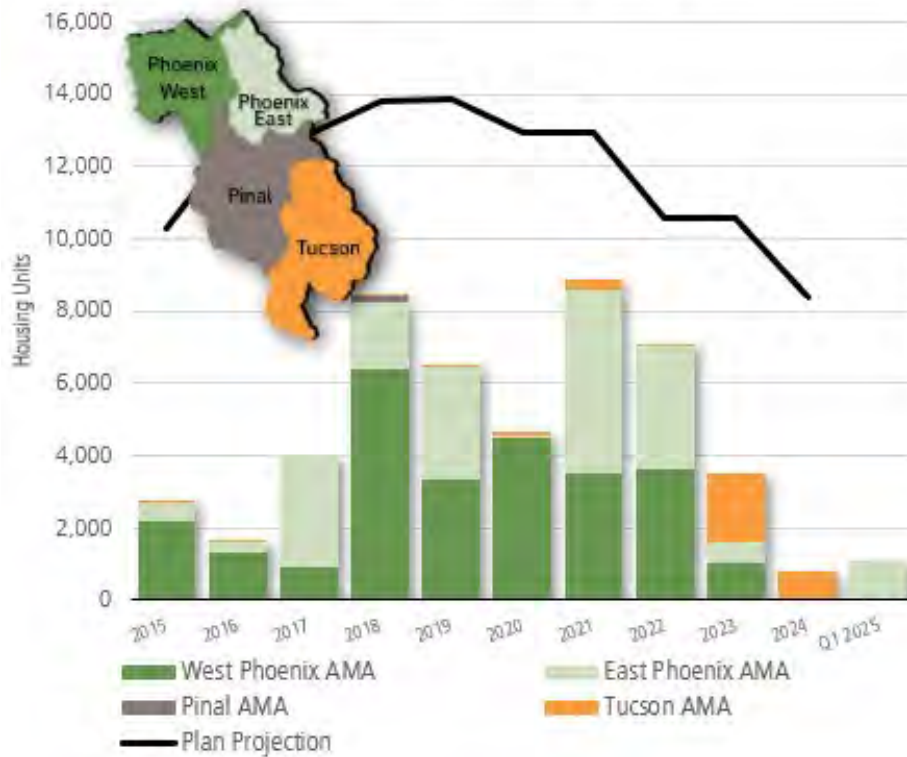


Figure 2: Activation Units

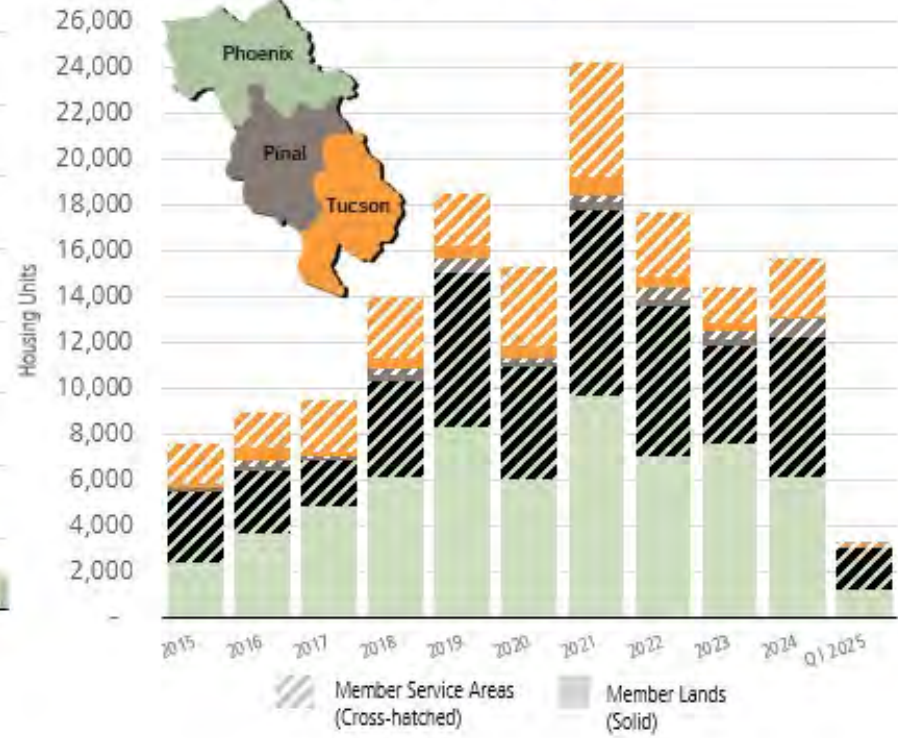


Table 1: Enrollment Units Q1 2025

AMA	ML Lots	Projected Demand (AF/year)
West Phoenix	-	-
East Phoenix	1,066	685
Pinal	-	-
Tucson	-	-
TOTAL	1,066	685

Table 2: Activation Units Q1 2025

AMA	ML Lots	MSA Lots	Total Lots
Phoenix	1,229	1,838	3,067
Pinal	-	-	-
Tucson	-	274	274
TOTAL	1,229	2,112	3,341

CAGRD Enrollment and Activation Summary

Enrollment in Q1 2025

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

Figure 1 illustrates the recent history of CAGRD member land enrollment from 2015 through Q1 2025. Table 1 provides a breakdown by AMA of member land enrollment activity through Q1 2025. The Phoenix AMA had 1 new enrollment with a total of 1,066 lots and a projected demand of 685 AF/yr. No new subdivisions enrolled within the Pinal or Tucson AMAs.

No new Member Service Areas (MSAs) enrolled through Q1 2025 and there were no de-enrollments.

Activation in Q1 2025

The Arizona Department of Real Estate issues a public report allowing the sale of lots within subdivisions. Prior to this report being issued for subdivisions within CAGRD MLs and MSAs, an Activation Fee must be paid to CAGRD per residential unit offered for sale. Figure 2 shows the recent history of activation lots in Member Lands and Member Service Areas by AMA. MSA lots are represented with crosshatching while ML lots are solid colors by AMA. The number of lots activated in Q1 2025 was 3,341 (Member Land lots = 1,229; Member Service Area lots = 2,112). Table 2 provides a breakdown by AMA of lots that were activated in Q1 2025. By comparison, there were 5,613 units activated in Q1 2024.



