



Central Arizona Project
Year-to-Date
1st Quarter
2026 Financial Review

Table of Contents

	<u>Page</u>
Financial Overview	3
Statement of Revenues, Expenses and Change in Net Position	6
Combined Financial Statements	
Statement of Revenues, Expenses and Change in Net Position	9
Statement of Net Position	13
Spending Authority	16
Annual Repayment Obligation	17
Staffing – Average Full Time Equivalent (FTE)	18
Individual Funds	
General Fund	19
Cash and Investments	23
Statement of Revenues, Expenses and Change in Net Position	24
Water Volumes, Water Revenues and Capital Charges	26
Energy & Transmission Adjustment	28
Underground Storage—Operations and Maintenance	30
Underground Storage—Recovery	33
Rate Reconciliation	35
Extraordinary Maintenance Projects	37
Central Arizona Groundwater Replenishment District (CAGR) Account	39
Statement of Revenues, Expenses and Change in Net Position	41
Replenishment Obligation Year and Corresponding Purchased Water	42
CAGR Fund Balances	44
Enrollment and Activation Summary	46
Other Funds	
Captive Insurance Fund: Statement of Revenues, Expenses and Change in Net Position	49
Supplemental Water Account: Statement of Revenues, Expenses and Change in Net Position	51
Capital	53
Capital Spending Variance Summary	55
Capital Spending Variance Detail	56
Total Project Detail	58
Strategic Plan Update	61



Financial Overview

The following discussion presents an overview of the financial activity and condition of the Central Arizona Water Conservation District (CAWCD or District). It summarizes the 2026 financial and budget performance through the first quarter and provides a projection for the full year. More detailed explanations are covered in the following pages.

Highlights

TOTAL REVENUES: As shown on the graphs to the right, total 2026 revenues through the first quarter were \$67 million, \$6 million lower than budget. The full year total revenue forecast is \$522 million, \$14 million higher than budget. The full year variance is primarily due to expected water O&M charges, interest income, and other revenues all exceeding budgeted amounts.

TOTAL EXPENSES: As shown on the graphs to the right, total expenses through the first quarter were \$64 million, \$7 million lower than budget. The full-year total expense forecast is \$331 million, \$9 million higher than budget.

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

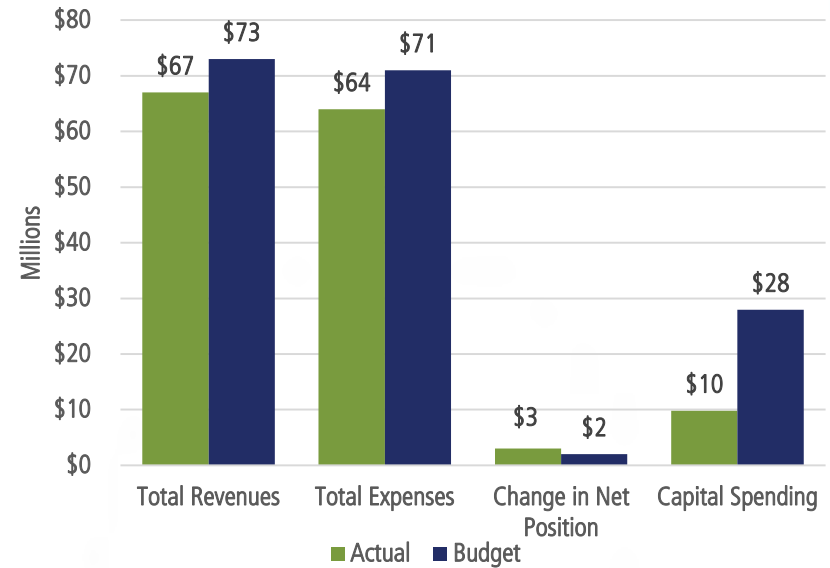
CHANGE IN NET POSITION: The first quarter change in net position, which is the difference between revenues and expenses, was \$3 million, or \$1 million higher than budget. The full year forecast is \$191 million, which is \$5 million higher than budget.

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

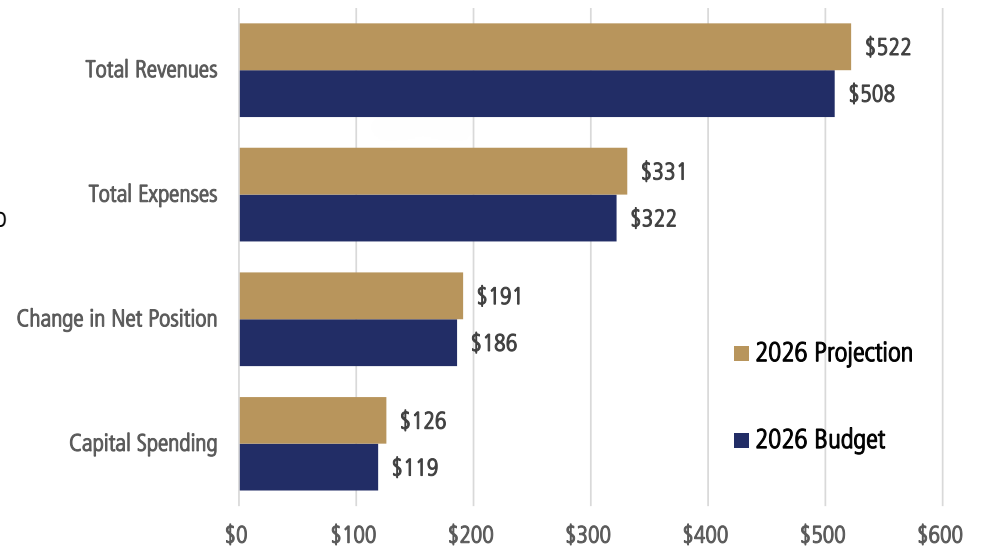
CAPITAL: Capital spending through the first quarter was \$10 million, \$18 million lower than budget. The full-year capital spending forecast is \$126 million, \$7 million over budget. The Project Steering Committee has reviewed and adjusted planned capital spending for full year 2026, and it will continue to review projects and equipment needs to determine if additional adjustments must be made or if additional spending authority is needed.

See Capital section starting on page 53 for additional information.

1st Quarter 2026- Actual vs Budget



Full Year 2026 - Projection vs Budget



Statements of Net Position

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets and deferred outflows at the end of 2026 are projected to be \$139 million higher than the 2025 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 \$19 million in 2026. Conversely, cash and short term investments are projected to decrease by \$28 million for the year.

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 2026, the net PSR is expected to decrease from \$939 million to \$921 million. Net operating capital assets, which grow as a result of completed capital projects, are projected to increase by \$209 million.

Long term investments and restricted assets are expected to decrease by \$46 million, primarily because of projected expenses for Aqueduct Hydrology & the Water Education Center.

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 sub-contractors leaving a remaining balance of 51,765 acre-feet valued at \$48 million. The remaining NIA priority water rights were previously indicated to be reallocated by 2030.

DEFERRED OUTFLOWS OF RESOURCES: Includes Pension & Other Post-Employment Benefits (OPEB) valuation and upfront payments. Valuations for deferred pension and OPEB outflows, which make up the majority of the balance, are completed at year-end by an actuarial firm contracted by the Arizona State Retirement System.

<i>(Dollars in millions)</i>	2026	2025	Change	
Current Assets				
Cash and short term investments	\$ 329	\$ 357	\$ (28)	(8.5%)
Funds held by federal gov't	7	8	(1)	(14.3%)
Water inventory	278	259	19	6.8%
Other current assets	79	75	4	5.1%
	693	699	(6)	(0.9%)
Noncurrent Assets				
Investments and restricted assets	790	836	(46)	(5.8%)
Agricultural water rights	48	48	-	0.0%
Capital assets - operating, net	568	359	209	36.8%
Capital assets - PSR, net	921	939	(18)	(2.0%)
Other assets	1	1	-	0.0%
	2,328	2,183	145	6.2%
Deferred Outflows of Resources				
Pension & OPEB valuation and Upfront Payments	21	21	-	0.0%
Total Assets & Deferred Outflows	\$ 3,042	\$ 2,903	\$ 139	4.6%

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 by \$4 million in 2026.

NONCURRENT LIABILITIES: Noncurrent liabilities are projected to decrease by \$48 million, primarily because the federal repayment obligation decreased \$43 million from the annual payment and contract revenue bonds will decrease by \$2 million. The Non-Indian Agricultural 9(d) debt should decrease by \$6 million, reflecting the annual payment to the USBR. In addition, asset retirement obligation increased to \$3 million due to a refund.

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 projected to have no changes from 2025.

NET POSITION: Net position, which is the difference between total assets and deferred outflows and total liabilities and deferred inflows, is projected to increase \$191 million in 2026.

Total liabilities, deferred inflows of resources, and net position				
2026 vs. 2025				
<i>(in millions)</i>				
	2026	2025	Change	
Current liabilities	\$ 207	\$ 211	\$ (4)	(1.9%)
Noncurrent liabilities				
Repayment obligation, net	728	771	\$ (43)	(5.9%)
Contract revenue bonds	28	30	(2)	(7.1%)
Ag water right debt	80	86	(6)	(7.5%)
Asset retirement obligation	25	22	3	12.0%
Other noncurrent liabilities	104	104	-	0.0%
Total noncurrent liabilities	965	1,013	(48)	(5.0%)
Deferred inflows of resources				
Customer deposits and upfront payments	36	36	-	0.0%
Deferred inflow OPEB	4	4	-	0.0%
Deferred inflow pension	6	6	-	0.0%
Total deferred inflows of resources	46	46	-	0.0%
Total liabilities and deferred inflows of resources	1,218	1,271	(52)	(4.1%)
Net position				
Investments in capital assets	688	452	236	34.3%
Restricted, net	118	133	(15)	(12.7%)
Unrestricted, net	1,018	1,048	(30)	(2.9%)
Total net position	1,824	1,633	191	10.5%
Total liabilities, deferred inflows of resources, & net position	\$ 3,042	\$ 2,903	\$ 139	4.6%

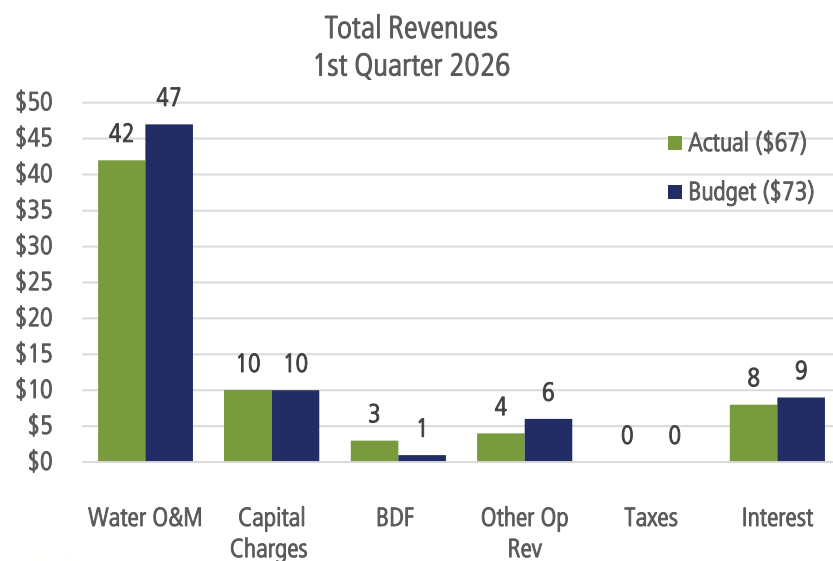
Statements of Revenues, Expenses & Change in Net Position

Net position increased \$3 million through the first quarter, compared to a budgeted increase of \$2 million. Net position is projected to increase by \$192 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 2026 BUDGET PERFORMANCE: Total revenues through the first quarter were \$67 million compared to a budget of \$73 million.

- Water O&M charges were \$5 million lower than budget due to lower water deliveries associated with the Pool 1 repairs
- Other revenues were \$2 million under budget primarily as a result of lower than anticipated recharge revenue
- BDF revenues were \$2 million over budget due to lower than expected WAPA capital transmission O&M expenses



FULL-YEAR 2026 BUDGET PERFORMANCE: at year end, total revenues are projected to be \$522 million, \$14 million higher than budget.

Operating Revenues are projected to be \$12 million higher than budget

- Water O&M charges are projected to be \$6 million higher due to less federal system conservation than planned
- Other operating revenues are projected to be \$4 million higher than budget, mainly attributed to higher CAGRDR revenue
- All other operating revenue categories are projected to be at or near budget

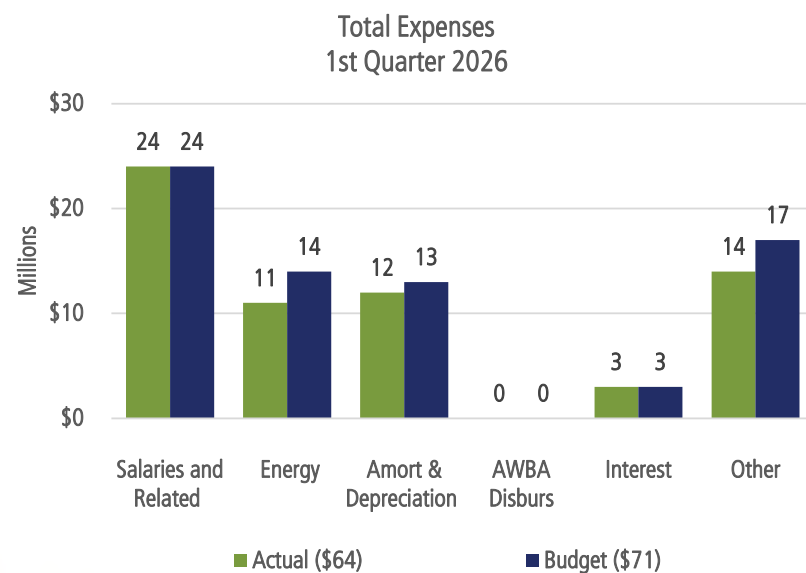
Nonoperating Revenues are expected to be \$2 million higher than budget primarily due to enhanced investment strategies and favorable fair value adjustment.

