



Central Arizona Project

Year-to-Date 2nd 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 second 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 second quarter were \$196 million, \$29 million higher than budget. The full-year total revenue forecast is \$507 million, \$9 million lower than budget. The full-year variance is primarily a result of lower water delivery revenues due to additional system conservation agreements resulting in lower delivery volumes and lower energy costs; lower CAGR revenue; offset by higher interest income.

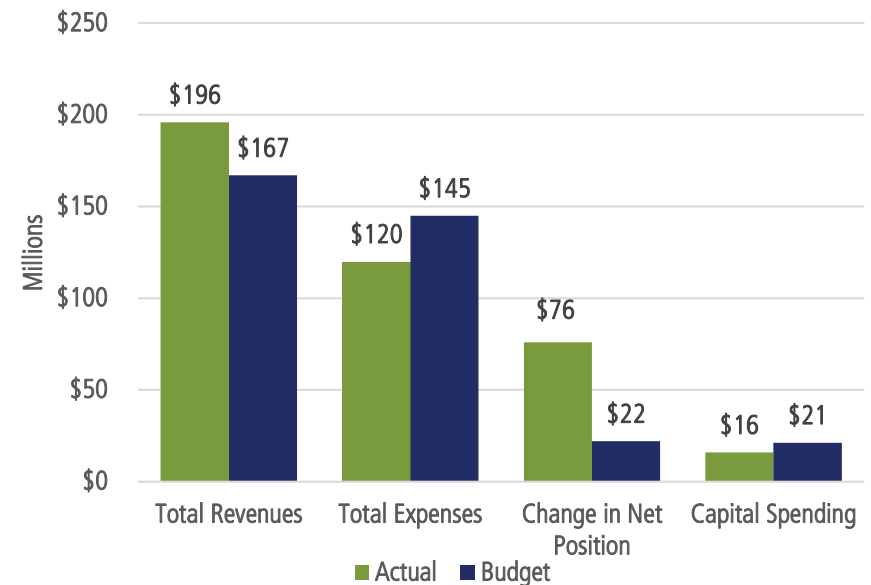
TOTAL EXPENSES: As shown on the graphs to the right, total expenses through the second quarter were \$120 million, \$25 million lower than budget. The full-year total expense forecast is \$291 million, \$33 million lower than budget. The biggest influence on the full-year variance is Energy, which is forecasted \$16 million lower than budget. The CAWCD Board approved \$8 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.

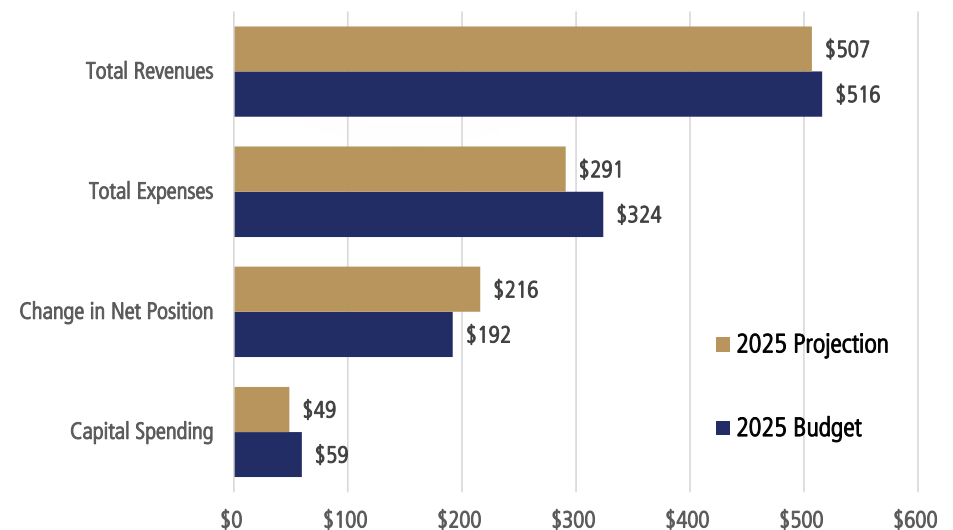
CHANGE IN NET POSITION: The change in net position—which is the difference between revenues and expenses—was \$76 million through the second quarter, \$54 million higher than budget. The full year forecast is \$216 million, \$24 million higher than budget. See Statements of Net Position on page 4 for additional information.