Statement of Revenues, Expenses and Change in Net Position

Captive Insurance Fund

(Dollars in Thousands)

	YTD - 1st Quarter 2025				Full Year 2025				Notes
	Actual	Budget	Variance (\$)	Variance (%)	Forecast	Total Spending Authority	Variance (\$)	Variance (%)	
Operating Revenues									
Other revenues	\$ 3,241	\$ 3,222	\$ 19	0.6%	\$ 12,988	\$ 12,887	\$ 101	0.8%	
Total Operating Revenues	3,241	3,222	19	0.6%	12,988	12,887	101	0.8%	
Operating Expenses									
Other Operating costs:									
Outside services	(54)	(65)	11	16.5%	(252)	(260)	8	3.1%	
Other expenses	(2,941)	(2,923)	(18)	(0.6%)	(11,717)	(11,693)	(24)	(0.2%)	
Total Operating Expenses	(2,995)	(2,988)	(7)	(0.2%)	(11,969)	(11,953)	(16)	(0.1%)	
Net Operating Income/(Loss)	246	234	12	5.0%	1,019	934	85	(9%)	
Nonoperating Revenues/(Expenses)									
Interest income and other	150	1	149	14,900.0%	600	4	596	14,900.0%	A
Net Nonoperating Income/(Loss)	150	1	149	14,900.0%	600	4	596	14,900.0%	
Change in Net Position	396	235	161	(68.4%)	1,619	938	681	(72.6%)	
Net position at beginning of period	15,523	13,665	1,858	13.6%	15,523	13,665	1,858	13.6%	
Net position at end of period	\$ 15,919	\$ 13,900	\$ 2,019	14.5%	\$ 17,142	\$ 14,603	\$ 2,539	17.4%	

Notes:

- A **Nonoperating Revenues/(Expenses):** Interest income is higher than budget because of a revised investment strategy and increasing interest income.