	Full-Year 2026			
<i>(Dollars in millions)</i>	Projected	Budget	Variance	
Operating Revenues				
Water O&M charges	\$ 252	\$ 246	\$ 6	2.4%
Water service capital charges	40	38	2	5.3%
BDF revenues	7	7	-	0.0%
Other revenues	74	70	4	5.7%
	373	361	12	3.3%
Nonoperating Revenues				
Property taxes	113	112	1	0.9%
Interest income & other	36	35	1	2.9%
	149	147	2	1.4%
Total Revenues	\$ 522	\$ 508	\$ 14	2.8%

TOTAL EXPENSES

1ST QUARTER 2026 BUDGET PERFORMANCE: Total expenses through the first quarter were \$64 million, \$7 million lower than budget.

- Energy charges were \$3 million lower than budget, primarily due to the lower deliveries
- Other Operating Expenses were \$3 million lower than budget, primarily due to cancellation of an extraordinary maintenance project.
- All other expense categories were at or near budget.



FULL-YEAR 2026 BUDGET PERFORMANCE: At year-end, total expenses are expected to be \$331 million, \$9 million higher than budget.

Operating Expenses are projected to be \$2 million lower than budget.

- Energy expenses are projected to be \$6 million higher than budget due to increased deliveries.
- Other operating expenses are expected to remain \$7 million under budget due to anticipated expense projects expanding into capital projects

Nonoperating Expenses are projected to be \$11 million higher than budget.

- AWBA disbursement is expected to be \$11 million higher than budget due to a projected transfer in Phoenix AMA & Tucson to purchase LTSC.
- All other operating and nonoperating expense categories are to be at or near budget.

Full-Year 2026					
<i>(Dollars in millions)</i>	Projected	Budget	Variance		
Operating Expenses					
Salary and related costs	\$ 94	\$ 95	\$ 1	1.0%	
Energy	76	69	(6)	(9.3%)	
Amortization and depreciation	52	53	0	0.7%	
Other	84	91	7	7.8%	
	306	308	2	0.7%	
Nonoperating Expenses					
AWBA Disbursements	12	0	(11)	0.0%	
Interest Expense	13	13	-	0.0%	
	25	14	(11)	(83.4%)	
Total Expenses	\$ 331	\$ 322	\$ (9)	(2.9%)	



Statement of Revenues, Expenses and Change in Net Position

All Funds/Accounts

(Dollars in Thousands)

	YTD -1st Quarter 2026				Full Year 2026			
	Actual	Budget	Variance		Forecast	Total Spending Authority	Variance	
			(\$)	(%)			(\$)	(%)
Operating Revenues								
Water O&M charges	\$ 42,422	\$ 47,526	\$ (5,104)	(10.7%)	\$ 251,702	\$ 246,064	\$ 5,638	2.3%
Water service capital charges	9,630	9,503	127	1.3%	39,538	38,576	962	2.5%
Basin Development Fund revenues	2,834	1,299	1,535	118.2%	7,069	6,950	119	1.7%
Other revenues	3,660	5,609	(1,949)	(34.7%)	74,943	69,967	4,976	7.1%
Total Operating Revenues	\$ 58,546	\$ 63,937	\$ (5,391)	(8.4%)	\$ 373,252	\$ 361,557	\$ 11,695	3.2%
Operating Expenses								
Salaries and related costs	\$ (24,121)	\$ (23,530)	\$ (591)	(2.5%)	\$ (94,353)	\$ (95,341)	\$ 988	1.0%
Energy	(11,400)	(14,235)	2,835	19.9%	(75,548)	(69,092)	(6,456)	(9.3%)
Transmission	(3,604)	(2,837)	(767)	(27.0%)	(11,930)	(11,564)	(366)	(3.2%)
Amortization	(4,531)	(4,531)	0	0.0%	(18,125)	(18,125)	-	0.0%
Depreciation	(7,230)	(8,527)	1,297	15.2%	(34,313)	(34,668)	355	1.0%
Other Operating Costs:								
Outside services	(6,340)	(11,724)	5,384	45.9%	(49,290)	(55,123)	5,833	10.6%
Materials and supplies	(2,728)	(3,522)	794	22.5%	(12,022)	(11,930)	(92)	(0.8%)
Water for underground storage	731	2,960	(2,229)	(75.3%)	(5,809)	(5,892)	83	1.4%
Overhead	1,325	1,443	(118)	(8.2%)	7,614	5,883	1,731	29.4%
Other expenses	(2,682)	(2,895)	213	7.4%	(12,657)	(12,630)	(27)	(0.2%)
Subtotal other costs	(9,694)	(13,738)	4,044	29.4%	(72,164)	(79,692)	7,528	9.4%
Total Operating Expenses	(60,580)	(67,398)	6,818	10.1%	(306,433)	(308,482)	2,049	0.7%
Operating Income/(Loss)	\$ (2,034)	\$ (3,461)	\$ 1,427	41.2%	\$ 66,819	\$ 53,075	\$ 13,744	25.9%
Nonoperating Revenues/(Expenses)								
Property taxes	\$ -	\$ -	\$ -		\$ 113,135	\$ 111,708	\$ 1,427	1.3%
Interest income and other	7,978	8,653	(675)	(7.8%)	36,376	34,745	1,631	4.7%
Disbursements to AWBA	-	(101)	101	100.0%	(11,774)	(420)	(11,354)	(2,703.3%)
Interest expense and other	(3,297)	(3,297)	-	0.0%	(13,187)	(13,188)	1	0.0%
Total Nonoperating Revenues/(Expenses)	4,681	5,255	(574)	(10.9%)	124,550	132,845	(8,295)	(6.2%)
Change in Net Position	2,647	1,794	853	47.5%	191,369	185,920	5,449	2.9%
Net position at beginning of period	1,632,645	1,640,319	(7,674)	(0.5%)	1,632,645	1,640,319	(7,674)	(0.5%)
Net position at beginning of period -restated	1,632,645	1,640,319	(7,674)	(0.5%)	1,632,645	1,640,319	(7,674)	(0.5%)
Net position at end of period	\$ 1,635,292	\$ 1,642,113	\$ (6,821)	(0.4%)	\$ 1,824,014	\$ 1,826,239	\$ (2,225)	(0.1%)

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

(Dollars in Thousands)

	YTD -1st Quarter 2026	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance Fund
Operating Revenues						
Water O&M charges	\$ 42,422	\$ (1,010)	\$ 43,432	\$ -	\$ -	\$ -
Water service capital charges	9,630	(345)	9,975	-	-	-
Basin Development Fund Revenues	2,834	-	2,834	-	-	-
Other revenues	3,660	(3,354)	445	-	3,214	3,355
Total Operating Revenues	58,546	(4,709)	56,686	-	3,214	3,355
Operating Expenses						
Salaries and related costs	(24,121)	-	(23,749)	-	(372)	-
Energy	(11,400)	-	(11,400)	-	-	-
Transmission	(3,604)	-	(3,604)	-	-	-
Amortization	(4,531)	-	(4,531)	-	-	-
Depreciation	(7,230)	-	(7,215)	-	(15)	-
Other operating costs:						
Outside services	(6,340)	-	(6,135)	-	(141)	(64)
Materials and supplies	(2,728)	-	(2,728)	-	-	-
Water for recharge	731	1,355	-	-	(624)	-
Overhead	1,325	-	1,687	-	(362)	-
Other expenses	(2,682)	3,354	(2,488)	-	(18)	(3,530)
Subtotal other costs	(9,694)	4,709	(9,664)	-	(1,145)	(3,594)
Total Operating Expenses	(60,580)	4,709	(60,163)	-	(1,532)	(3,594)
Operating Income/(Loss)	(2,034)	-	(3,477)	-	1,682	(239)
Nonoperating Revenues/(Expenses)						
Property taxes	-	-	-	-	-	-
Interest income and other	7,978	-	6,492	60	1,310	116
Disbursements to AWBA	-	-	-	-	-	-
Interest expense and other	(3,297)	-	(3,297)	-	-	-
Total Nonoperating Revenues/(Expenses)	4,681	-	3,195	60	1,310	116
Change in Net Position	2,647	-	(282)	60	2,992	(123)
Net position at beginning of period	1,632,645	(2,350)	1,194,918	10,074	413,587	16,416
Cumulative-effect of change in accounting principles	-	-	-	-	-	-
Net position at beginning of period-restated	1,632,645	(2,350)	1,194,918	10,074	413,587	16,416
Net position at end of period	\$ 1,635,292	\$ (2,350)	\$ 1,194,636	\$ 10,134	\$ 416,579	\$ 16,293

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

(Dollars in Thousands)

	Full Year 2026	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance Fund
Operating Revenues						
Water O&M charges	\$ 251,702	\$ (9,908)	261,610	\$ -	\$ -	\$ -
Water service capital charges	39,538	(427)	39,965	-	-	-
Basin Development Fund Revenues	7,069	-	7,069	-	-	-
Other revenues	74,943	(13,445)	1,791	-	73,152	13,445
Total Operating Revenues	373,252	(23,780)	310,435	-	73,152	13,445
Operating Expenses						
Salaries and related costs	(94,353)	-	(92,918)	-	(1,435)	-
Energy	(75,548)	-	(75,548)	-	-	-
Transmission	(11,930)	-	(11,930)	-	-	-
Amortization	(18,125)	-	(18,125)	-	-	-
Depreciation	(34,313)	-	(34,252)	-	(61)	-
Other operating costs:						
Outside services	(49,290)	-	(47,907)	-	(1,109)	(274)
Materials and supplies	(12,022)	-	(12,022)	-	-	-
Water for recharge	(5,809)	10,335	-	-	(16,144)	-
Overhead	7,614	-	9,183	-	(1,569)	-
Other expenses	(12,657)	13,445	(11,784)	-	(244)	(14,074)
Subtotal other costs	(72,164)	23,780	(62,530)	-	(19,066)	(14,348)
Total Operating Expenses	(306,433)	23,780	(295,303)	-	(20,562)	(14,348)
Operating Income/(Loss)	66,819	-	15,132	-	52,590	(903)
Nonoperating Revenues/(Expenses)						
Property taxes	113,135	-	113,135	-	-	-
Interest income and other	36,376	-	30,947	330	4,623	476
Disbursements to AWBA	(11,774)	-	(11,774)	-	-	-
Interest expense and other	(13,186)	-	(13,186)	-	-	-
Total Nonoperating Revenues/(Expenses)	124,551	-	119,122	330	4,623	476
Change in Net Position	191,370	-	134,254	330	57,213	(427)
Net position at beginning of period	1,632,645	(2,350)	1,194,918	10,074	413,587	16,416
Cumulative-effect of change in accounting principles	-	-	-	-	-	-
Net position at beginning of period-restated	1,632,645	(2,350)	1,194,918	10,074	413,587	16,416
Net position at end of period	\$ 1,824,015	\$ (2,350)	\$ 1,329,172	\$ 10,404	\$ 470,800	\$ 15,989

Statement of Net Position

(Dollars in Thousands)

	2025	As of 03/31/2026	As of 12/31/2026
ASSETS			
Current Assets			
Cash	\$ 22,748	\$ 26,621	\$ 21,980
Short Term Investments	333,989	308,285	307,311
Total cash and cash equivalents	356,737	334,906	329,291
Receivables			
Due from water customers	1,594	(6,022)	1,391
Due from property taxes, less allowance for doubtful accounts	52,759	39,652	55,896
Other Receivables	3,182	6,926	1,921
Water inventory	259,292	262,943	277,665
Funds held by federal government	7,697	2,856	7,282
Other assets	18,605	11,953	19,357
Total Current Assets	699,866	653,214	692,803
Noncurrent Assets			
Long Term Investments	688,223	700,872	659,947
Restricted assets	147,520	143,401	130,725
Agriculture water rights	47,663	47,663	47,663
Capital assets, less accumulated depreciation	359,099	361,705	568,125
Permanent service right, less accumulated amortization	938,802	934,271	920,678
Other assets	1,806	1,806	1,774
Total Noncurrent Assets	2,183,133	2,189,718	2,328,912
TOTAL ASSETS	2,882,979	2,842,932	3,021,715
DEFERRED OUTFLOWS OF RESOURCES			
Pension & OPEB Valuation and Upfront Payments	20,790	20,790	20,756
Total Deferred Outflows of Resources	20,790	20,790	20,756
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESEROUCEs	\$ 2,903,769	\$ 2,863,722	\$ 3,042,471

Statement of Net Position

(Dollars in Thousands)

	2025	As of 03/31/2026	As of 12/31/2026
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 93,845	\$ 62,179	\$ 90,794
Accrued payroll, payroll taxes and other accrued expenses	5,919	3,344	5,970
Water operations, capital charges, and unearned revenue	49,470	95,900	45,518
Asset retirement obligation due within one year	40	40	6,720
Current liabilities payable from restricted assets, advances to federal government, and other Non-current assets:			
Accrued interest payable	14,362	3,398	12,893
Repayment obligation, due within one year	42,808	42,808	42,808
Contract revenue bonds, due within one year	2,120	2,225	2,225
Non-Indian Agricultural 9(D) Debt, Due Within One Year	2,688	-	-
Total Current Liabilities	211,252	209,894	206,928
Noncurrent Liabilities:			
Repayment obligation, due after one year	771,007	728,199	728,199
Contract revenue bonds, due after one year, net	30,042	27,716	27,712
Non-Indian agricultural 9(d) debt	86,001	86,001	80,343
Asset retirement obligation due after one year	22,033	25,869	24,807
Other non-current liabilities	104,295	104,255	103,969
Subtotal Noncurrent Liabilities	1,013,378	972,040	965,030
Total Liabilities	1,224,630	1,181,934	1,171,958
DEFERRED INFLOWS OF RESOURCES			
Customer Deposits	36,357	36,359	36,360
Deferred Inflow OPEB	4,091	4,091	4,091
Pension Valuation	6,046	6,046	6,048
Total Deferred Inflows of Resources	46,494	46,496	46,499
NET POSITION			
Net investment in capital assets	451,924	495,028	687,859
Restricted	133,158	140,003	117,832
Unrestricted	1,047,563	1,000,261	1,018,323
Total Net Position	1,632,645	1,635,292	1,824,014
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,903,769	\$ 2,863,722	\$ 3,042,471

Statement of Net Position by Fund

(Dollars in Thousands)