CAPITAL: Capital spending through the second quarter was \$16 million, \$5 million lower than budget. The full-year capital spending forecast is \$49 million, \$10 million lower than budget. The Project Steering Committee continues to oversee and review projects and equipment needs to determine appropriate adjustments. See Capital section starting on page 53 for additional information.

2nd 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 \$157 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 \$12 million in 2025.

Cash and short term investments are projected to increase \$41 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 final payment of the NIA Reallocation will be made in 2025.

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 \$23 million.

Long Term Investments and restricted assets are expected to increase by \$107 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	\$ 330	\$ 41	14.2%
Funds held by federal gov't	13	7	(6)	(46.2%)
Water inventory	245	257	12	4.9%
Other current assets	78	63	(15)	(19.2%)
	625	657	32	5.1%
Noncurrent Assets				
Long Term Investments and restricted	605	712	107	17.7%
Restricted assets	131	145	14	10.7%
Agricultural water rights	48	48	-	0.0%
Capital assets - operating, net	346	369	23	6.6%
Capital assets - PSR, net	957	939	(18)	(1.9%)
Other assets	2	2	-	0.0%
	2,089	2,215	126	6.0%
Deferred Outflows of Resources				
Pension & OPEB valuation and Upfront Payments	17	16	(1)	(5.9%)
Total Assets & Deferred Outflows				
\$ 2,731	\$ 2,888	\$ 157	5.7%	

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 \$18 million in 2025, primarily because accounts payable reflects the year-end reconciliation, resulting in customer credits.

NONCURRENT LIABILITIES: Noncurrent liabilities are projected to decrease \$46 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 increase \$5 million 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 \$216 million in 2025.

2025 vs. 2024

(in millions)

	2024	2025	Change	
Current liabilities	201	183	\$ (18)	(9.0%)
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	19	(3)	(13.6%)
Other noncurrent liabilities	99	102	3	3.0%
Total noncurrent liabilities	1,057	1,011	(46)	(4.4%)
Deferred inflows of resources				
Customer deposits and upfront payments	36	41	5	13.9%
Deferred inflow OPEB	7	7	-	0.0%
Deferred inflow pension	6	6	-	0.0%
Total deferred inflows of resources	49	54	5	10.2%
Net position				
Investments in capital assets	408	462	54	13.2%
Restricted, net	115	131	16	13.9%
Unrestricted, net	901	1,047	146	16.2%
Total net position	1,424	1,640	216	15.2%
Total liabilities, deferred inflows of resources, & net position	<u>\$ 2,731</u>	<u>\$ 2,888</u>	<u>\$ 157</u>	<u>5.7%</u>

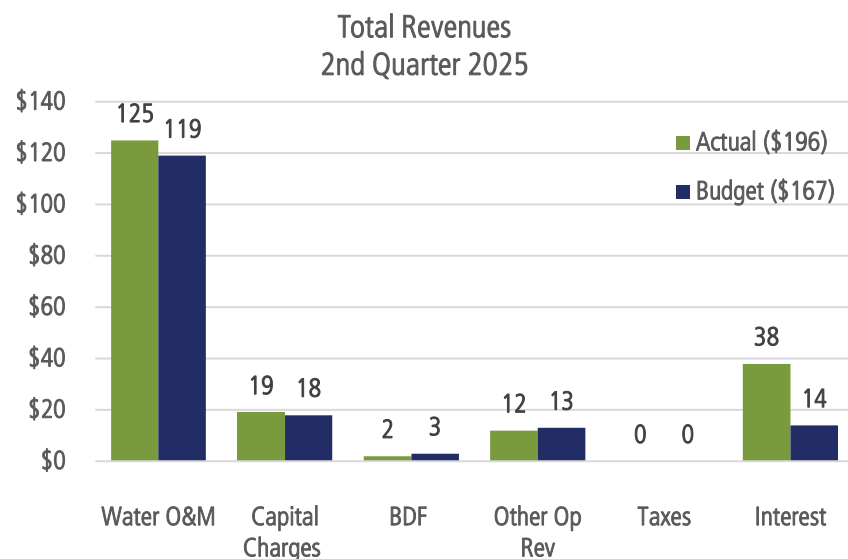
Statements of Revenues, Expenses & Change in Net Position

Net position increased \$76 million through the second quarter, compared to a budgeted increase of \$22 million. Net position is projected to increase by \$216 million for the year. The factors contributing to the year-to-date and full-year net position change are discussed in the sections that follow.