Statement of Revenues, Expenses and Change in Net Position

Supplemental Water Account

(Dollars in Thousands)

	YTD - 1st Quarter 2025				Full Year 2025				Notes
	Actual	Budget	Variance		Forecast	Budget	Variance		
			(\$)	(%)			(\$)	(%)	
Operating Expenses									
Outside services	-	-	-		-	-	-		
Total Operating Expenses	-	-	-		-	-	-		
Non-operating Revenues/(Expenses)									
Interest income / FV Adj	\$ 156	\$ 76	\$ 80	105.3%	\$ 429	\$ 303	\$ 126	41.6%	A
Interest expenses and other	-	-	-		-	-	-	-	
Total Non-operating Revenues/(Expenses)	156	76	80	105.3%	429	303	126	41.6%	
Change in Net Position	156	76	80	105.3%	429	303	126	41.6%	
Net position at beginning of period	9,513	9,166	347	3.8%	9,513	9,166	347	3.8%	
Net position at end of period	\$ 9,669	\$ 9,242	\$ 427	4.6%	\$ 9,942	\$ 9,469	\$ 473	5.0%	

Notes:

A. Full-year interest income higher than budget because of a favorable fair value adjustment.



Capital

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

The Project Management Office and Engineering with the support of the PSC reviewed the current projects and Asset Modifications. Change in scope, scheduling and timing are the main causes for project cost variances. The projects experiencing the most significant variances during 2025 are listed in the following table.



Motor Exciters: Twin Peaks, Sandario, Snyder Hill, Black Mountain



Programmable Logic Controller (PLC) Replacements

2025 CAWCD CAPITAL SPENDING

(Dollars in Thousands)	2025 Projection	2025 Budget	Variance
Capital Equipment	\$ 4,914	\$ 4,519	\$ (395)
Capital Projects			
Water Education Center*	24,358	11,357	(13,001)
TDRP Recovery Wells*	-	10,361	10,361
SRP-CAP Interconnection Facility*	1,000	5,181	4,181
Generator Replacements PPs	1,334	4,165	2,831
Backup Power Systems Replacement at Checks & TO	2,577	221	(2,356)
Parking Lot Upgrades Headquarters	3,413	1,873	(1,541)
Harcuvar Substation Upgrade	-	1,470	1,470
Air Compressors Brady, Picacho, Red Rock	1,153	13	(1,140)
Isolation Valves Black Mountain/Snyder Hill	741	7	(734)
All Other Capital Projects	22,995	20,273	(2,722)
Subtotal - Capital Projects	\$ 57,572	\$ 54,920	\$ (2,652)
Total CAWCD Capital Spending	\$ 62,486	\$ 59,439	\$ (3,047)

TOTAL CAWCD CAPITAL PROJECTS

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

(Dollars in Thousands)	Projection	Budget	Variance
Capital Projects - Ten Largest			
Aqueduct Hydrology Improvement*	\$ 170,328	\$ 153,527	\$ 16,801
Water Education Center*	54,072	27,121	26,951
Electromechanical Relay Phase 2	43,209	21,282	21,926
SCADA Replacement Control Center	26,186	20,036	6,150
Generator Replacements PPs	21,500	12,394	9,106
Backup Power Systems Replacement at Checks & TO	18,316	13,223	5,094
Condition Based Monitoring	15,718	13,156	2,562
Fire Protection Sys Upgrade Mark Wilmer	12,594	11,595	999
SRP-CAP Interconnection Facility*	11,000	25,750	(14,750)
Programmable Logic Controller Replacement Waddell	6,028	6,458	(430)



2025 Capital Spending Variance Summary

(Dollars in Thousands)

	YTD - 1st Quarter 2025				Full Year 2025			
			Variance				Total Spending Authority	Variance
	Actual	Budget	(\$)	(%)	Forecast		(\$)	(%)
SUMMARY								
Capital Spending								
Salaries and related costs	\$ 1,003	\$ 746	\$ (257)	(34.5%)	\$ 4,465	\$ 3,112	\$ (1,353)	(43.5%)
Equipment and Structures	4,430	5,717	1,287	22.5%	47,407	47,565	158	0.3%
Other expenses:								
Outside services	778	1,121	343	30.6%	5,037	5,438	401	7.4%
Materials and supplies & other expenses	61	10	(51)	(510.0%)	904	64	(840)	(1312.5%)
Overhead expenses	1,048	781	(267)	(34.2%)	4,673	3,260	(1,413)	(43.3%)
Subtotal other expenses	1,887	1,912	24	1.4%	10,614	8,762	(1,852)	(21.1%)
Total Capital	\$ 7,320	\$ 8,375	\$ 1,054	12.6%	\$ 62,486	\$ 59,439	\$ (3,047)	(5.1%)