	As of 12/31/2026	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance
ASSETS						
Current Assets						
Cash and short term investments	\$ 329,291	\$ -	\$ 250,143	\$ -	\$ 62,286	\$ 16,862
Receivables	59,208	(86)	57,794	-	1,500	-
Water inventory	277,665	-	26,155	-	251,510	-
Funds held by / advanced to federal government	7,282	-	7,282	-	-	-
Other	19,357	(800)	3,844	-	16,264	49
Total Current Assets	692,803	(886)	345,218	-	331,560	16,911
Noncurrent Assets						
Long Term Investments and restricted assets	790,672	(2,350)	724,514	10,404	55,854	2,250
Agriculture water rights	47,663	-	47,663	-	-	-
Capital assets, less accumulated depreciation	568,125	-	430,422	-	137,703	-
Permanent service right, less accumulated amortization	920,678	-	920,678	-	-	-
Other assets, less accumulated amortization	1,774	-	1,774	-	-	-
Bond issuance costs, net of accumulated amortization	-	-	-	-	-	-
Total Noncurrent Assets	2,328,912	(2,350)	2,125,051	10,404	193,557	2,250
TOTAL ASSETS	3,021,715	(3,236)	2,470,269	10,404	525,117	19,161
DEFERRED OUTFLOWS OF RESOURCES						
	20,756	-	20,756	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 3,042,471	\$ (3,236)	\$ 2,491,025	\$ 10,404	\$ 525,117	\$ 19,161

Statement of Net Position by Fund

(Dollars in Thousands)

	As of 12/31/2026	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance
LIABILITIES						
Current Liabilities						
Accounts payable / accrued payroll	\$ 96,764	\$ (86)	\$ 41,861	\$ -	\$ 51,817	\$ 3,172
Water operations and capital charges deferred revenue	45,518	-	43,018	-	2,500	-
Accrued Decommissioning - Current	6,720		6,720			
Other current liabilities	57,926	(800)	58,726	-	-	-
Total Current Liabilities	206,928	(886)	150,325	-	54,317	3,172
Noncurrent Liabilities						
Asset retirement obligation due after one year	24,807		24,807			
Repayment obligation, due after one year	728,199	-	728,199	-	-	-
Contract revenue bonds, due after one year, net	27,712	-	27,712	-	-	-
Non-Indian agricultural 9(d) debt	80,343	-	80,343	-	-	-
Other noncurrent liabilities	103,969	-	103,969	-	-	-
Total Noncurrent Liabilities	965,030	-	965,030	-	-	-
Total Liabilities	1,171,958	(886)	1,115,355	-	54,317	3,172
DEFERRED INFLOWS OF RESOURCES						
Customer Deposits and Upfront Payments	36,360	-	36,360	-	-	-
Deferred Inflow OPEB	4,091		4,091			
Pension Valuation	6,048	-	6,048	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	46,499	-	46,499	-	-	-
NET POSITION						
Net Investment in capital assets	687,859	-	550,156	-	137,703	-
Restricted	117,832	-	74,079	10,404	31,099	2,250
Unrestricted	1,018,323	(2,350)	704,936	-	301,998	13,739
TOTAL NET POSITION	1,824,014	(2,350)	1,329,171	10,404	470,800	15,989
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 3,042,471	\$ (3,236)	\$ 2,491,025	\$ 10,404	\$ 525,117	\$ 19,161

2026 Spending Authority

(Dollars in Thousands)

	General Fund Operating ¹	General Fund Nonoperating	CAGR Operating ²	Captive Insurance Fund ³	Capital Budget
Board Approved Budget	\$ 216,587	\$ 13,608	\$ 4,649	\$ 274	\$ 118,623
Additional Spending Authority					
AWBA Transfer ⁴					
Final Spending Authority	\$ 216,587	\$ 13,608	\$ 4,649	\$ 274	\$ 118,623
Actual operating expenses	\$ 207,825	\$ 24,961	\$ 4,418	\$ 274	\$ 125,590
Variance (\$) Fav/(Unfav)	\$ 8,762	\$ (11,353)	\$ 231	\$ -	\$ (6,967)
Variance (%)	4.0%	(83.4%)	5.0%	0.0%	(5.9%)

NOTES

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

² CAGR water for recharge to meet obligations is excluded.

³ Underwriting expenses of the Captive are excluded.

⁴ Projected to transfer \$10.5M in Phoenix AMA and \$900K in Tucson AMA to purchase LTSC (pending BOD's approval in June which will add spending authority).

Annual Repayment Obligation Master Repayment Contract

(Dollars in Thousands)

	2025		2026		Notes
	Actual	Projection	Budget	Variance	
Sources of Funds					
Net Line Rental Revenue	2,463	1,986	1,975	11	
Hoover 4.5 mil Surcharge	2,720	2,749	2,997	(248)	A
Parker-Davis	2,719	2,246	2,215	31	
Net CAP Transmission Revenues (including line losses)	(2,006)	(744)	(1,046)	302	B
Land-related Revenues:					
Land Use	1,248	832	809	23	
Land Sales	419	-	-	-	
Interest on Deposits	134	213	183	30	
Total Credits Toward Repayment	\$ 7,697	\$ 7,282	\$ 7,133	\$ 149	
Uses of Funds					
Principal	\$ 42,808	\$ 42,808	\$ 42,808	\$ -	
Interest	13,609	12,194	12,194	-	
Gross Payment <i>(Due Jan. 20th, following year-end)</i>	\$ 56,417	\$ 55,002	\$ 55,002	\$ -	
Net Due / Excess Funds for Repayment	\$ (48,720)	\$ (47,720)	\$ (47,869)	\$ 149	
CAP NGS Energy & Navajo Transmission Reconciliation	\$ (34)	\$ -	\$ -	\$ -	
Net Funds Due to/from Federal Government	\$ (48,754)	\$ (47,720)	\$ (47,869)	\$ 149	

Notes:

- A Hoover surcharge revenue under budget due to lower than expected kilowatt hour usage
- B Positive variance due to WAPA's projected billing for "CAP Transmission O&M" expenses lower than anticipated

Staffing - Average Full Time Equivalent (FTE)

	1st Quarter	2026		Variance		Notes
	2026	Projection	Budget	FTEs	% (*)	
Management Council	11.0	11.0	13.0	2.0	15.4%	
AGM - Finance & Admin Group						
Finance & Administration						
Finance & Accounting	22.0	22.0	21.0	(1.0)	(4.8%)	
Supply Chain & Facilities	27.0	27.0	27.0	-	0.0%	
Total Finance and Administration	49.0	49.0	48.0	(1.0)	(2.1%)	
Technology & Governance						
Analytics	8.2	8.7	9.0	0.3	3.2%	
Information Technology	28.0	28.5	29.0	0.5	1.7%	
Enterprise Security	12.2	12.8	13.0	0.2	1.6%	
Total Technology & Governance	48.4	50.0	51.0	1.0	1.9%	
Employee Services						
Cent Learning & Development	6.2	6.0	6.0	-	0.0%	
Safety, Health & Environmental	9.8	10.4	11.0	0.6	5.6%	
Human Resources	6.0	7.5	7.5	-	0.0%	
Total Employee Services	22.0	23.9	24.5	0.6	2.5%	
AGM - Water Policy Group						
Water Policy						
CAGRD	9.0	9.0	9.0	-	0.0%	
Water Policy	9.0	10.7	10.0	(0.7)	(7.0%)	
Total Water Policy	18.0	19.7	19.0	(0.7)	(3.7%)	
Legal	6.0	6.0	6.0	-	0.0%	
AGM - Public & Intergov't Affairs	17.4	17.7	18.0	0.3	1.4%	
AGM - Ops & Engineering Group						
Centralized Maint & Reliability						
Centralized Maintenance	63.6	67.8	72.0	4.2	5.8%	
Maintenance Control	41.3	40.2	42.0	1.8	4.3%	
Total Centralized Maint & Reliability	104.9	108.0	114.0	6.0	5.3%	
Field Maintenance						
Operational Technology	35.2	35.6	36.0	0.4	1.1%	
South Area Maintenance	43.8	44.5	45.0	0.5	1.1%	
West Area Maintenance	45.7	44.8	46.0	1.2	2.6%	
Total Field Maintenance	124.7	124.9	127.0	2.1	1.7%	
Operations and Engineering						
Engineering	58.8	58.9	66.0	7.1	10.8%	
Power Program Admin	2.0	2.0	2.0	-	0.0%	
Water Operations	30.2	31.9	25.0	(6.9)	(27.6%)	
Total Operations and Engineering	91.0	92.8	93.0	0.2	0.2%	
Vacancy/Salary Savings Equivalent		(7.1)	(15.0)	(7.9)	52.7%	
Total FTE	492.4	495.9	498.5	2.6	0.5%	

General Fund

The General Fund ended the first quarter with a net position decrease of \$0.3 million compared to a budgeted decrease of \$2.5 million. The General Fund is projected to end the year with a net position increase of \$134.3 million.

The discussion on pages 20-21 summarizes the General Fund's 2026 budget performance through the first quarter and see the full year projection.

<i>(Dollars in thousands)</i>	Actual	Budget	Variance	
Revenues	\$ 63,178	\$ 69,919	\$ (6,741)	(9.6%)
Expenses	(63,460)	(72,452)	8,992	12.4%
Change in Net Position	(282)	(2,533)	2,251	
Beginning Net Position	1,194,918	1,194,609	309	
Ending Net Position	\$ 1,194,636	\$ 1,192,076	\$ 2,560	

GENERAL FUND

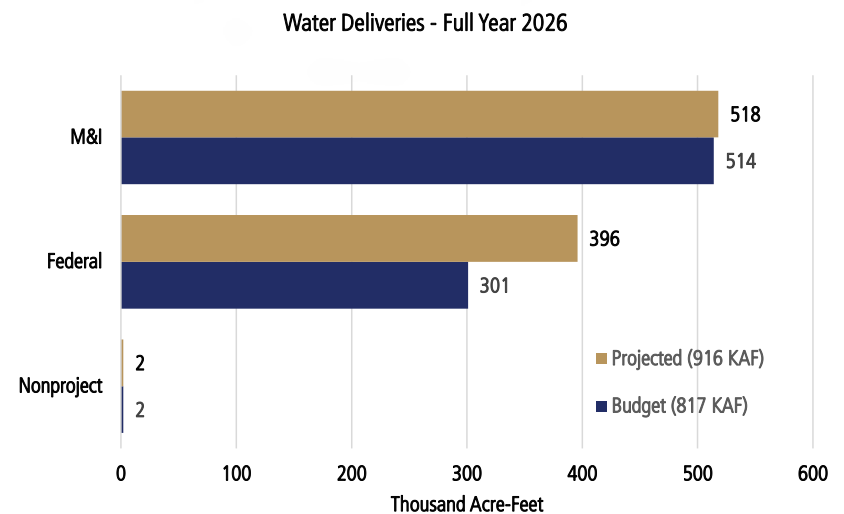
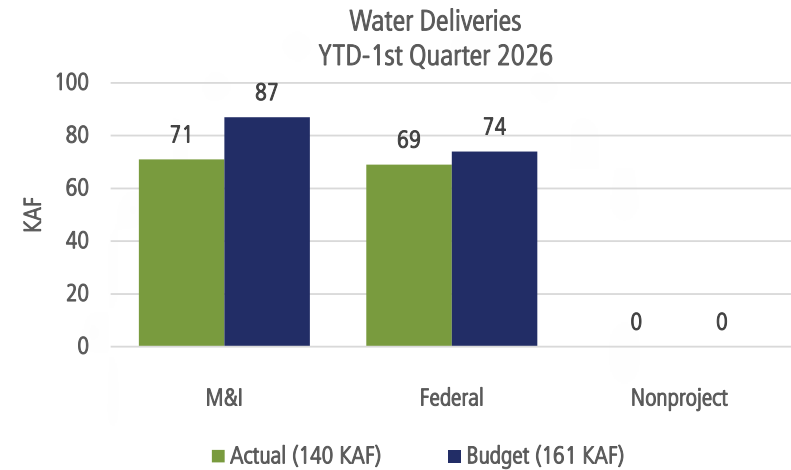
Budget Performance - Full Year 2026

<i>(Dollars in thousands)</i>	Projected	Budgeted	Variance	
Revenues	\$ 454,517	\$ 447,500	\$ 7,017	1.6%
Expenses	(320,264)	(310,851)	\$ (9,413)	(3.0%)
Change in Net Position	134,253	136,649	\$ (2,396)	
Beginning Net Position	1,194,918	1,194,609	\$ 309	
Ending Net Position	\$ 1,329,171	\$ 1,331,258	\$ (2,087)	

Water Deliveries

Through the first quarter, total water deliveries were 140 thousand acre-feet, 21 thousand acre-feet lower than budget. The full year total water delivery forecast is 99 thousand acre-feet higher than budget.

The higher delivery volume is mainly due to a decrease in system conservation from federal customers than anticipated in the budget.