TOTAL REVENUES

2ND QUARTER 2025 BUDGET PERFORMANCE: Total revenues through the second quarter were \$196 million compared to a budget of \$167 million.

- Water O&M revenues were \$6 million higher than budget
- Interest revenue was \$38 million compared to a budget of \$14 million due to favorable fair value adjustment and enhanced investment strategies.
- All other revenue categories were at or near budget.



FULL-YEAR 2025 BUDGET PERFORMANCE:

At year-end, total revenues are projected to be \$507 million, \$9 million lower than budget.

Operating Revenues are projected to be \$36 million lower than budget.

- Water O&M charges are projected to be \$31 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 \$5 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 \$27 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	\$ 228	\$ 259	\$ (31)	(12.0%)
Water service capital charges	37	37	-	0.0%
BDF revenues	7	7	-	0.0%
Other revenues	70	75	(5)	(6.7%)
	<u>342</u>	<u>378</u>	<u>(36)</u>	<u>(9.5%)</u>
Nonoperating Revenues				
Property taxes	107	109	(2)	(1.8%)
Interest income & other	58	29	29	100.0%
	<u>165</u>	<u>138</u>	<u>27</u>	<u>19.6%</u>
Total Revenues	<u>\$ 507</u>	<u>\$ 516</u>	<u>\$ (9)</u>	<u>(1.7%)</u>

TOTAL EXPENSES

2ND QUARTER 2025 BUDGET PERFORMANCE: Total expenses through the second quarter were \$120 million, \$25 million lower than budget.

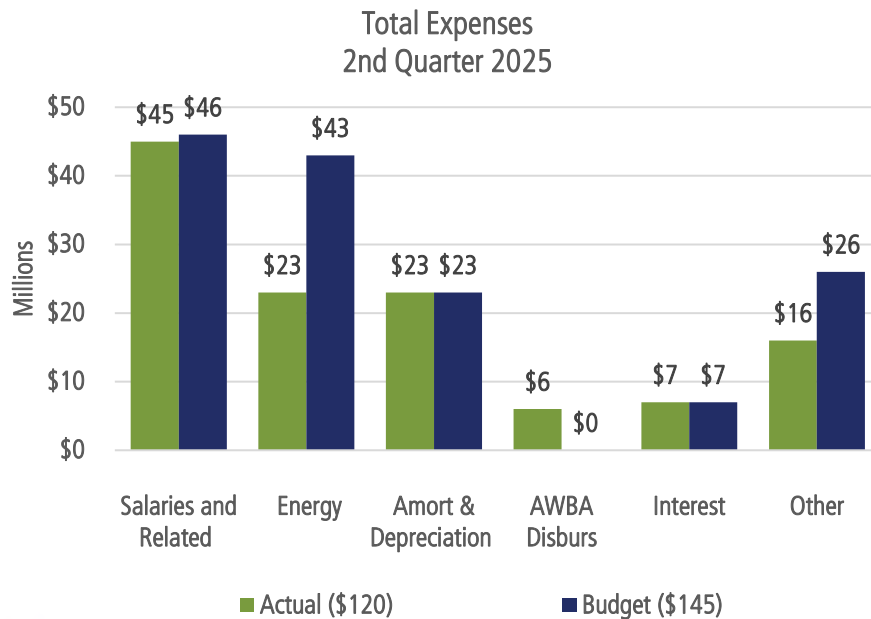
- Energy charges were \$20 million lower than budget, primarily because natural gas prices were lower than expected.
- Other expenses were \$10 million lower than budget, primarily because of lower-than-expected conservation program costs and lower recovery expenses.
- AWBA Disbursements were \$6 million 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 \$291 million, \$32 million lower than budget.