2025 CAWCD Capital Spending Variance Detail

(Dollars in Thousands)

	1st Quarter 2025				Full Year 2025				
					Variance	Total	Variance		
Projects	Actual	Budget			Projection	Spending Authority			Notes
			(\$)	(%)			(\$)	(%)	
CAPITAL EQUIPMENT									
Buildings & Structures	\$ -	\$ -	\$ -	-	\$ -	-	\$ -	-	
Vehicles	-	-	-	-	728	579	(149)	(25.7%)	
Field & Other Equipment	2,031	185	(1,846)	(997.8%)	4,186	3,940	(246)	(6.2%)	
Communication Equipment	-	-	-	-	-	-	-	-	
Capital Equipment Total	\$ 2,031	\$ 185	\$ (1,846)	(997.8%)	\$ 4,914	4,519	\$ (395)	(8.7%)	
2025 Budgeted Projects									
Air Compressors Brady, Picacho, Red Rock	\$ 25	\$ 13	\$ (12)	(96.0%)	\$ 1,153	13	\$ (1,140)	(8831.6%)	A
Aqueduct Hydrology Improvement*	175	2,243	2,068	92.2%	9,305	9,068	(237)	(2.6%)	
Backup Power Systems Replacement at Checks & TO	288	210	(78)	(37.0%)	2,577	221	(2,356)	(1066.2%)	B
Condition Based Monitoring	292	115	(176)	(152.9%)	1,097	1,246	149	12.0%	
Electromechanical Relay Phase 2	217	691	475	68.7%	2,473	2,940	466	15.9%	C
Generator Replacements PPs	74	1,786	1,712	95.8%	1,334	4,165	2,831	68.0%	D
Harcuvar Substation Upgrade	-	-	-	-	-	1,470	1,470	100.0%	E
Isolation Valves Black Mountain/Snyder Hill	8	7	(1)	(13.1%)	741	7	(734)	(10488.6%)	F
Multi Use Buildings Headquarters-Bouse Maintenance Yard	71	83	12	14.7%	2,106	1,767	(338)	(19.1%)	
Network Refresh 2025	140	69	(71)	(103.0%)	275	275	-	0.0%	
Oracle Cloud Infrastructure 2025	386	236	(150)	(63.5%)	945	945	(0)	(0.0%)	
Parking Lot Upgrades Headquarters	1,448	267	(1,181)	(441.5%)	3,413	1,873	(1,541)	(82.3%)	G
Programmable Logic Controller Replacement Waddell	206	207	0	0.1%	251	263	12	4.5%	
Roof Fall Protection Headquarters	29	701	672	95.8%	993	737	(256)	(34.8%)	
SCADA Replacement Control Center	522	550	28	5.1%	2,805	2,210	(595)	(26.9%)	
SRP-CAP Interconnection Facility*	-	45	45	100.0%	1,000	5,181	4,181	80.7%	H
TDRP Recovery Wells*	-	-	-	-	-	10,361	10,361	100.0%	I
Water Education Center*	609	897	288	32.1%	24,358	11,357	(13,001)	(114.5%)	J
West Entrance Gate Phase 2 ROW Headquarters	-	-	-	-	563	547	(16)	(2.8%)	
Windows Server Refresh 2025	-	69	69	100.0%	275	275	-	0.0%	
Totals - 2025 Budgeted Projects	\$ 4,491	\$ 8,191	\$ 3,700	45.2%	\$ 55,665	54,921	\$ (744)	(1.4%)	

2025 CAWCD Capital Spending Variance Detail (cont.)

(Dollars in Thousands)