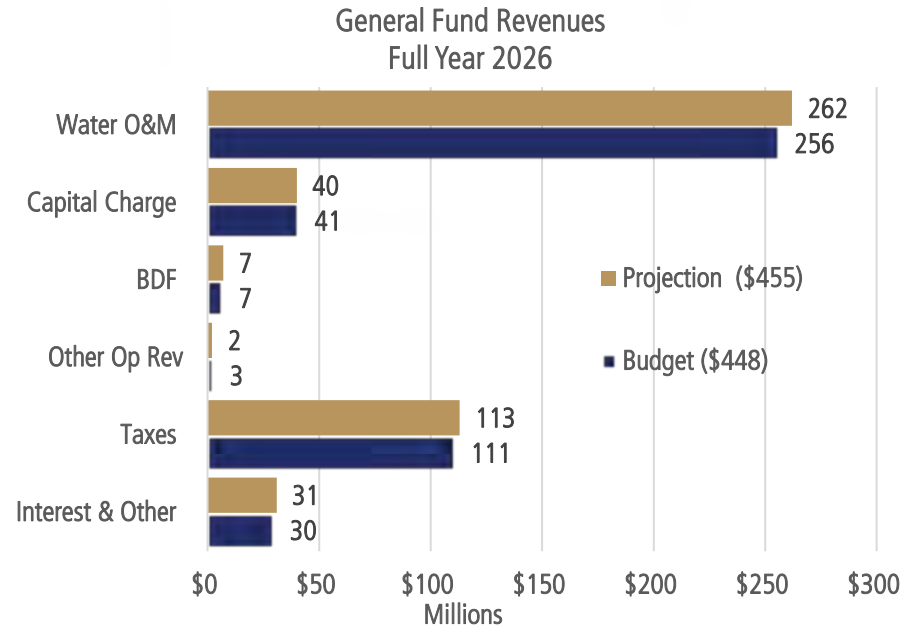
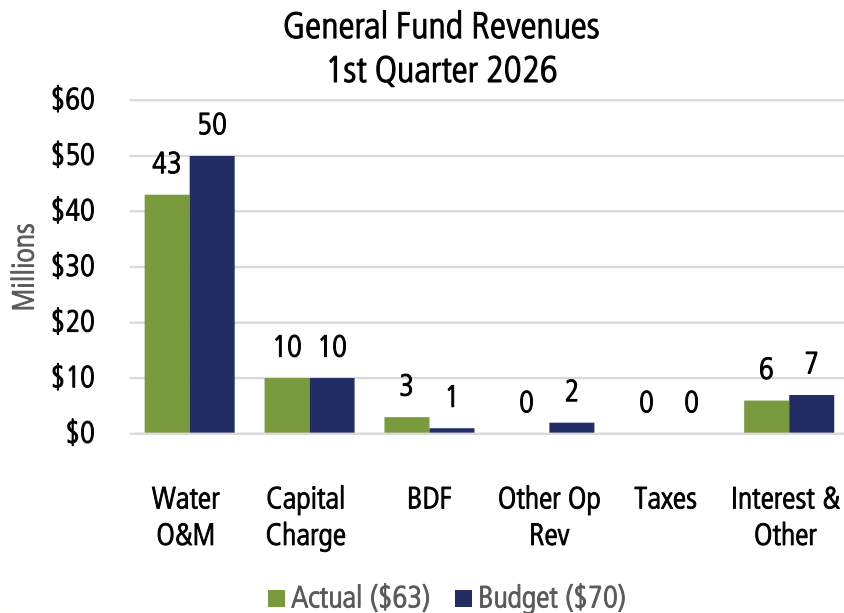
General Fund Revenues

2026 BUDGET PERFORMANCE: Through the first quarter of 2026, total General Fund revenues were \$63 million, \$7 million lower than budget.

- Water O&M charges were \$7 million lower than budget due to lower water deliveries associated with emergency repairs at Pool 1.
- Basin Development Fund revenue was \$2 million higher than budget due to an increase of transmission revenues.
- Interest & others were \$1 million lower than budget due to interest earned falling short of budget amount.
- Other General Fund operating and nonoperating revenues were below budget due to decrease Recharge fees.

FULL YEAR 2026 BUDGET PERFORMANCE: Full year General Fund revenues are projected to be \$455 million, \$7 million less than the budget. The key factors contributing to the variance are:

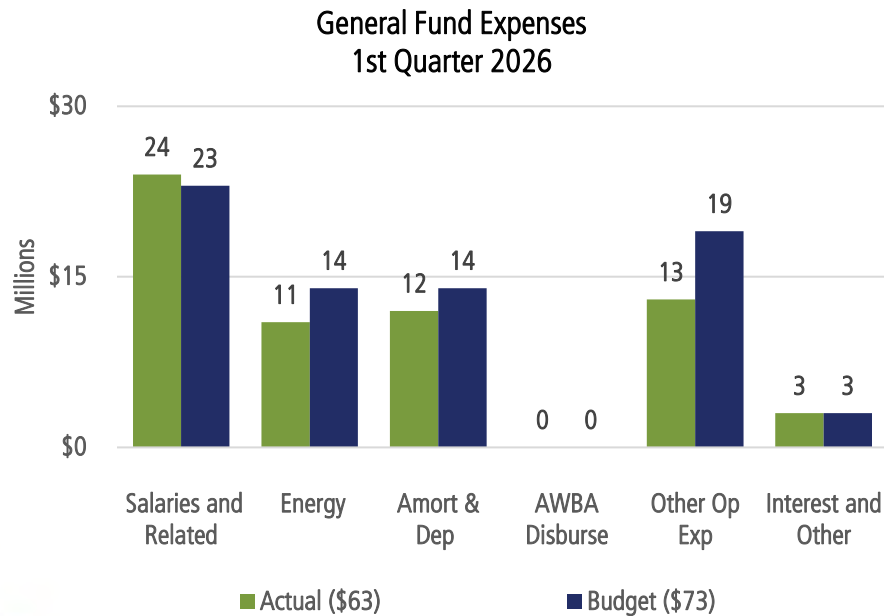
- Water O&M revenues are projected to be \$6 million higher than budget due to lower system by federal customers
- Property taxes are forecasted to be \$2 million higher than budget due to revised growth rates
- All General fund operating and nonoperating revenue categories are expected to be at or near budget



General Fund Expenses

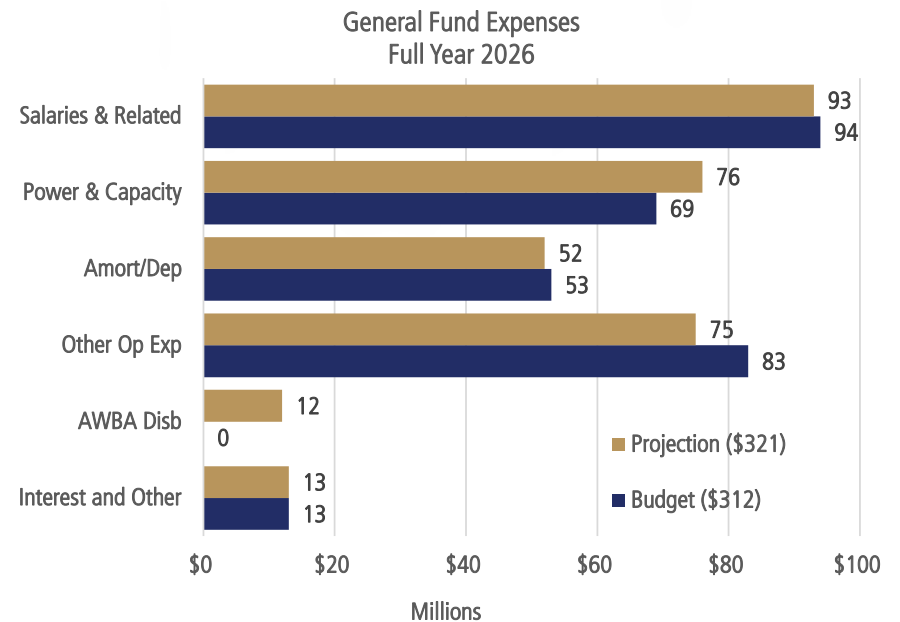
2026 BUDGET PERFORMANCE: Through the first quarter of 2026, total General Fund expenses were \$63 million, \$10 million lower than budget. Key factors contributing to the variance were:

- Salaries were \$1 million higher than budget due to salary and merit increases
- Amortization and depreciation were \$2 million lower than budget due to lower capital expenses.
- Energy expenses are \$3 million lower than budget due to an updated pumping schedule necessitated by repairs at Pool 1 and market purchases shifting to long-term contracts.
- Other expenses were \$6 million lower than budget, primarily because of the cancellation of an extraordinary maintenance project.
- All other expense categories were at or near budget.



FULL YEAR 2026 BUDGET PERFORMANCE: Total 2026 General Fund expenses are expected to be \$321 million, \$9 million higher than budget.

- Power and Capacity are projected to be \$7 million higher than budget due to repair work at Pool 1, which resulted in reduced pumping from mid-January to mid-March and will push some diversion volume to the fourth quarter.
- Other operating expenses are projected to be \$8 million lower than budget due to cancellation of the Agua Fria Siphon Reline extraordinary maintenance project in order to complete other unexpected projects, which overall were less costly.
- AWBA disbursements are projected to be \$12 million higher than budget due to an unexpected transfer needed to purchase LTSC.
- 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 2, 2026 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 eight-year Extraordinary Cost Reserve (ECR) target is projected to be \$424 million at year-end.

Board Established Targets

(Dollars in Millions)

Strategic Reserves	
Capital Reserve	\$82
Operating Reserve	\$91
Contingency Reserve	\$8
Total Strategic Reserves Target	\$181
Total Extraordinary Cost Reserves Target	
	\$707
Total Working Capital Target	
	\$110

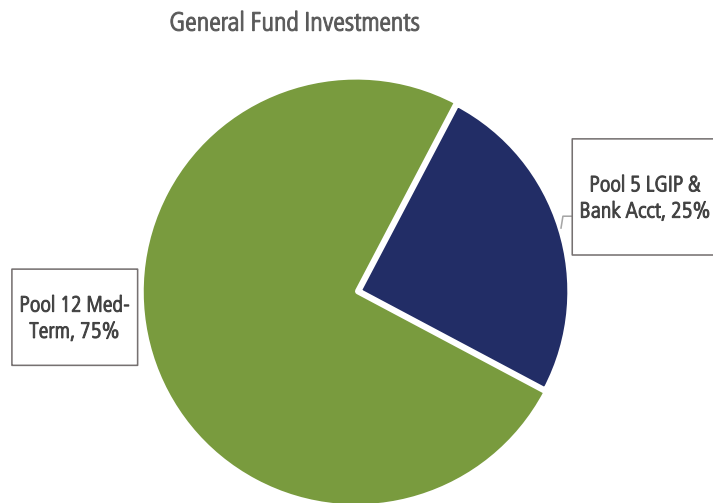
General Fund Cash and Investments

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 2026 was 3.91% for pool 12 and 3.68% 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 meet specific purposes:

<i>(Dollars in millions)</i>	Market Value as of	
	3/31/26	12/31/25
Strategic Reserves		
Assigned Reserves		
Capital Reserve	72	73
Operating Reserve	84	85
Contingency Reserve	8	8
Total Strategic Reserves	164	166
Working Capital	\$ 110	\$ 91
Extraordinary Cost Reserves	\$ 447	\$ 454
Other Reserves		
Navajo Decommissioning	\$ 23	\$ 19
Repayment Reserve	39	40
Emergency OM&R Reserve	7	7
System Use Reserve	4	4
Tribal ICS Reserve	39	38
Bond Reserve	5	7
9(d) Debt Reserve	30	33
Recovery Reserve	6	6
Recharge O & M	9	9
Total Other Reserves	162	163
Total Reserves	\$ 883	\$ 874

Statement of Revenues, Expenses and Change in Net Position

General Fund

(Dollars in Thousands)

	YTD -1st Quarter 2026				Full Year 2026					Notes
	Actual	Budget	Variance		Forecast	Budget	Total Spending Authority	Variance		
			(\$)	(%)				(\$)	(%)	
Water Deliveries (acre-feet in thousands)	141	162	(21)	(13.1%)	916	817	817	99	12.1%	A
Operating Revenues										
Water O&M charges	43,432	\$ 50,000	(6,568)	(13.1%)	261,610	\$ 255,814	\$ 255,814	\$ 5,796	2.3%	
Water service capital charges	9,975	9,989	(14)	(0.1%)	39,965	40,520	40,520	(555)	(1.4%)	
Basin Development Fund Revenues	2,834	1,299	1,535	118.2%	7,069	6,950	6,950	119	1.7%	
Other revenues	445	1,213	(768)	(63.3%)	1,791	2,701	2,701	(910)	(33.7%)	B
Total Operating Revenues	56,686	62,501	(5,815)	(9.3%)	310,435	305,985	305,985	4,450	1.5%	
Operating Expenses										
Salaries and related costs	(23,749)	(23,129)	(620)	(2.7%)	(92,918)	(93,734)	(93,734)	816	0.9%	
Energy	(11,400)	(14,235)	2,835	19.9%	(75,548)	(69,092)	(69,092)	(6,456)	(9.3%)	C
Transmission	(3,604)	(2,837)	(767)	(27.0%)	(11,930)	(11,564)	(11,564)	(366)	(3.2%)	
Amortization of Permanent Service Right	(4,531)	(4,531)	-	0.0%	(18,125)	(18,125)	(18,125)	-	0.0%	
Depreciation and Amortization	(7,215)	(8,512)	1,297	15.2%	(34,252)	(34,607)	(34,607)	355	1.0%	
Other operating costs:										
Outside services	(6,135)	(11,367)	5,232	46.0%	(47,907)	(53,740)	(53,740)	5,833	10.9%	D
Materials and supplies	(2,728)	(3,522)	794	22.5%	(12,022)	(11,930)	(11,930)	(92)	(0.8%)	
Overhead	1,687	1,850	(163)	(8.8%)	9,183	7,511	7,511	1,672	22.3%	E
Other expenses	(2,488)	(2,771)	283	10.2%	(11,784)	(11,962)	(11,962)	178	1.5%	
Total other operating expenses	(9,664)	(15,810)	6,146	38.9%	(62,530)	(70,121)	(70,121)	7,591	10.8%	
Total Operating Expenses	(60,163)	(69,054)	8,891	12.9%	(295,303)	(297,243)	(297,243)	1,940	0.7%	
Operating Income/(Loss)	(3,477)	(6,553)	3,076	46.9%	15,132	8,742	8,742	6,390	73.1%	
Nonoperating Revenues/(Expenses)										
Property taxes	-	-	-		113,135	111,708	111,708	1,427	1.3%	
Interest income and other	6,492	7,418	(926)	(12.5%)	30,947	29,807	29,807	1,140	3.8%	
Disbursements to AWBA	-	(101)	101	100.0%	(11,774)	(420)	(420)	(11,354)	(2703.3%)	F
Interest expense and other	(3,297)	(3,297)	-	0.0%	(13,187)	(13,188)	(13,188)	1	0.0%	
Net Nonoperating Income/(Loss)	3,195	4,020	(825)	(20.5%)	119,121	127,907	127,907	(8,786)	(6.9%)	
Change in Net Position	(282)	(2,533)	2,251	88.9%	134,253	136,649	136,649	(2,396)	(1.8%)	
Net Position at beginning of period	1,194,918	1,194,609	309	0.0%	1,194,918	1,194,609	1,194,609	309	0.0%	
Cumulative-effect of Change in Accounting Principles	-	-	-		-	-	-	-		
Net Position at beginning of period - restated	1,194,918	\$ 1,194,609	\$ 309	0.0%	1,194,918	\$ 1,194,609	\$ 1,194,609	\$ 309	0.0%	

Statement of Revenues, Expenses and Change in Net Position

General Fund

Notes

- A **Water O&M Revenues:** Water O&M Revenues: Water deliveries are were slightly higher than budget due to adjustments to system conservation agreements.
- B **Other Revenues:** Other revenues are projected to be \$0.9 million lower than budget, primarily because of lower recharge revenues.
- C **Energy:** Increased deliveries increase the need for energy, resulting in a \$6.5M variance.
- D **Outside Services:** Outside services is \$5.2 million under budget due to a cancelling an extraordinary maintenance project, Agua Fria Siphon (AFS) reline due to other unexpected projects.
- E **Overhead:** Overhead is projected to be higher than budget as more labor cost is going to capital projects. Overhead reduces the general fund operating expenses.
- F **Disbursements to AWBA:** Projected to transfer \$10.5M in Phoenix AMA and \$900K in Tucson AMA to purchase LTSC (pending BOD's approval in June).