Operating Expenses are projected to be \$32 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 \$17 million lower than budget, primarily because:
 - ◇ Water for Underground Storage is expected to be \$2 million lower than budget because of less obligation than expected.
 - ◇ Outside services are expected to be \$13 million lower than budget because of lower-than-expected conservation program and recovery expenses.
 - ◇ Transmission expenses are expected to be lower by \$1 million due to the One Transmission Rate implementation.

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	\$ 93	\$ 93	\$ -	0.0%	
Energy	65	80	15	18.8%	
Amortization and depreciation	47	47	-	0.0%	
Other	63	80	17	21.3%	
	268	300	32	10.7%	
Nonoperating Expenses					
AWBA Disbursements	8	8	-	0.0%	
Interest Expense	15	15	-	0.0%	
	23	23	-	0.0%	
Total Expenses	\$ 291	\$ 323	\$ 32	9.9%	



Statement of Revenues, Expenses and Change in Net Position

All Funds/Accounts

(Dollars in Thousands)

	YTD - 2nd Quarter 2025				Full Year 2025					
	Actual	Budget	Variance		Forecast	Budget	Total Additional Spending Authority		Variance	
			(\$)	(%)			Spending		(\$)	(%)
Operating Revenues										
Water O&M charges	\$ 125,314	\$ 118,772	\$ 6,542	5.5%	\$ 227,943	\$ 258,676	\$ -	\$ 258,676	\$ (30,733)	(11.9%)
Water service capital charges	18,655	18,286	369	2.0%	37,255	37,196	-	37,196	59	0.2%
Basin Development Fund revenues	2,406	3,406	(1,000)	(29.4%)	7,179	6,725	-	6,725	454	6.8%
Other revenues	11,958	12,312	(354)	(2.9%)	70,209	74,902	-	74,902	(4,693)	(6.3%)
Total Operating Revenues	\$ 158,333	\$ 152,776	\$ 5,557	3.6%	\$ 342,586	\$ 377,499	\$ -	\$ 377,499	\$ (34,913)	(9.2%)
Operating Expenses										
Salaries and related costs	\$ (45,112)	\$ (46,423)	\$ 1,311	2.8%	\$ (93,014)	\$ (92,985)	\$ -	\$ (92,985)	\$ (29)	(0.0%)
Energy	(23,440)	(42,683)	19,243	45.1%	(64,514)	(80,370)	-	(80,370)	15,856	19.7%
Transmission	(6,253)	(6,705)	452	6.7%	(12,045)	(13,395)	-	(13,395)	1,350	10.1%
Amortization	(9,063)	(9,063)	0	0.0%	(18,125)	(18,126)	-	(18,126)	1	0.0%
Depreciation	(14,385)	(13,777)	(608)	(4.4%)	(28,916)	(28,483)	-	(28,483)	(433)	(1.5%)
Other Operating Costs:										
Outside services	(11,492)	(22,581)	11,089	49.1%	(33,759)	(46,180)	-	(46,180)	12,421	26.9%
Materials and supplies	(5,448)	(4,494)	(954)	(21.2%)	(10,427)	(9,626)	-	(9,626)	(801)	(8.3%)
Water for underground storage	12,283	13,340	(1,057)	(7.9%)	(539)	(2,553)	-	(2,553)	2,014	78.9%
Overhead	2,301	1,603	698	43.5%	4,897	3,261	-	3,261	1,636	50.2%
Other expenses	(6,681)	(6,264)	(417)	(6.7%)	(12,214)	(11,471)	-	(11,471)	(743)	(6.5%)
Subtotal other costs	(9,037)	(18,396)	9,359	50.9%	(52,042)	(66,569)	-	(66,569)	14,527	21.8%
Total Operating Expenses	(107,290)	(137,047)	29,757	21.7%	(268,656)	(299,928)	-	(299,928)	31,272	10.4%
Operating Income/(Loss)	\$ 51,043	\$ 15,729	\$ 35,314	224.5%	\$ 73,930	\$ 77,571	\$ -	\$ 77,571	\$ (3,641)	(4.7%)
Nonoperating Revenues/(Expenses)										
Property taxes	\$ 2	\$ -	\$ 2		\$ 106,529	\$ 109,181	\$ -	\$ 109,181	\$ (2,652)	(2.4%)
Interest income and other	38,286	14,220	24,066	169.2%	57,809	28,636	-	28,636	29,173	101.9%
Disbursements to AWBA	(6,322)	(361)	(5,961)	(1,651.2%)	(8,116)	(732)	(7,913)	(8,645)	529	6.1%
Interest expense and other	(7,251)	(7,326)	75	1.0%	(14,651)	(14,727)	-	(14,727)	76	0.5%
Total Nonoperating Revenues/(Expenses)	24,715	6,533	18,182	278.3%	141,571	122,358	(7,913)	114,445	27,126	23.7%
Change in Net Position	75,758	22,262	53,496	240.3%	215,501	199,929	(7,913)	192,016	23,485	12.2%
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	\$ 1,500,575	\$ 1,387,311	\$ 113,264	8.2%	\$ 1,640,318	\$ 1,564,978	\$ (7,913)	\$ 1,557,065	\$ 83,253	5.3%