	1st Quarter 2025				Full Year 2025				
			Variance			Total	Variance		
	Actual	Budget	(\$)	(%)	Projection	Spending Authority	(\$)	(%)	Notes
<u>Projects Without a Budget in 2025</u>									
Fire Protection Sys Upgrade Mark Wilmer	460	-	(460)	-	479	-	(479)	-	
Fire Pump Replacement WAD	33	-	(33)	-	37	-	(37)	-	
Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain	93	-	(93)	-	341	-	(341)	-	
Pump Casings/Imprvmnts SND/BLK	178	-	(178)	-	614	-	(614)	-	
Potable Water Line TFO	10	-	(10)	-	251	-	(251)	-	
Roof Replacement Black Mountain/Snyder Hill	26	-	(26)	-	154	-	(154)	-	
Switchyard Security Hardening Delaney	-	-	-	-	-	-	-	-	
Mach Shop Column Rehab HDQ	-	-	-	-	31	-	(31)	-	
Totals - Projects Without a Budget in 2025	\$ 799	\$ -	\$ (799)	0.0%	\$ 1,907	-	\$ (1,907)	0.0%	
NET CAPITAL	\$ 7,320	\$ 8,376	\$ 1,055	12.6%	\$ 62,486	59,439	\$ (3,047)	(5.1%)	

- A **Air Compressors Brady, Picacho, Red Rock:** Project was delayed out of 2024 fall outage and rescheduled to 2025 fall outage due to budget availability at the time.
- B **Backup Power Systems Replacement at Checks Turnouts & Microwave Sites:** Work delayed from 2024 due to supply chain issues with generators. Redesign took place in 2024 and construction was pushed into 2025.
- C **Electromechanical Relay Replacement Phase 2:** Forecast updated to include the change to the overall plan as requested by maintenance managers. 2025: BLK/SNY, 2026 WAD design. Adjustments made after finalizing new project scope.
- D **Generator Replacements PPs:** Pilot design contract executed for the first two sites in 2024. The signed contract was much less than anticipated which resulted in a lower year-to-date forecast, and a portion of installations were moved to 2026.
- E **Harcuvar:** WAPA capital schedule is delayed, and Harcuvar upgrades have been pushed back by at least one year. No prepayment will be required in 2025.
- F **Isolation Valves Black Mountain/Snyder Hill:** Initial project phase resulted in a more refined scope for phase two, and included additional administrative costs. Project materials delivered in 2024, however installation pushed into 2025 to better coordinate with planned-outages.
- G **Parking Lot Upgrades Headquarters:** Contractor's proposal exceeded Engineering's original estimate. Project has had minor scope additions, but the majority of the increase results is due to rising asphalt/construction costs.
- H **SRP-CAP Interconnection Facility*:** Project delays pushed planned 2025 studies and design into future years. Only \$1M in expenses are anticipated for 2025, including NEPA work.
- I **TDRP Recovery Wells*:** The Resource Planning & Analysis group completed an assessment to determine the feasibility of continuing the well recovery field projects at TDRP. The results revealed water quality results far below what was needed to continue the project, and it was cancelled.
- J **Water Education Center:** Increased scope includes boardroom relocation, additional 5,000 ft/2 in meeting space, and added exterior exhibits. Current forecast anticipates the shortened time-to-complete required of the vendor. Work originally scheduled for 2026, has been moved up into 2025.

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

Total CAWCD Capital Projects Variance Detail

(Dollars in Thousands)