Water Volumes

(in Acre-Feet)

	YTD -1st Quarter 2026				Full Year 2026				Notes
	Actual	Budget	Variance		Forecast	Budget	Variance		
			(A/F)	(%)			(A/F)	(%)	
PROJECT WATER DELIVERIES			-				-		
Municipal & Industrial Water Subcontract	71,174	87,451	(16,277)	(18.6%)	518,559	513,997	4,562	0.9%	A
Federal Contract	69,383	74,060	(4,677)	(6.3%)	395,537	300,980	94,557	31.4%	
Subtotal Project Water Deliveries	140,557	161,511	(20,954)	(13.0%)	914,096	814,977	99,119	12.2%	
NONPROJECT WATER DELIVERIES									
Firming - Federal	-		-	-	2,033	-	2,033	-	
Firming - CAWCD	-	-	-	-	-	1,040	(1,040)	(100.0%)	
Other Wheeled Water-Federal	-		-	-	-	-	-	-	
Other Wheeled Water - CAWCD	-	300	(300)	(100.0%)	-	943	(943)	(100.0%)	
Subtotal Nonproject Water	-	300	(300)	(100.0%)	2,033	1,983	50	2.5%	
Total Water Deliveries	140,557	161,811	(21,254)	(13.1%)	916,129	816,960	99,169	12.1%	
Transfer of credits to CAGR	-		-	-	1,189	10,095	(8,906)	(88.2%)	B
Take or Pay/Adjustment	-	-	-	-	-	-	-	-	
Billed Fixed OM&R Water Volumes	140,557	161,811	(21,254)	(13.1%)	917,318	827,055	90,263	10.9%	

A The higher project water delivery volume is due to a change in system conservation agreement attributed to a Federal customer.

B Actual is lower than budget due updated legislative guidance regarding replenishment reserve targets.

Water Revenues and Capital Charges

(Dollars in Thousands)

	YTD - 1st Quarter 2026				Full Year 2026				Notes
	Actual	Budget	Variance		Forecast	Budget	Variance		
			(\$)	(%)			(\$)	(%)	
PROJECT WATER REVENUES									
Municipal & Industrial Water Subcontract	\$ 21,993	\$ 27,022	\$ (5,029)	(18.6%)	\$ 147,888	\$ 158,984	\$ (11,096)	(7.0%)	
Federal Contract	21,439	22,885	(1,446)	(6.3%)	112,803	93,096	19,707	21.2%	
Subtotal Project Water Deliveries	43,432	49,907	(6,475)	(13.0%)	260,691	252,080	8,611	3.4%	A
NONPROJECT WATER REVENUES									
Firming - Federal	-	-	-	-	580	-	580	-	
Firming - CAWCD	-	-	-	-	-	321	(321)	(100.0%)	
Other Wheeled Water-Federal	-	-	-	-	-	-	-	-	
Other Wheeled Water - CAWCD	-	93	(93)	(100.0%)	-	291	(291)	(100.0%)	
Subtotal Nonproject Water Revenues	-	93	(93)	(100.0%)	580	612	(32)	(5.2%)	
Water O&M Charges before adjustments	43,432	50,000	(6,568)	(13.1%)	261,271	252,692	8,579	3.4%	
Misc. Adjustments	-	-	-	-	-	-	-	-	
Transfer of credits to CAGR	-	-	-	-	339	3,122	(2,783)	(89.1%)	
Take/Pay Adj.	-	-	-	-	-	-	-	-	
Total Water O&M Charges	\$ 43,432	\$ 50,000	\$ (6,568)	(13.1%)	\$ 261,610	\$ 255,814	\$ 5,796	2.3%	
CAPITAL & FACILITY USE CHARGES									
M&I subcontractors	9,975	9,989	\$ (14)	(0.1%)	39,898	39,955	(57)	(0.1%)	
M&I nonsubcontract	-	-	-	-	67	565	(498)	(88.1%)	
Facility Use Charges - Pima & Maricopa (interstate)	-	-	-	-	-	-	-	-	
Facility Use Charges - Nonproject Water	-	-	-	-	-	-	-	-	
Underground storage facilities	-	-	-	-	-	-	-	-	
Total Capital & Facility Use Charges	\$ 9,975	\$ 9,989	\$ (14)	(0.1%)	\$ 39,965	\$ 40,520	\$ (555)	(1.4%)	

A The higher total water delivery revenue is mainly due to a change in a federal system conservation agreement.

Energy & Transmission Adjustment

	YTD -1st Quarter 2026				Full Year 2026				Notes
	Actual	Budget	Variance		Forecast	Budget	Variance		
			(\$)	(%)			(Amount)	(%)	
ENERGY (MWH)									
Waddell	3,242	-	(3,242)	0.0%	30,142	26,900	(3,242)	(12.1%)	
Hoover	25,227	27,491	2,264	8.2%	113,052	115,316	2,264	2.0%	
Long-term contracts	88,899	18,990	(69,909)	(368.1%)	452,122	89,413	(362,709)	(405.7%)	
Market Purchases	216,792	410,228	193,436	47.2%	1,124,355	1,378,051	253,696	18.4%	
Total MWH	334,160	456,709	122,549	26.8%	1,719,671	1,609,680	(109,991)	(6.8%)	
ENERGY RATE (\$/MWH)									
Waddell	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	
Hoover	56.49	54.82	(1.67)	(3.0%)	52.93	48.73	(4.20)	(8.6%)	A
Long-term contracts	57.89	65.14	7.25	11.1%	43.43	24.99	(18.44)	(73.8%)	A
Market Purchases	37.57	42.28	4.72	11.2%	46.06	45.36	(0.70)	(1.5%)	B
Weighted Average (\$/MWH)	\$ 44.47	\$ 43.99	\$ (0.48)	(1.1%)	\$ 45.82	\$ 44.46	\$ (1.36)	(3.1%)	
ENERGY COSTS (\$000)									
Waddell	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	
Hoover	1,425	1,507	82	5.4%	5,984	5,619	(365)	(6.5%)	E
Long-term contracts	5,146	1,237	(3,909)	(316.0%)	19,635	2,234	(17,401)	(778.9%)	A, E
Market Purchases	8,144	17,346	9,202	53.0%	51,789	62,512	10,723	17.2%	B
Gross Energy Costs (\$000)	\$ 14,715	\$ 20,090	\$ 5,375	26.8%	\$ 77,408	\$ 70,365	\$ (7,043)	(10.0%)	
Energy Scheduling Services	\$ 100	\$ 1,150	\$ 1,050	91.3%	\$ 898	\$ 1,150	\$ 252	21.9%	
MWD Agreement Expense	-	80	80	100.0%	80	80	-	0.0%	
Lake Pleasant Adjustment	(3,702)	(2,503)	1,199	(47.9%)	(3,125)	(2,503)	622	(24.8%)	C
Lake Roosevelt Adjustment	287	-	(287)	0.0%	287	-	(287)	0.0%	C
Total Energy (\$000)	\$ 11,400	\$ 18,816	\$ 7,416	39.4%	\$ 75,548	\$ 69,092	\$ (6,456)	(9.3%)	
TRANSMISSION ADJUSTMENT									
Elec Trans-Losses	\$ 373	\$ 1,023	\$ 650	63.5%	\$ 2,164	\$ 2,387	\$ 223	9.3%	D
Elec Trans-SRP SALT GILA	183	65	(118)	-181.5%	408	74	(334)	-451.4%	D
Elec Trans-Brady/Pichacho/RR	-	-	-	0.0%	-	-	-	0.0%	D
Elec Trans-WECC Trans	92	18	(74)	(411.1%)	136	178	42	23.6%	D
Total Transmission Adjustment (\$000)	\$ 648	\$ 1,106	\$ 458	41.4%	\$ 2,708	\$ 2,639	\$ (69)	(2.6%)	
OTHER ADJUSTMENT									
Other Income	(80)	-	-	0.0%	(80)	(650)	(570)	87.7%	E
Total Energy, Transmission & Other Adjustments (\$000)	\$ 11,968	\$ 19,922	\$ 7,954	39.9%	\$ 78,176	\$ 71,081	\$ (7,095)	(10.0%)	

Notes explaining the variances are shown on following page.

Energy & Transmission Adjustment

Notes

- A As part of the CAP power portfolio, three long-term contracts are in place for 2026. The first is a 20 year power purchase agreement at a fixed contract energy price from a solar facility (currently in year-seven), and two others with Capital Power (CP) and Tucson Electric and Power (TEP). Capital Power is a gas heat-rate call option and Tucson Electric and Power is a fixed-price call option. These two power call options will provide power in the spring and fall to support pumping operations.
- B Repair work in Pool 1 resulted in reduced pumping from mid-January to mid-March, and will push some diversion volume to Q4. The forecast includes those changes as well as favorable summer sales. 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 gain approximately 6 thousand acre-feet of water, increasing 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) to Harrison Renewable Energy.

Underground Storage—Operations and Maintenance

(Dollars in Thousands)

	YTD -1st Quarter 2026				Full Year 2026				Notes
	Actual	Budget	Variance		Forecast	Budget	Variance		
			(\$)	(%)			(\$)	(%)	
Water Deliveries (KAF)	6	31	(25)	(80.6%)	33	51	(18)	(35.3%)	A
Revenues									
Other revenues	90	643	(553)	(86.0%)	\$ 494	\$ 765	\$ (271)	(35.4%)	
Total Revenues	\$ 90	\$ 643	\$ (553)	(86.0%)	\$ 494	\$ 765	\$ (271)	(35.4%)	B
Expenses									
Salaries and related costs	\$ (83)	\$ (16)	\$ (67)	(418.8%)	\$ (142)	\$ (75)	\$ (67)	(89.3%)	C
Other operating costs:									
Outside services	(16)	(22)	6	27.3%	(235)	(295)	60	20.3%	
Materials and supplies	(21)	-	(21)		(35)	(14)	(21)	(150.0%)	D
Other expenses	(82)	(31)	(51)	(164.5%)	(225)	(137)	(88)	(64.2%)	E
Total other operating costs	(119)	(53)	(66)	(124.5%)	(495)	(446)	(49)	(11.0%)	
Total Expenses	\$ (202)	\$ (69)	\$ (133)	(2)	\$ (637)	\$ (521)	\$ (116)	(22.3%)	
Change in Net Position	\$ (173)	\$ 574	\$ (686)	\$ (1)	\$ (143)	\$ 244	\$ (387)	(158.6%)	
Net position at beginning of period	8,783	9,371	(588)	(6.3%)	8,783	9,371	(588)	(6.3%)	
Net position at end of period	\$ 8,610	\$ 9,945	\$ (1,274)	(12.8%)	\$ 8,640	\$ 9,615	\$ (975)	(10.1%)	
Expense Summary									
Aqua Fria	\$ (29)	\$ (10)	\$ (19)	(190.0%)	\$ (82)	\$ (61)	\$ (21)	(34.4%)	
Hieroglyphic Mountains	(105)	(27)	(78)	(288.9%)	(201)	(123)	(78)	(63.4%)	F
Lower Santa Cruz	(11)	(15)	4	26.7%	(124)	(97)	(27)	(27.8%)	
Pima Mine Road	(19)	(5)	(14)	(280.0%)	(166)	(190)	24	12.6%	
Superstition Mountain	(16)	(11)	(5)	(45.5%)	(37)	(44)	7	15.9%	
Tonopah Desert	(22)	(1)	(21)	(2100.0%)	(27)	(6)	(21)	(350.0%)	
Total Expenses	\$ (202)	\$ (69)	\$ (133)	(192.8%)	\$ (637)	\$ (521)	\$ (116)	(22.3%)	

Notes explaining the variances are shown on the following page.

Underground Storage Operations and Maintenance

Notes

- A **Water Deliveries and Total Revenues:** Total deliveries in Q1 were 25 KAF lower than budget. Full year is projected to be lower than anticipated in the budget.
- B **Salaries and Related Costs:** Total salaries in Q1 is \$67k higher than budget due to unplanned maintenance which created an increased with FTEs.
- C **Materials:** Full year forecast projected to be \$21k higher than budget due to unplanned maintenance.
- D **Other Expenses:** Full year expenses are projected to be \$88k higher than budgeted due to increased wheeling fees which were negotiated after the budget was developed.
- E **Hieroglyphic Mountains:** Forecasted to be \$78k higher than budget due to unplanned maintenance work, which requires more FTEs and increases overhead.