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

(Dollars in Thousands)

	YTD - 2nd Quarter 2025	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance Fund
Operating Revenues						
Water O&M charges	\$ 125,314	\$ (11,316)	\$ 136,630	\$ -	\$ -	\$ -
Water service capital charges	18,655	(665)	19,320	-	-	-
Basin Development Fund Revenues	2,406	-	2,406	-	-	-
Other revenues	11,958	(6,789)	1,311	-	10,949	6,487
Total Operating Revenues	158,333	(18,770)	159,667	-	10,949	6,487
Operating Expenses						
Salaries and related costs	(45,112)	-	(44,408)	-	(704)	-
Energy	(23,440)	-	(23,440)	-	-	-
Transmission	(6,253)	-	(6,253)	-	-	-
Amortization	(9,063)	-	(9,063)	-	-	-
Depreciation	(14,385)	-	(14,354)	-	(31)	-
Other operating costs:						
Outside services	(11,492)	-	(10,729)	-	(647)	(116)
Materials and supplies	(5,448)	-	(5,448)	-	-	-
Water for recharge	12,283	12,283	-	-	-	-
Overhead	2,301	-	3,039	-	(738)	-
Other expenses	(6,681)	6,487	(7,535)	-	(89)	(5,544)
Subtotal other costs	(9,037)	18,770	(20,673)	-	(1,474)	(5,660)
Total Operating Expenses	(107,290)	18,770	(118,191)	-	(2,209)	(5,660)
Operating Income/(Loss)	51,043	-	41,476	-	8,740	827
Nonoperating Revenues/(Expenses)						
Property taxes	2	-	2	-	-	-
Interest income and other	38,286	(75)	34,306	436	3,311	308
Disbursements to AWBA	(6,322)	-	(6,322)	-	-	-
Interest expense and other	(7,251)	75	(7,326)	-	-	-
Total Nonoperating Revenues/(Expenses)	24,715	-	20,660	436	3,311	308
Change in Net Position	75,758	-	62,136	436	12,051	1,135
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	\$ 1,500,575	\$ (2,350)	\$ 1,097,261	\$ 9,949	\$ 379,057	\$ 16,658

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	\$ 227,943	\$ (13,254)	241,197	\$ -	\$ -	\$ -
Water service capital charges	37,255	(1,341)	38,596	-	-	-
Basin Development Fund Revenues	7,179	-	7,179	-	-	-
Other revenues	70,209	(13,368)	2,221	-	68,290	13,066
Total Operating Revenues	342,586	(27,963)	289,193	-	68,290	13,066
Operating Expenses						
Salaries and related costs	(93,014)	-	(91,622)	-	(1,392)	-
Energy	(64,514)	-	(64,514)	-	-	-
Transmission	(12,045)	-	(12,045)	-	-	-
Amortization	(18,125)	-	(18,125)	-	-	-
Depreciation	(28,916)	-	(28,855)	-	(61)	-
Other operating costs:						
Outside services	(33,759)	-	(31,498)	-	(2,007)	(254)
Materials and supplies	(10,427)	-	(10,426)	-	(1)	-
Water for recharge	(539)	14,897	-	-	(15,436)	-
Overhead	4,897	-	6,356	-	(1,459)	-
Other expenses	(12,214)	13,066	(13,480)	-	(205)	(11,595)
Subtotal other costs	(52,042)	27,963	(49,048)	-	(19,108)	(11,849)
Total Operating Expenses	(268,656)	27,963	(264,209)	-	(20,561)	(11,849)
Operating Income/(Loss)	73,930	-	24,984	-	47,729	1,217
Nonoperating Revenues/(Expenses)						
Property taxes	106,529	-	106,529	-	-	-
Interest income and other	57,809	(75)	50,737	618	5,921	608
Disbursements to AWBA	(8,116)	-	(8,116)	-	-	-
Interest expense and other	(14,651)	75	(14,651)	-	(75)	-
Total Nonoperating Revenues/(Expenses)	141,571	-	134,499	618	5,846	608
Change in Net Position	215,501	-	159,483	618	53,575	1,825
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	-	-	-	-	-	-
on at beginning of period-restated	1,424,817	(2,350)	1,035,125	9,513	367,006	15,523
tion at end of period	\$ 1,640,318	\$ (2,350)	1,194,608	\$ 10,131	\$ 420,581	\$ 17,348