Projects	Through 2024	2025 Projection	Remaining Balance	Total Projected	Total Spending Authority	<u>Variance</u> (%)	(%)	Notes
2025 Budgeted Projects								
Air Compressors Brady, Picacho, Red Rock	\$ 869	\$ 1,153	\$ 153	\$ 2,175	\$ 1,359	\$ (816)	(60.1%)	A
Aqueduct Hydrology Improvement*	1,485	9,305	159,538	170,328	153,527	(16,801)	(10.9%)	B
Backup Power Systems Replacement at Checks & TO	11,622	2,577	4,117	18,316	13,223	(5,094)	(38.5%)	C
Condition Based Monitoring	11,901	1,097	2,719	15,718	13,156	(2,562)	(19.5%)	D
Electromechanical Relay Phase 2	15,460	2,473	25,275	43,209	21,282	(21,926)	(103.0%)	E
Generator Replacements PPs	310	1,334	19,856	21,500	12,394	(9,106)	(73.5%)	F
Harcuvar Substation Upgrade	400	-	3,358	3,758	3,195	(563)	(17.6%)	
Isolation Valves Black Mountain/Snyder Hill	3,101	741	41	3,883	3,462	(421)	(12.2%)	
Multi Use Buildings Headquarters-Bouse Maintenance Yard	361	2,106	2,614	5,081	2,317	(2,765)	(119.3%)	G
Network Refresh 2025	-	275	-	275	275	-	0.0%	
Oracle Cloud Infrastructure 2025	-	945	-	945	945	-	0.0%	
Parking Lot Upgrades Headquarters	185	3,413	(0)	3,598	2,304	(1,295)	(56.2%)	H
Programmable Logic Controller Replacement Waddell	5,776	251	0	6,028	6,458	430	6.7%	
Roof Fall Protection Headquarters	33	993	0	1,026	763	(264)	(34.6%)	
SCADA Replacement Control Center	8,387	2,805	14,994	26,186	20,036	(6,150)	(30.7%)	I
SRP-CAP Interconnection Facility*	-	1,000	10,000	11,000	25,750	14,750	57.3%	J
TDRP Recovery Wells*	3,438	-	(0)	3,438	13,478	10,041	74.5%	K
Water Education Center*	2,150	24,358	27,563	54,072	27,121	(26,951)	(99.4%)	L
West Entrance Gate Phase 2 ROW Headquarters	75	563	(0)	637	637	(0)	(0.1%)	
Windows Server Refresh 2025	-	275	-	275	275	-	0.0%	
Totals - 2024-2025 Budgeted Projects	\$ 65,553	\$ 55,665	\$ 270,230	\$ 391,448	\$ 321,955	\$ (69,493)	(21.6%)	

Total CAWCD Capital Projects Variance Detail (cont.)

(Dollars in Thousands)

	Through 2024	2025 Projection	Remaining Balance	Total Projected	Total Spending Authority	Variance (\$)	(%)	Notes
Projects Without a Budget in 2025								
Fire Protection Sys Upgrade Mark Wilmer	\$ 12,116	\$ 479	\$ (0)	\$ 12,594	\$ 11,595	\$ (999)	(8.6%)	
Fire Pump Replacement WAD	1,272	37	0	1,310	502	(808)	(160.8%)	
Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain	1,581	341	101	2,023	1,428	(595)	(41.7%)	
Pump Casings/Imprvmnts SND/BLK	117	614	5,242	5,973	-	(5,973)	-	
Potable Water Line TFO	2	251	3,074	3,327	-	(3,327)	-	
Roof Replacement Black Mountain/Snyder Hill	1,864	154	(0)	2,018	1,036	(982)	(94.8%)	
Switchyard Security Hardening Delaney	663	-	(0)	663	536	(126)	(23.5%)	
Mach Shop Column Rehab HDQ	-	31	1,468	1,499	-	(1,499)	-	
Totals - Projects Without a Budget in 2024	\$ 17,615	\$ 1,907	\$ 9,884	\$ 29,406	\$ 15,097	\$ (14,309)	(94.8%)	
Totals - Budgeted & Unbudgeted	\$ 83,168	\$ 57,572	\$ 280,114	\$ 420,854	\$ 337,052	\$ (83,802)	(24.9%)	