Underground Storage—Recovery

(Dollars in Thousands)

	YTD -1st Quarter 2026				Full Year 2026			
	Actual	Budget	Variance		Forecast	Budget	Variance	
			(\$)	(%)			(\$)	(%)
Revenues								
Other revenues	\$ -	\$ -	\$ -		\$ 32	\$ 71	\$ (39)	
Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ 32	\$ 71	\$ (39)	-
Expenses								
Salaries and related costs								
Other operating costs:								
Outside services	-	(125)	125	100.0%	(531)	(571)	40	7.0%
Materials and supplies								
Other expenses	(2)	-	(2)		(2)	-	(2)	
Total other operating costs	(2)	(125)	123	98.4%	(533)	(571)	38	6.7%
Total Expenses	\$ (2)	\$ (125)	\$ 123	\$ 1	\$ (533)	\$ (571)	\$ 38	6.7%
Change in Net Position	(2)	(125)	123	98.4%	(501)	(500)	(1)	(0.2%)
Net position at beginning of period	(551)	(549)			(551)	(549)	(2)	0.4%
Net position at end of period	\$ (553)	\$ (674)	\$ 123	(18.2%)	\$ (1,052)	\$ (1,049)	\$ (3)	0.3%

2026 Rate Reconciliation

(Dollars in Thousands)

	Forecast	Published	Budget
General Fund Operating Expenses	\$ 295,303	\$ 287,487	\$ 297,243
Adjustments for O&M Expenses			
Depreciation & Amortization	(52,377)	(50,356)	(52,732)
Energy	(75,548)	(66,641)	(69,092)
Transmission & Other Adjustments	(2,628)	(3,492)	(1,989)
Underground storage site O&M	(637)	(569)	(521)
Extraordinary Maintenance (when part of "Big R")	(5,715)	(14,000)	(12,918)
Other income	(1,785)	(773)	(1,870)
Compensated Mitigation (Funded by 'Big R')	-	-	-
Programs Funded by Water Storage Tax Reserve	(2,000)	(1,000)	(2,000)
Programs Funded by Recovery Reserve	(533)	(1,500)	(571)
Programs Funded by Extraordinary Cost Reserve	(11,068)	(5,000)	(11,240)
Total Adjustments	<u>(152,291)</u>	<u>(143,331)</u>	<u>(152,933)</u>
Fixed O&M Expenses	<u>\$ 143,012</u>	<u>\$ 144,156</u>	<u>\$ 144,310</u>
Energy, Transmission & Other Adjustments			
Energy	\$ 75,548	\$ 66,641	\$ 69,092
Transmission & Other Adjustments	2,628	3,492	1,989
Total Energy, Transmission & Other Adjustments	<u>\$ 78,176</u>	<u>\$ 70,133</u>	<u>\$ 71,081</u>

2026 Rate Reconciliation

(Dollars in Thousands)

Subcontract / Federal Rates	Variance			
	Forecast	Published	Budget	Publ vs Proj
Water Delivery Costs (Thousands)				
Fixed O&M Expenses	\$ 143,012	\$ 144,156	\$ 144,310	\$ 1,144
Total Energy & Transmission Adjustment Expenses	78,176	70,133	71,081	(8,043)
Water Delivery (Acre-Feet)				
Billed Fixed OM&R Water Volume	917,318	825,000	827,055	(92,318)
Pumping Energy Rate Water Volume	917,318	825,000	827,055	(92,318)
Water Delivery Rate (\$/AF)				
Calculated Fixed O&M Rate	\$ 155.90	\$ 175.00	\$ 174.49	\$ 19.10
Capital Replacement Component ("Big R")	44.07	49.00	48.88	4.93
Total Fixed OM&R	199.97	224.00	223.37	24.03
Calculated Pumping Energy Rate	85.22	85.00	85.94	(0.22)
Total Pumping Energy Rate	85.22	85.00	85.94	(0.22)
Total Delivery Rate	\$ 285.19	\$ 309.00	\$ 309.31	\$ 23.81

Long Term Contract reconciliation-Fixed OM&R (\$000)- (refund)/bill	\$ (22,044)
Long Term Contract reconciliation-Energy (\$000)- (refund)/bill	\$ 202
Total Long Term Contract reconciliation (\$000)- (refund)/bill	\$ (21,843)



Extraordinary Maintenance Projects

(Dollars in Thousands)

2025 Actuals	YTD -1st Quarter 2026								
	Actual	Budget	Variance (\$)	Budget	Additional Spending	Total Spending Authority	Variance (\$)		(%)
Expenses									
Salaries and related costs	\$ (587)	\$ (71)	\$ (88)	\$ 17	\$ (537)	\$ -	\$ (537)	\$ 322	60.0%
Other operating costs:									
Outside services	(1,845)	-	(180)	180	(11,880)	-	(11,880)	6,647	56.0%
Materials and supplies	(48)	(28)	-	(28)	-	-	-	(29)	-
Other expenses/overhead	(608)	(74)	(82)	8	(501)	-	(501)	264	52.7%
Subtotal	(2,501)	(102)	(262)	160	(12,381)	-	(12,381)	6,882	55.6%
Total Expenses	\$ (3,088)	\$ (174)	\$ (351)	\$ 177	\$ (12,918)	\$ -	\$ (12,918)	\$ 7,203	55.8%

A,B

Total Project Costs								Notes
Through 2025	2026 Projection	Balance Remaining	Projection	Total Spending Authority	Variance (\$)		(%)	
EM-Reline Discharge Lines & Manifolds at Salt Gila	\$ (5,010)	\$ (110)	\$ -	\$ (5,120)	\$ (5,275)	\$ 155	2.9%	A
EM-Agua Fria Siphon Lining Repairs	(487)	(63)	-	(550)	(10,447)	9,897	94.7%	B
EM-Waterline Installation PFO	-	(2,283)	-	(2,283)	(2,244)	(39)	(1.7%)	C
EM-Pool 1 Repair and Stabilization	-	(3,259)	-	(3,259)	-	(3,259)	-	D
Total	\$ (5,497)	\$ (5,715)	\$ -	\$ (11,212)	\$ (17,966)	\$ 6,754	37.6%	

- Notes:**
- A Reline project at Salt Gila pumping plant forecast accommodates additional inspector for 10 weeks. Closeout expedited to continue through Q2 2026. This is a "Big R" funded project.
 - B Lining repairs were planned in Aqua Fria Siphon, but project but cancelled by PSC.
 - C Waterline installation at PFO exceed the \$2M threshold qualifying it as an EM project. This is a "Big R" funded project.
 - D Canal lining and embankment repairs in Pool 1 are expected to exceed \$3M total. It is anticipated that this work will be funded by the Capital Strategic Reserve.



Central Arizona Groundwater Replenishment District (CAGRDR)

BUDGET PERFORMANCE - Full Year 2026

<i>(Dollars in Thousands)</i>	Projection	Budget	Change	
Revenues	\$ 77,775	\$ 71,445	\$ 6,330	9%
Expenses	(20,562)	(22,235)	1,673	8%
Change in Net Position	57,213	49,210	8,003	16%
Beginning Net Position	413,587	420,581	(6,994)	
Ending Net Position	\$ 470,800	\$ 469,791	\$ 1,009	

Total Revenues

Total CAGRDR revenues are projected to be \$77.7 million for the year, \$6.3 million higher than budget.

The full-year operating revenue forecast is projected to be \$5.9 million higher than budget due to:

- Fee revenue is projected \$3.8 million higher than budgeted primarily because of higher activation fees than expected
- Dues revenue is projected to be \$1.7 million higher than budgeted because of higher projected infrastructure and water rights revenue, which directly impacts Dues revenue
- Nonoperating income is projected to be slightly above budget due to favorable interest rates

Total Expenses

Total CAGRDR expenses are projected to be \$20.5 million for the year, \$1.6 million lower than budget, primarily because water expenses are projected to be 1.4 million lower as a result of lower obligation than expected. This expense represents an estimate of 2026 pumping and any 2026 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.

CAGRDR has secured several different 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, 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. CAGRDR completed a \$95 million long-term storage credit purchase in 2019 and is currently in negotiations for a potential \$113 million year-water supply.

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 2026				Full Year 2026					
	Actual	Budget	Variance		Forecast	Budget	Additional Spending	Spending Authority	Variance	
			(\$)	(%)					(\$)	(%)
Operating Revenues										
Other operating revenue										
Revenue-Rates	\$ (29)	\$ -	\$ (29)		\$ 38,625	\$ 38,290		\$ 38,290	\$ 335	0.9%
Revenue-Fees	3,214	4,397	(1,183)	(26.9%)	21,794	17,955		17,955	3,839	21.4%
Revenue-Dues	29	-	29		12,733	11,021		11,021	1,712	15.5%
Total Operating Revenues	3,214	4,397	(1,183)	(26.9%)	73,152	67,266		67,266	5,886	8.8%
Operating Expenses										
Salaries and related costs	(372)	(401)	29	7.2%	(1,435)	(1,607)		(1,607)	172	10.7%
Depreciation	(15)	(15)	-	0.0%	(61)	(61)		(61)	-	0.0%
Other operating costs:										
Outside services	(141)	(288)	147	51.0%	(1,109)	(1,109)	-	(1,109)	-	0.0%
Water for underground storage	(624)	-	(624)		(16,144)	(17,586)		(17,586)	1,442	8.2%
Materials and supplies	-	-	-		-	-		-	-	
Overhead	(362)	(407)	45	11.1%	(1,569)	(1,628)		(1,628)	59	3.6%
Other expenses	(18)	(19)	1	5.3%	(244)	(244)	-	(244)	-	0.0%
Total other operating costs	(1,145)	(714)	(431)	(60.4%)	(19,066)	(20,567)	-	(20,567)	1,501	7.3%
Total Operating Expenses	(1,532)	(1,130)	(402)	(35.6%)	(20,562)	(22,235)	-	(22,235)	1,673	7.5%
Net Operating Income/(loss)	1,682	3,267	(1,585)	(48.5%)	52,590	45,031	-	45,031	7,559	16.8%
Nonoperating Revenues/(Expenses)										
Interest income and other	1,310	1,045	265	25.4%	4,623	4,179		4,179	444	10.6%
Interest expense and other	-	-	-		-	-	-	-	-	
Net Nonoperating Income/(Loss)	1,310	1,045	265	25.4%	4,623	4,179	-	4,179	444	10.6%
Change in Net Position	\$ 2,992	\$ 4,312	\$ (1,320)	(30.6%)	\$ 57,213	\$ 49,210	\$ -	\$ 49,210	\$ 8,003	16.3%

See page 39 for significant variance explanations.

CAGR D Replenishment Obligation Year and Corresponding Purchased Water

(in Acre-Feet)

2026	Phoenix AMA	Pinal AMA	Tucson AMA	Total AMAs
Outstanding obligation - 2025 year-end	35,583	(2,153)	3,500	36,930
Adjustment for official 2025 CDAR submission (pending)	-	-	-	-
Adjustment for 2022 MWD credit (See Note below)	1,242	-	-	1,242
Updated 2025 obligation	36,825	(2,153)	3,500	38,172
Less: Obligation met - water deliveries	(34,727)	-	-	(34,727)
Less: Obligation met - CAP LTSCs	(1,049)	-	-	(1,049)
Less: Obligation met - CAGR D I&WR LTSCs	(1,049)	-	(3,500)	(4,549)
Remaining obligation for current and prior years	-	(2,153)	-	(2,153)
Estimated obligation from 2026 groundwater pumping	39,474	456	3,909	43,839
Total obligation - 2026 year-end	39,474	(1,697)	3,909	41,686

Note: The Arizona Department of Water Resources credited CAGR D with 1,242 LTSC following a 2022 MWD GSF permit issue. The credits were used to meet CAGR D's outstanding obligation.

CAGRD Fund Balances

(Dollars in Thousands)

	2025 Actual	2026 Q1 Actual	2026 Projected
Administrative:			
Beginning Fund Balance	\$ 1,639	\$ 1,489	\$ 1,489
Revenue	2,466	228	2,780
Operating expenses	(2,706)	(611)	(2,609)
Interest revenue	90	20	66
Ending Fund Balance	\$ 1,489	\$ 1,126	\$ 1,726
Conservation:			
Beginning Fund Balance	\$ 777	\$ 677	\$ 677
Revenue	58	8	86
Operating expenses	(190)	-	(240)
Interest revenue	32	6	21
Ending Fund Balance	\$ 677	\$ 691	\$ 544

CAGR Fund Balances

(Dollars in Thousands)

	2026 Projected		
	Phoenix AMA	Pinal AMA	Tucson AMA
Water and Replenishment (Obligation):			
Beginning Fund Balance	\$ 4,738	\$ 231	\$ 886
Revenue	13,656	136	1,320
Water Purchased	(12,641)	-	-
CAWCD Credits Purchased	(382)	-	-
I&WR Credits Purchased	(382)	-	(1,274)
Interest revenue (expense)	164	7	29
Ending Balance	\$ 5,153	\$ 308	\$ 969
Replenishment Reserve:			
Beginning Fund Balance	\$ 8,543	\$ 2	\$ 620
Replenishment Reserve Revenue	1,528	53	115
CAWCD Credits Purchased	-	(51)	-
Interest revenue (expense)	269	-	20
Ending Balance	\$ 10,340	\$ 4	\$ 755

CAGRD Fund Balances

(Dollars in Thousands)

	2025 Actual	2026 Q1 Actual	2026 Projected
Infrastructure and Water Rights:			
Beginning Fund Balance	\$ 113,343	\$ 133,499	\$ 133,499
Revenue	40,181	5,802	49,331
Proceeds from LTSC internal transfers	-	-	382
Reimbursement from Obligation	14,702	-	12,641
NIA Reallocation and 9(d) Debt	(7,430)	-	-
GRIC and other Lease Considerations	(16,180)	(4,480)	(11,163)
Water Costs for LTSC	(1,836)	(6)	(36)
Long-tem water supply acquisition	-	-	(72,500)
LTSC purchases	(12,833)	(174)	(15,818)
Technical Studies & Other Operating Expenses	(1,431)	(285)	(1,892)
Interest revenue	4,983	1,229	4,142
Ending Fund Balance	\$ 133,499	\$ 135,585	\$ 98,586