Statement of Net Position

(Dollars in Thousands)

	2024	As of 6/30/2025	As of 12/31/2025
ASSETS			
Current Assets			
Cash	\$ 19,429	\$ 24,273	\$ 20,956
Short Term Investments	269,147	261,577	309,406
Total cash and cash equivalents	288,576	285,850	330,362
Receivables			
Due from water customers	3,585	7,955	1,261
Due from property taxes, less allowance for doubtful accounts	49,608	2,542	51,707
Other Receivables	22,085	3,885	9,996
Water inventory	245,447	265,946	256,502
Funds held by federal government	12,852	2,441	7,325
Other assets	3,165	21,566	59
Total Current Assets	625,318	590,185	657,212
Noncurrent Assets			
Long Term Investments	605,453	653,911	711,617
Restricted assets	131,134	140,573	145,244
Agriculture water rights	47,663	47,663	47,663
Capital assets, less accumulated depreciation	346,497	347,993	369,165
Permanent service right, less accumulated amortization	956,927	947,865	938,802
Other assets	1,839	1,838	1,768
Total Noncurrent Assets	2,089,513	2,139,843	2,214,259
TOTAL ASSETS	2,714,831	2,730,028	2,871,471
DEFERRED OUTFLOWS OF RESOURCES			
Pension & OPEB Valuation and Upfront Payments	16,366	16,314	16,280
Total Deferred Outflows of Resources	16,366	16,314	16,280
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESEROUCEs	\$ 2,731,197	\$ 2,746,342	\$ 2,887,751

Statement of Net Position

(Dollars in Thousands)

	2024	As of 6/30/2025	As of 12/31/2025
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 83,308	\$ 31,141	\$ 75,762
Accrued payroll, payroll taxes and other accrued expenses	5,387	4,639	3,977
Water operations, capital charges, and unearned revenue	47,794	93,232	40,933
Asset retirement obligation due within one year	203	203	2,824
Current liabilities payable from restricted assets, advances to federal government, and other Non-current assets:			
Accrued interest payable	15,865	7,604	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	185,622	182,786
Noncurrent Liabilities:			
Repayment obligation, due after one year	813,815	771,007	771,007
Contract revenue bonds, due after one year, net	32,625	30,273	29,926
Non-Indian agricultural 9(d) debt	88,689	88,689	88,689
Asset retirement obligation due after one year	21,870	-	18,844
Other non-current liabilities	98,646	120,715	101,805
Subtotal Noncurrent Liabilities	1,055,645	1,010,684	1,010,271
Total Liabilities	1,256,920	1,196,306	1,193,057
DEFERRED INFLOWS OF RESOURCES			
Customer Deposits	36,357	36,358	41,272
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	54,375
NET POSITION			
Net investment in capital assets	408,266	445,775	462,106
Restricted	115,268	132,969	130,882
Unrestricted	901,283	921,831	1,047,331
Total Net Position	1,424,817	1,500,575	1,640,319
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,731,197	\$ 2,746,342	\$ 2,887,751