- A **Air Compressors Brady, Picacho, Red Rock:** Material cost and contractor pricing exceeded budget. Project was delayed out of 2024 fall outage and rescheduled to 2025 fall outage due to budget availability at the time.
- B **Aqueduct Hydrology Improvement*:** Work beginning with design, and includes Phase 1 Hydrology and details design & Phase 2 Hydrology.
- C **Backup Power Sys Replacement-Checks & TOs:** Work delayed to 2024/25 due to supply chain issues with Generators. Work on IPSS continues at Turnouts, completion in 2024.
- D **Condition Based Monitoring:** Waddell PP pilot phase implemented ahead of full retrofit. Once complete (2025), the project will move forward with the remaining retrofit in 2026 and has been quoted at \$2.3M.
- E **Electro Mech Relay Phase 2:** The MWP plant phase has been moved up to accommodate the outage schedule. Project forecasts have increased to reflect current scope and inflation-adjusted pricing for future years.
- F **Generator Replacements PPs:** Project design is underway and currently estimated to be complete in 2025. The forecast reflects the most current scope.
- G **Multi Use Buildings Headquarters-Bouse Maintenance Yard:** The project is forecasted over budget due to estimated increases in construction costs. Final costs are being negotiated, and will be finalized in early 2025.
- H **Parking Lot Upgrades Headquarters:** Contractor's proposal exceeded Engineering's original estimate. Project has had minor scope additions, but the majority of the increase results is due to rising asphalt/construction costs.
- I **SCADA Replacement Control Center:** Continued scope refinement has included additional equipment needs, and a new vendor contract. 2024 has seen the Control Center Enterprise SCADA upgrade (\$1.9M), and order of required equipment approved by PSC.
- J **SRP-CAP Interconnection Facility*:** Project delays pushed planned 2025 studies and design into future years, and future work is now planned to be paid as a reduced cost-share.
- K **TDRP Recovery Wells*:** The Resource Planning & Analysis group is currently doing a consultant led assessment to determine the feasibility of continuing the well recovery field projects at TDRP. The results are still to be determined but based on the water quality results from construction we believe the project will not be going forward.
- L **Water Education Center:** Increased scope includes boardroom relocation, additional 5,000 ft/2 in meeting space, and added exterior exhibits. Current forecast anticipates the shortened time-to-complete required of the vendor. Work originally scheduled for 2026, has been moved up into 2025, to meet a 2026 completion date.

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



Strategic Plan Update

Q1 2025

BACKGROUND

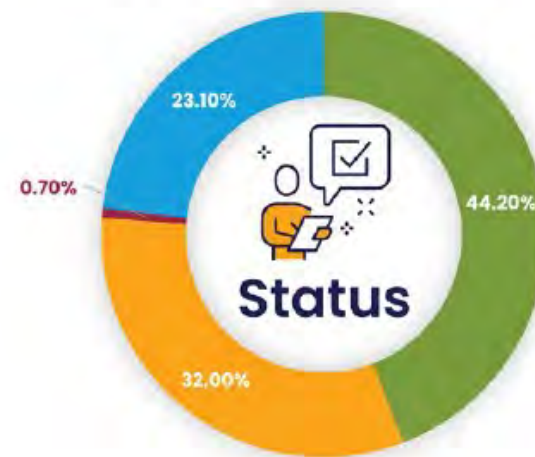
In 2020, the Board adopted the [2022 Board Strategic Plan](#). Facilitated by an external consultant, the 18-month process included several Board retreats, input from employees, and two rounds of stakeholder forums. Implementation of the new plan began with the 2022-23 budget cycle. The Plan provides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



PROGRESS UPDATE

For 2024-25, staff developed 147 action plans to implement the Board Strategic Plan.

CAP 2024-25 Business Plan Overall Summary as of Q1 2025



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

STRATEGIC PLAN IN ACTION

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



KEY RESULT AREA: Finance

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

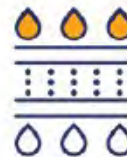
Strategic Issue: Manage capital and operations and maintenance budgets, debt, revenues, tax rates, water rates, and reserves effectively and transparently.



Members of the Finance team spent much of Q1 working with the external auditors to complete the annual audit.



President Goddard, Vice President Arboleda and CAP staff hosted the February 25, 2025 CAP University Deeper Dive on Finances.



KEY RESULT AREA: Groundwater Replenishment

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

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



Senior Legislative Affairs Analyst Jessica Newland Olin testified at the House Committee on Natural Resources, Energy and Water on February 14, 2025 in support of legislation to adjust CAGR annual membership dues.



KEY RESULT AREA:

Power

Building a reliable, diversified, and sustainable energy portfolio

Strategic Issue: Minimize CAP's carbon footprint, consistent with CAP's mission.



Nolie Templeton presents a report on CAP's carbon footprint to the Finance, Audit and Power Committee on January 23, 2025.



Members of CAP's Power Programs team participated in an energy auction in February.