CAGRD Enrollment and Activation Summary

Figure 1: Member Land Enrollment

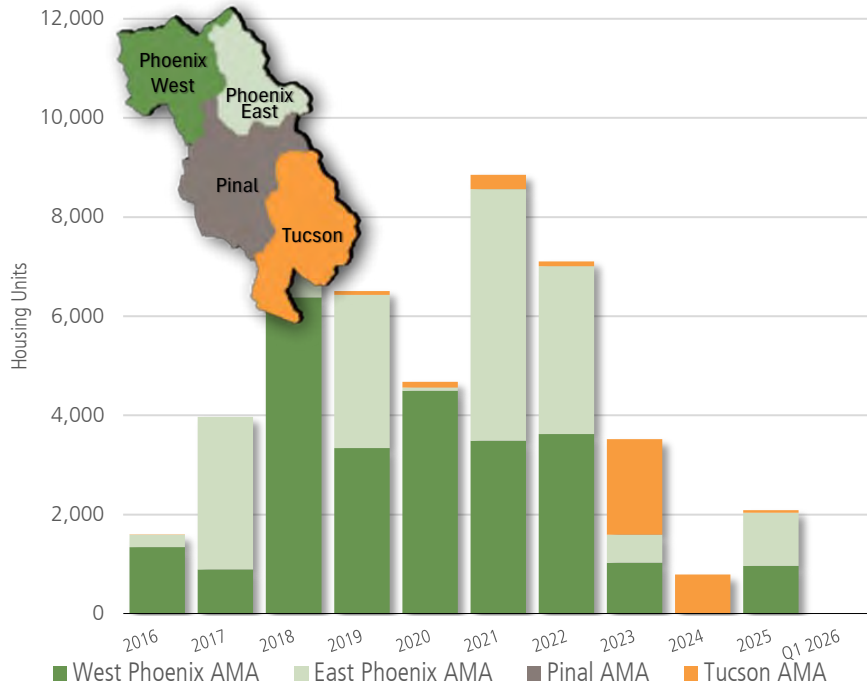


Figure 2: Activation Units

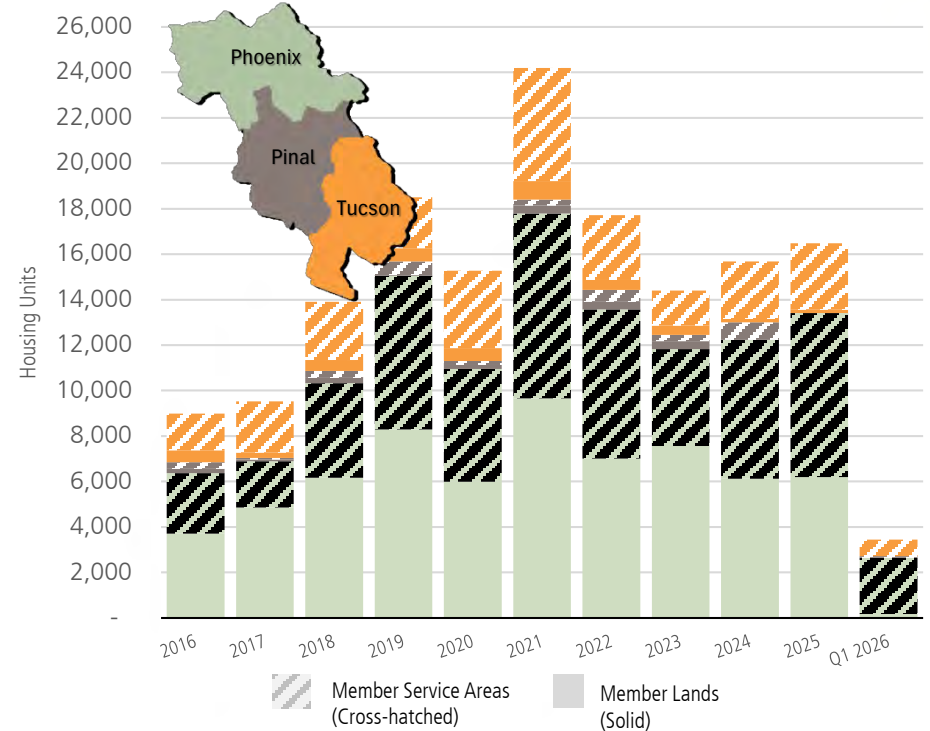


Table 1: Enrollment Units In Q1 2026

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

Table 2: Activation Units In Q1 2026

AMA	ML Lots	MSA Lots	Total Lots
Phoenix	173	2,473	2,646
Pinal	-	74	74
Tucson	-	723	723
TOTAL	173	3,270	3,443

CAGRDR Enrollment and Activation Summary

Enrollment In Q1 2026

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

Figure 1 illustrates the recent history of CAGRDR Member Land enrollment from 2016 through Q1 2026. Table 1 provides a breakdown by AMA of Member Land enrollment activity in Q1 2026. In Q1 2026, no new subdivisions enrolled within the Phoenix, Pinal, or Tucson AMAs.

One new Member Service Area enrolled in the Pinal AMA. Arizona Water Company - Pinal Valley became Designated through the Alternative Path to Designation of Assured Water Supply (ADAWS) program.

Activation In Q1 2026

The Arizona Department of Real Estate issues a public report allowing the sale of lots within subdivisions. Prior to this report being issued for subdivisions within CAGRDR MLs and MSAs, an Activation Fee must be paid to CAGRDR per residential unit offered for sale. Figure 2 shows the recent history of activation lots in Member Lands and Member Service Areas by AMA. MSA lots are represented with crosshatching while ML lots are solid colors by AMA. The number of lots activated in Q1 2026 was 3,443 (Member Land lots = 173; Member Service Area lots = 3,270). Table 2 provides a breakdown by AMA of lots that were activated in Q1 2026. By comparison, there were 3,341 units activated in Q1 2025.



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

(Dollars in Thousands)

	YTD -1st Quarter 2026				Full Year 2026					
	Actual	Budget	Variance		Forecast	Budget	Additional Spending	Total Spending Authority	Variance	
			(\$)	(%)					(\$)	(%)
Operating Revenues										
Other revenues	\$ 3,355	\$ 3,361	\$ (6)	(0.2%)	\$ 13,445	\$ 13,445		\$ 13,445	\$ -	0.0%
Total Operating Revenues	3,355	3,361	(6)	(0.2%)	13,445	13,445	-	13,445	-	0.0%
Operating Expenses										
Other Operating costs:										
Outside services	(64)	(69)	5	7.2%	(274)	(274)		(274)	-	0.0%
Other expenses	(3,530)	(3,467)	(63)	(1.8%)	(14,074)	(13,869)	-	(13,869)	(205)	(1.5%)
Total Operating Expenses	(3,594)	(3,536)	(58)	(1.6%)	(14,348)	(14,143)	-	(14,143)	(205)	(1.4%)
Net Operating Income/(Loss)	(239)	(175)	(64)	(36.6%)	(903)	(698)	-	(698)	(205)	(29%)
Nonoperating Revenues/(Expenses)										
Interest income and other	116	120	(4)	(3.3%)	476	480		480	(4)	(0.8%)
Net Nonoperating Income/(Loss)	116	120	(4)	(3.3%)	476	480	-	480	(4)	(0.8%)
Change in Net Position	(123)	(55)	(68)	(123.6%)	(427)	(218)	-	(218)	(209)	(95.9%)
Net position at beginning of period	16,416	17,348	(932)	(5.4%)	16,416	17,348		17,348	(932)	(5.4%)
Net position at end of period	\$ 16,293	\$ 17,293	\$ (1,000)	(5.8%)	\$ 15,989	\$ 17,130	\$ -	\$ 17,130	\$ (1,141)	(6.7%)



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

(Dollars in Thousands)

	YTD -1st Quarter 2026				Full Year 2026				Notes
	Actual	Budget	Variance		Forecast	Budget	Variance		
			(\$)	(%)			(\$)	(%)	
Operating Expenses									
Outside services	-	-	-		-	-	-		
Total Operating Expenses	-	-	-		-	-	-		
Non-operating Revenues/(Expenses)									
Interest income / FV Adj	\$ 60	\$ 70	\$ (10)	(14.3%)	\$ 330	\$ 279	\$ 51	18.3%	A
Interest expenses and other	-	-	-		-	-	-	-	
Total Non-operating Revenues/(Expenses)	60	70	(10)	(14.3%)	330	279	51	18.3%	
Change in Net Position	60	70	(10)	(14.3%)	330	279	51	18.3%	
Net position at beginning of period	10,074	10,131	(57)	(0.6%)	10,074	10,131	(57)	(0.6%)	
Net position at end of period	\$ 10,134	\$ 10,201	\$ (67)	(0.7%)	\$ 10,404	\$ 10,410	\$ (6)	(0.1%)	

Notes:

A. Full-year interest income higher than budget because of favorable interest rates.



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 2026 are listed in the following table.



Scada replacement at Control Center

2026 CAWCD CAPITAL SPENDING

(Dollars in Thousands)	2026 Projection	2026 Budget	Variance
Capital Equipment	\$ 6,740	\$ 6,403	\$ (337)
Capital Projects			
Water Education Center*	36,795	26,210	(10,585)
Aqueduct Hydrology Improvement*	46,443	41,742	(4,702)
Generator Replacements PPs	3,066	5,480	2,414
Machine Shop Column Rehab Headquarters	58	2,314	2,256
Harcuar Substation Upgrade	-	1,793	1,793
Multi Use Buildings Headquarters-Bouse Maintenance Yard	1,852	3,492	1,640
Electromechanical Relay Phase 2	4,365	5,353	988
Potable Water Line TFO	2,466	3,124	658
Pump Casings/Improvements SND/BLK	1,589	933	(655)
All Other Capital Projects	22,216	21,778	(437)
Subtotal - Capital Projects	\$ 118,850	\$ 112,219	\$ (6,631)
Total CAWCD Capital Spending	\$ 125,590	\$ 118,623	\$ (6,968)

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*	\$ 218,941	\$ 176,071	\$ 42,870
Water Education Center*	68,225	51,062	17,163
Electromechanical Relay Phase 2	55,551	41,742	13,809
SCADA Replacement Control Center	41,236	25,799	15,437
Generator Replacements PPs	33,685	30,346	3,339
Roof Replacement Multi Site	33,050	25,446	7,604
HVAC Replacement Headquarters Building 2	19,647	15,868	3,779
Condition Based Monitoring	19,586	15,851	3,735
Backup Power Systems Replacement at Checks & TO	19,479	17,923	1,556
Transformer McCullough*	14,442	15,000	(558)

Generator replacement (multi-site)





2026 Capital Spending Variance Summary

(Dollars in Thousands)

	YTD -1st Quarter 2026				Full Year 2026			
	Actual	Budget	Variance		Forecast	Total Spending Authority	Variance	
			(\$)	(%)			(\$)	(%)
SUMMARY								
Capital Spending								
Salaries and related costs	\$ 1,304	\$ 1,424	\$ 120	8.4%	\$ 6,845	\$ 5,839	\$ (1,006)	(17.2%)
Equipment and Structures	6,711	22,866	16,155	70.7%	98,767	95,290	(3,477)	(3.6%)
Other expenses:								
Outside services	424	2,040	1,616	79.2%	11,243	10,614	(629)	(5.9%)
Materials and supplies & other expenses	38	188	150	79.8%	1,121	1,036	(85)	(8.2%)
Overhead expenses	1,325	1,432	107	7.5%	7,614	5,845	(1,769)	(30.3%)
Subtotal other expenses	1,787	3,660	1,873	51.3%	19,978	17,495	(2,483)	(14.2%)
Total Capital	\$ 9,802	\$ 27,950	\$ 18,148	64.9%	\$ 125,590	\$ 118,624	\$ (6,966)	(5.9%)

2026 CAWCD Capital Spending Variance Detail

(Dollars in Thousands)

Projects	1st Quarter 2026				Full Year 2026				Notes
	Actual	Budget	Variance (\$)	Variance (%)	Projection	Total Spending Authority	Variance (\$)	Variance (%)	
CAPITAL EQUIPMENT									
Buildings & Structures	\$ -	\$ 604	\$ 604	100.0%	\$ 604	604	\$ -	0.0%	
Vehicles	286	130	(156)	(119.7%)	1,245	1,260	15	1.2%	
Field & Other Equipment	557	208	(349)	(167.6%)	4,391	4,039	(352)	(8.7%)	
Communication Equipment	-	-	-	-	500	500	-	0.0%	
Capital Equipment Total	\$ 842	\$ 942	\$ 100	10.6%	\$ 6,740	6,403	\$ (337)	(5.3%)	
<u>2026 Budgeted Projects</u>									
Air Compressors Brady, Picacho, Red Rock	\$ 114	\$ 29	\$ (85)	(292.1%)	\$ 138	39	\$ (99)	(253.4%)	
Aqueduct Hydrology Improvement*	1,116	10,564	9,448	89.4%	46,443	41,742	(4,702)	(11.3%)	A
Backup Power Systems Replacement at Checks & TO	384	1,254	870	69.4%	4,941	5,082	142	2.8%	
Basin Improvement Pima Mine Road*	-	-	-	-	26	24	(1)	(6.0%)	
Condition Based Monitoring	912	349	(563)	(161.2%)	2,879	2,602	(277)	(10.6%)	
Core Yard Road Upgrade Headquarters	-	37	37	100.0%	137	261	124	47.6%	
Electromechanical Relay Phase 2	485	864	379	43.8%	4,365	5,353	988	18.5%	
Generator Replacements PPs	62	1,970	1,909	96.9%	3,066	5,480	2,414	44.0%	B
Harcubar Substation Upgrade	-	32	32	100.0%	-	1,793	1,793	100.0%	C
HVAC Replacement Headquarters Building 2	29	65	36	54.7%	757	762	5	0.6%	
Isolation Valves Black Mountain/Snyder Hill	17	23	6	26.3%	37	33	(4)	(12.0%)	
Iron Mountain Data Center Refresh	-	34	34	100.0%	138	137	(0)	(0.0%)	
Machine Shop Column Rehab Headquarters	-	249	249	100.0%	58	2,314	2,256	97.5%	D
Monitor Well Pima Mine Recharge*	-	51	51	100.0%	459	499	40	8.1%	
Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain	55	55	0	0.2%	136	215	78	36.5%	
Multi Use Buildings Headquarters-Bouse Maintenance Yard	156	558	402	72.1%	1,852	3,492	1,640	47.0%	E
Network Refresh 2026	-	69	69	100.0%	275	275	-	0.0%	
Network WAN Refresh	751	200	(551)	(275.3%)	800	800	0	0.0%	
Potable Water Line TFO	38	817	779	95.3%	2,466	3,124	658	21.1%	
Pump Casings/Improvements SND/BLK	90	158	68	43.1%	1,589	933	(655)	(70.2%)	F
Roof Replacement Multi Site	2	33	31	93.8%	399	432	33	7.6%	
SCADA Replacement Control Center	478	697	220	31.5%	2,773	2,789	15	0.6%	
SRP-CAP Interconnection Facility*	-	1,250	1,250	100.0%	5,000	5,000	0	0.0%	
Strainer System Replacement Waddell	14	-	(14)	-	117	12	(105)	(857.9%)	
Transformer McCullough*	1	50	49	98.4%	51	50	(1)	(1.6%)	
Transformer Failure Mitigation Mark Wilmer	12	113	101	89.1%	488	534	45	8.5%	
Transmission Line & Hardening Salt Gila*	-	12	12	100.0%	235	372	137	36.9%	
Unit Breaker Replacement Hassayampa	5	78	73	93.4%	1,015	1,059	44	4.1%	
VAF Filter Relcemnt Hassayampa	10	31	20	66.7%	516	526	10	1.9%	
Water Education Center*	4,014	7,297	3,282	45.0%	36,795	26,210	(10,585)	(40.4%)	G
Windows Server Refresh 2026	139	69	(70)	(102.5%)	275	275	-	0.0%	
Totals - 2026 Budgeted Projects	\$ 8,884	\$ 27,008	\$ 18,124	67.1%	\$ 118,226	112,220	\$ (6,006)	(5.4%)	

2026 CAWCD Capital Spending Variance Detail (cont.)

(Dollars in Thousands)

	1st Quarter 2026				Full Year 2026				Notes
	Actual	Budget	Variance		Projection	Total Spending Authority	Variance		
			(\$)	(%)			(\$)	(%)	
Projects Without a Budget in 2026									
Roof Fall Protection HDQ	55	-	(55)	-	232	-	(232)	-	-
Parking Lot Upgrades HDQ	8	-	(8)	-	8	-	(8)	-	-
Heat Exchanger HQ B1	12	-	(12)	-	330	-	(330)	-	-
Gabion Bank Protection NR Siphon	-	-	-	-	55	-	(55)	-	-
Totals - Projects Without a Budget in 2026	\$ 75	\$ -	\$ (75)	0.0%	\$ 624	\$ -	\$ (624)	0.0%	
NET CAPITAL	\$ 9,802	\$ 27,950	\$ 18,149	64.9%	\$ 125,590	118,623	\$ (6,968)	(5.9%)	

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

A **Aqueduct Hydrology Improvement***: Work beginning with design, and includes Phase 1 Hydrology and details design & Phase 2 Hydrology.