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	\$ 330,362	\$ -	\$ 221,173	\$ -	\$ 90,915	\$ 18,274
Receivables	62,964	(7,353)	56,811	-	13,506	-
Water inventory	256,502	-	21,320	-	235,182	-
Funds held by / advanced to federal government	7,325		7,325			
Other	59	(913)	(1,563)	-	2,385	150
Total Current Assets	657,212	(8,266)	305,066	-	341,988	18,424
Noncurrent Assets						
Long Term Investments and restricted assets	856,861	(2,350)	777,712	10,131	69,118	2,250
Agriculture water rights	47,663	-	47,663	-	-	-
Capital assets, less accumulated depreciation	369,165	-	343,911	-	25,254	-
Permanent service right, less accumulated amortization	938,802	-	938,802	-	-	-
Other assets, less accumulated amortization	1,768	-	1,768	-	-	-
Bond issuance costs, net of accumulated amortization	-	-	-	-	-	-
Total Noncurrent Assets	2,214,259	(2,350)	2,109,856	10,131	94,372	2,250
TOTAL ASSETS	2,871,471	(10,616)	2,414,922	10,131	436,360	20,674
DEFERRED OUTFLOWS OF RESOURCES	16,280	-	16,280	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 2,887,751	\$ (10,616)	\$ 2,431,202	\$ 10,131	\$ 436,360	\$ 20,674

Statement of Net Position by Fund

(Dollars in Thousands)

	As of 12/31/2025	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance
LIABILITIES						
Current Liabilities						
Accounts payable / accrued payroll	\$ 79,739	\$ (7,508)	\$ 71,027	\$ -	\$ 12,894	\$ 3,326
Water operations and capital charges deferred revenue	40,933	-	40,933	-	-	-
Accrued Decommissioning - Current	2,824		2,824			
Other current liabilities	59,290	(758)	60,048	-	-	-
Total Current Liabilities	182,786	(8,266)	174,832	-	12,894	3,326
Noncurrent Liabilities						
Asset retirement obligation due after one year	18,844		18,844			
Repayment obligation, due after one year	771,007	-	771,007	-	-	-
Contract revenue bonds, due after one year, net	29,926	-	29,926	-	-	-
Non-Indian agricultural 9(d) debt	88,689	-	88,689	-	-	-
Other noncurrent liabilities	101,805	-	98,920	-	2,885	-
Total Noncurrent Liabilities	1,010,271	-	1,007,386	-	2,885	-
Total Liabilities	1,193,057	(8,266)	1,182,218	-	15,779	3,326
DEFERRED INFLOWS OF RESOURCES						
Customer Deposits and Upfront Payments	41,272	-	41,272	-	-	-
Deferred Inflow OPEB	7,490		7,490			
Pension Valuation	5,613	-	5,613	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	54,375	-	54,375	-	-	-
NET POSITION						
Net Investment in capital assets	462,106	-	436,852	-	25,254	-
Restricted	130,882	-	73,772	10,131	44,729	2,250
Unrestricted	1,047,331	(2,350)	683,985	-	350,598	15,098
TOTAL NET POSITION	1,640,319	(2,350)	1,194,609	10,131	420,581	17,348
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 2,887,751	\$ (10,616)	\$ 2,431,202	\$ 10,131	\$ 436,360	\$ 20,674

2025 Spending Authority

(Dollars in Thousands)

	General Fund Operating ¹	General Fund Nonoperating	CAGR Operating ²	CAGR Nonoperating	Captive Insurance Fund ³	Capital Budget
Board Approved Budget	\$ 199,648	\$ 15,384	\$ 4,895	\$ 75	\$ 260	\$ 59,439
(no additional spending authority)						
AWBA Transfer		7,913				
Final Spending Authority	\$ 199,648	\$ 23,297	\$ 4,895	\$ 75	\$ 260	\$ 59,439
Actual operating expenses	\$ 187,656	\$ 22,767	\$ 5,125	\$ 75	\$ 252	\$ 48,619
Variance (\$) Fav/(Unfav)	\$ 11,992	\$ 530	\$ (230)	\$ -	\$ 8	\$ 10,820
Variance (%)	6.0%	2.3%	(4.7%)	0.0%	3.1%	18.2%

BUDGETARY CONTROLS

Provided that total expenses within each fund do not exceed budget (including adjustments) by the greater of \$250,000 or 2% of the annual budget, expense is considered to be within spending authority.