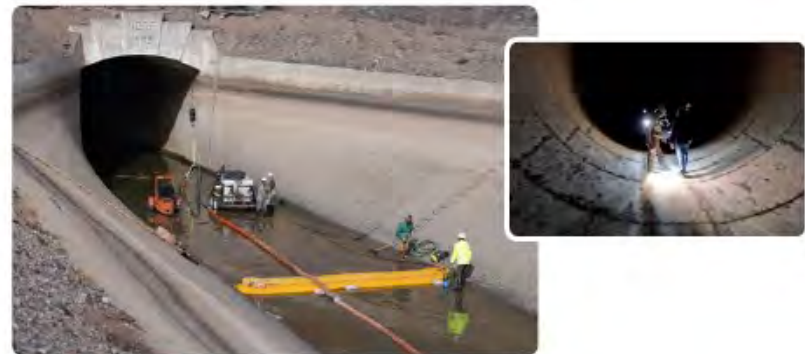


KEY RESULT AREA:

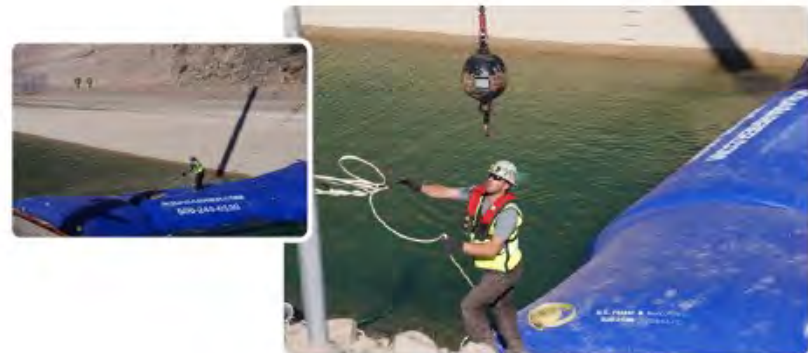
Project Reliability

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

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



During the Winter Outage, crews worked to dewater and inspect Buckskin Mountain Tunnel.



On January 23, 2025, maintenance crews at Burnt Mountain Tunnel used an inflatable aqua barrier to isolate the downstream water in the canal from the outlet of Burnt Mountain for the Winter West Outage. The barrier holds nearly 54,000 gallons of water and is secured to the canal sides.



KEY RESULT AREA:

Public Trust, Partnerships, and Leadership

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

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



Board Member Seago and Stakeholder Outreach Coordinator Tammi Watson interact with stakeholders at the February 26, 2025 Scottsdale State of the City event.



Five Board Members visited Yuma on February 12-13, 2025 to learn about Yuma area operations and farming and harvesting practices. Photos show the group at Senator Wash Reservoir and a cilantro harvest.



Board Member Macre welcomed the El Mirage Mayor and Council at CAP Headquarters on March 19, 2025.



Board Member Graff speaking with Goodyear staff at the State of the City event on February 26, 2025.



CAP hosted Meto Water for a tour of the Picacho Pumping Plant on March 6, 2025.



KEY RESULT AREA: Stewardship and Sustainability

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

Strategic Issue: Explore opportunities to support sound water management within CAP's jurisdiction and through partnerships.



On March 10, 2025, CAP stocked channel catfish into CAP for help in controlling the caddisfly populations. Channel catfish are known to eat caddisfly larvae, which otherwise would hatch into flying adults that can be a nuisance to canal-side neighbors.



KEY RESULT AREA: Water Supply

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

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



Vineetha Kartha presented to the Arizona Water Association Technical Luncheon on January 16, 2025.




KEY RESULT AREA: Workforce


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

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

Future Action

- Conduct new comprehensive salary survey in 2025 to keep pace with market
- Continue to address wave of retirements as Baby Boomers exit job market
 - Internal Staff Development and Promotions
 - External Recruitments
- Assess other potential barriers to being an Employer of Choice
- Develop future budget requests to address changing workforce priorities



 **Chris Hall**
AGM, Finance & Admin

Assistant General Manager Chris Hall presents a report on CAP's recruitment and retention efforts to the Finance, Audit and Power Committee on February 20, 2025.

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



The annual President's Award for Community Service luncheon was held on February 20, 2025, recognizing employees who volunteer in the community. President Goddard hosted, with guest speaker Denise Resnik.