B **Generator Replacements PPs: After successful pilot design contract executed**, redesigned generators scheduled for installation in 2026-2030. Increase reflects new design and increased unit pricing.

C **Harcuvar Substation Upgrade**: WAPA capital schedule is delayed for a scope evaluation, and Harcuvar upgrades have been pushed back by at least one year. No prepayment will be

D **Machine Shop Column Rehab Headquarters**: Repairs will begin with immediate needs, and remaining work has been pushed back beyond the 2026 budget cycle.

E **Multi Use Buildings Headquarters-Bouse Maintenance Yard**: Project forecast reflects estimated increases in construction costs, and additional building requirements. Design work is underway and construction of both facilities will be finalized in 2027.

F **Pump Casings/Improvements SND/BLK**: Cost overrun is resulting from additional inspection requirements, and increased manufacturing costs.

G **Water Education Center**: Project scope includes boardroom relocation, additional 5,000 ft² in meeting space, and added exterior exhibits. Current forecast accounts for contractor's rework, which affected project schedule and cash flow, and anticipates spending the \$2.5M Board Contingency plus some of the Exec Committee Contingency.

Total CAWCD Capital Projects Variance Detail

(Dollars in Thousands)

Projects	Through 2025	2026 Projection	Remaining Balance	Total Projected	Total Spending Authority	Variance (\$)	(%)	Notes
2026 Budgeted Projects								
Air Compressors Brady, Picacho, Red Rock	\$ 2,135	\$ 138	\$ -	\$ 2,273	\$ 2,080	\$ (193)	(9.3%)	
Aqueduct Hydrology Improvement*	5,495	46,443	165,886	217,824	176,071	(41,753)	(23.7%)	A
Backup Power Systems Replacement at Checks & TO	12,882	4,941	1,273	19,095	17,923	(1,172)	(6.5%)	B
Basin Improvement Pima Mine Road*	-	26	3,326	3,351	3,320	(31)	(0.9%)	
Condition Based Monitoring	12,853	2,879	2,942	18,674	15,851	(2,823)	(17.8%)	C
Core Yard Road Upgrade Headquarters	-	137	1,980	2,117	1,491	(626)	(42.0%)	D
Electromechanical Relay Phase 2	18,036	4,365	32,663	55,065	41,742	(13,323)	(31.9%)	E
Generator Replacements PPs	1,049	3,066	29,508	33,623	30,346	(3,277)	(10.8%)	F
Harcuvar Substation Upgrade	400	-	3,326	3,726	3,758	32	0.9%	
HVAC Replacement Headquarters Building 2	449	757	18,412	19,618	15,868	(3,750)	(23.6%)	G
Isolation Valves Black Mountain/Snyder Hill	3,810	37	-	3,847	3,906	59	1.5%	
Iron Mountain Data Center Refresh	-	138	-	138	275	138	50.0%	
Machine Shop Column Rehab Headquarters	-	58	436	494	2,352	1,858	79.0%	H
Monitor Well Pima Mine Recharge*	-	459	-	459	499	40	8.0%	
Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain	1,906	136	43	2,086	2,176	90	4.1%	
Multi Use Buildings Headquarters-Bouse Maintenance Yard	1,471	1,852	2,572	5,895	5,704	(191)	(3.4%)	
Network Refresh 2026	-	275	-	275	275	-	0.0%	
Network WAN Refresh	-	800	-	800	1,600	800	50.0%	
Potable Water Line TFO	228	2,466	94	2,788	3,411	623	18.3%	
Pump Casings/Improvements SND/BLK	999	1,589	6,163	8,750	6,797	(1,953)	(28.7%)	I
Roof Replacement Multi Site	-	399	32,649	33,048	25,446	(7,602)	(29.9%)	J
SCADA Replacement Control Center	10,706	2,773	27,279	40,758	25,799	(14,959)	(58.0%)	K
SRP-CAP Interconnection Facility*	-	5,000	5,000	10,000	25,000	15,000	60.0%	L
Strainer System Replacement Waddell	-	117	3,576	3,693	2,028	(1,665)	(82.1%)	M
Transformer McCullough*	-	51	14,390	14,441	15,000	559	3.7%	
Transformer Failure Mitigation Mark Wilmer	-	488	8,515	9,003	3,817	(5,186)	(135.9%)	N
Transmission Line & Hardening Salt Gila*	-	235	3,142	3,377	3,538	161	4.6%	
Unit Breaker Replacement Hassayampa	-	1,015	6,494	7,509	5,555	(1,954)	(35.2%)	O
VAF Filter Relcemnt Hassayampa	-	516	2,032	2,548	2,526	(22)	(0.9%)	
Water Education Center*	17,263	36,795	10,153	64,211	51,062	(13,149)	(25.8%)	P
Windows Server Refresh 2026	-	275	-	275	275	-	0.0%	
Totals - 2026 Budgeted Projects	\$ 89,682	\$ 118,226	\$ 381,853	\$ 589,761	\$ 495,491	\$ (94,270)	(19.0%)	

Total CAWCD Capital Projects Variance Detail (cont.)

(Dollars in Thousands)

	Through 2025	2026 Projection	Remaining Balance	Total Projected	Total Spending Authority	Variance (\$)	(%)	Notes
Projects Without a Budget in 2026								
Roof Fall Protection HDQ	1,122	232	-	1,354	-	(1,354)	-	
Parking Lot Upgrades HDQ	3,342	8	-	3,350	-	(3,350)	-	
Heat Exchanger HQ B1	14	330	-	344	-	(344)	-	
Gabion Bank Protection NR Siphon	-	55	1,543	1,598	1,130	(468)	(41.4%)	
Totals - Projects Without a Budget in 2026	\$ 4,478	\$ 624	\$ 1,543	\$ 6,645	\$ 1,130	\$ (5,515)	(488.1%)	
Totals - Budgeted & Unbudgeted	\$ 94,160	\$ 118,850	\$ 383,396	\$ 596,406	\$ 496,621	\$ (99,785)	(20.1%)	

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

- A **Air Compressors Brady, Picacho, Red Rock:** Material cost and contractor pricing exceeded budget. Project was delayed out of 2024 fall outage and rescheduled due to budget availability at the time.
- B **Backup Power Sys Replacement-Checks & TOs:** Work delayed to 2026/27 due to supply chain issues with Generators. Work on IPSS continues at Turnouts, and project completion scheduled for Q1 2027.
- C **Condition Based Monitoring:** Team finalizing Pilot Project (Phase I) installing CBM on Waddell Units 7 & 8. Team is developing remote login access, and generating data prior to Phase II, which will start in 2027.
- D **Core Yard Road Upgrade 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.
- 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:** After successful pilot design contract executed, redesigned generators scheduled for installation in 2026-2030. Increase reflects new design and increased unit pricing.
- G **HVAC Replacement Headquarters Building 2:** Project scope evaluation ongoing. Currently facing much higher than anticipated materials and installation costs for new HVAC units.
- H **Machine Shop Column Rehab Headquarters:** Repairs will begin with immediate needs, and remaining work has been pushed back beyond the 2026 budget cycle.
- I **Pump Casings/Improvements SND/BLK:** Initial units delivered to BLK, and will require modifications. Cost overrun is resulting from additional inspection requirements, and increased manufacturing costs.
- J **Roof Replacement Multi Site:** Project scope remaining consistent with original plans, increased labor and material costs are the main driver of the variance.
- K **SCADA Replacement Control Center:** Continued scope refinement has included additional equipment needs, and a new vendor contract. Prior years saw the Control Center Enterprise SCADA upgrade, and order of required equipment approved by PSC.
- L **SRP-CAP Interconnection Facility*:** Project delays pushed planned 2025 studies and design into 2026 and future years. Project costs are lower and planned as a cost-share.
- M **Strainer System Replacement Waddell:** Project is in the design phase, and forecast includes increased material and labor estimates. Costs will finalize as full scope is determined.
- N **Transformer Failure Mitigation Mark Wilmer:** Project is in the design phase, and forecast includes increased material and labor estimates. Costs will finalize as full scope is determined.
- O **Unit Breaker Replacement Hassayampa:** Project is in the pre-construction phase, and forecast includes increased material and labor estimates. Costs will finalize as full scope is
- P **Water Education Center:** Project scope includes boardroom relocation, additional 5,000 ft/2 in meeting space, and added exterior exhibits. Current forecast anticipates spending the \$2.5M Board Contingency plus some of the Exec Committee Contingency. Contractors current contract is \$49.7M, and total Board/Exec Contingency is \$54.1. Project is on track to meet most current completion schedule.



Strategic Plan Update

Q1 2026

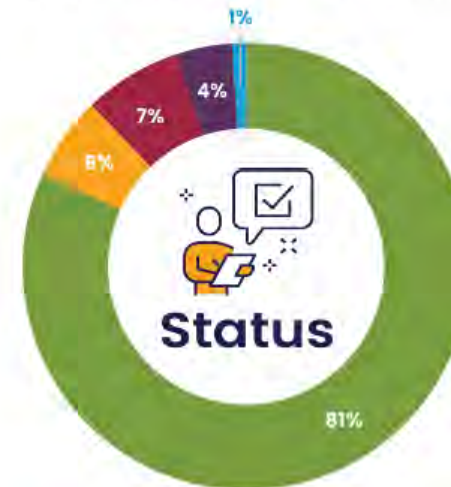
BACKGROUND

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 and continues through the end of 2027. 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 2026-27, staff developed 129 action plans to implement the Board Strategic Plan. Of those, 61 have been "operationalized," meaning that work continues on an ongoing basis.

CAP 2026-27 Business Plan Overall Summary as of Q1 2026



- Status Pending:** not yet started
- In Progress:** work is underway
- Ongoing:** work is continuous
- Upcoming:** work is scheduled to begin later in the cycle
- Completed**

STRATEGIC PLAN IN ACTION

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



KEY RESULT AREA:

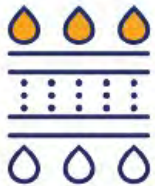
FINANCE

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.

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to the CAWCD for its annual comprehensive financial report for the 13th consecutive year.



KEY RESULT AREA:

GROUNDWATER REPLENISHMENT

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

Strategic Issue: Responsibly meeting CAP's statutory replenishment obligation.



The CAGR and Underground Storage Committee celebrated the approval of the 2025 CAGR Plan of Operation at the January 22, 2026 meeting.

Strategic Issue: Participate actively in dialogues regarding the resilience and long-term role of the CAGR.



HB 2099 long-term storage credits; shortage; prohibition

House Natural Resources, Energy & Water Committee



Legislative Affairs Manager Jeff Gray testifies to the House Natural Resources, Energy and Water Committee on February 17, 2026 to share CAP's position of opposition on HB2099.



KEY RESULT AREA:

POWER

Building a reliable, diversified, and sustainable energy portfolio



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

The Power Programs team negotiated a potential sale of transmission capacity during Q1.



KEY RESULT AREA:

PROJECT RELIABILITY

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

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

The Mechanical Maintenance team worked on new technology for alignment of the pump shaft to the motor at Hassayampa Pumping Plant in Q1 – a key step in ensuring pumps work smoothly and reliably, with calculations required to be accurate within a few thousands of an inch.





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: Increase awareness of CAP and engage the general public on CAP's role in the management of Arizona' water.



On February 4, 2026, Board Member Heather Macre gave a presentation for landscape designers, contractors and customers.



CAP participated in the Parada del Sol event on January 31, 2026.

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



President Goddard and Board Members Aguilar and Atkins attended the Valley Partnership Monthly Breakfast on January 23, 2026.



On January 27, several Board Members visited the Metropolitan Water District of Southern California and toured the Pure Water facility to learn more about the program.



KEY RESULT AREA:

STEWARDSHIP AND SUSTAINABILITY

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

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



Fleet Services and the Environmental Department continued work to replace heavy duty equipment with CARB-compliant equipment.



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.



On February 2, 2026, CAP and the Arizona Department of Water Resources held an Arizona Reconsultation Committee, with Governor Katie Hobbs as a guest speaker.



Strategic Issue: Facilitate deliveries of non-Project water through the CAP system, pursuant to the System Use Agreement.

In Q1, CAP held two briefings and one roundtable with stakeholders to discuss the SRP-CAP Interconnect Facility (SCIF).



KEY RESULT AREA:

WORKFORCE

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

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



CAP held its annual Safety Week March 23-26, 2026, with all employees completing required and elective safety training.



 **CAP**
CENTRAL ARIZONA PROJECT