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.

Annual Repayment Obligation Master Repayment Contract (Accrual Basis)

(Dollars in Thousands)

	2024		2025		Notes
	Actual	Projection	Budget	Variance	
Sources of Funds					
Net line rental revenue	4,371	2,049	2,785	(736)	A
Hoover 4.5 mil surcharge	2,847	2,801	2,056	745	B
Parker-Davis	2,673	2,193	1,854	339	B
Net CAP transmission revenues including line losses	2,085	(673)	(695)	22	
Land-related revenues:					
Land use (net)	524	809	725	84	
Land sales (net)	-	-	-	-	
Interest on deposits	353	146	150	(4)	
Total Credits Toward Repayment	\$ 12,852	\$ 7,325	\$ 6,875	\$ 450	
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)	\$ (49,092)	\$ (49,542)	\$ 450	
CAP NGS Energy & Navajo Transmission Reconciliation	\$ (659)	\$ -	\$ -	\$ -	
Net Funds Due to/from Federal Government	\$ (45,640)	\$ (49,092)	\$ (49,542)	\$ 450	

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

Staffing - Average Full Time Equivalent (FTE)

	2nd Qtr	2025		Variance		Notes
	2025	Forecast	Budget	FTEs	% (*)	
Management Council	11.0	11.0	13.0	2.0	15.4%	
<i>AGM - Finance & Admin Group</i>						
Finance & Administration						
Finance & Accounting	20.2	20.6	21.0	0.4	1.9%	
Supply Chain & Facilities	26.2	26.6	27.0	0.4	1.5%	
Total Finance and Administration	46.4	47.2	48.0	0.8	1.6%	
Technology & Governance						
Analytics	9.0	9.0	9.0	-	0.0%	
Information Technology	27.6	27.8	29.0	1.2	4.2%	
Enterprise Security	10.4	11.4	12.0	0.6	5.2%	
Total Technology & Governance	47.0	48.2	50.0	1.8	3.7%	
Employee Services						
Cent Learning & Development	6.0	6.3	6.0	(0.3)	(4.2%)	
Environment, Health & Safety	11.0	11.0	11.0	-	0.0%	
Human Resources	7.2	6.6	7.5	0.9	12.1%	
Total Employee Services	24.2	23.8	24.5	0.7	2.7%	
<i>AGM - Water Policy Group</i>						
Water Policy						
CAGRD	8.0	8.0	9.0	1.0	11.1%	
Water Policy	9.0	9.0	10.0	1.0	10.0%	
Total Water Policy	17.0	17.0	19.0	2.0	10.5%	
Legal	6.0	6.0	6.0	-	0.0%	
<i>AGM - Public & Intergov't Affairs</i>	16.4	16.7	17.0	0.3	1.8%	
<i>AGM - Ops & Engineering Group</i>						
Centralized Maint & Reliability						
Centralized Maintenance	67.2	68.2	71.0	2.8	4.0%	
Maintenance Control	43.1	42.9	43.0	0.1	0.2%	
Total Centralized Maint & Reliability	110.3	111.1	114.0	2.9	2.6%	
Field Maintenance						
Operational Technology	35.4	36.4	38.0	1.6	4.3%	
South Area Maintenance	44.6	44.8	45.0	0.2	0.4%	
West Area Maintenance	44.8	45.2	46.0	0.8	1.7%	
Total Field Maintenance	124.8	126.4	129.0	2.6	2.0%	
Operations and Engineering						
Engineering	66.2	66.3	65.0	(1.3)	(2.0%)	
Power Program Admin	2.0	2.0	2.0	-	0.0%	
Water Operations	23.3	23.2	23.0	(0.2)	(0.8%)	
Total Operations and Engineering	91.5	91.5	90.0	(1.5)	(1.7%)	
Vacancy/Salary Savings Equivalent	-	(3.2)	(15.0)	(11.8)	78.5%	
Total FTE	494.5	495.7	495.5	(0.2)	(0.0%)	

General Fund

The General Fund ended the second quarter with a net position increase of \$62.1 million compared to a budgeted increase of \$10.5 million. The General Fund is projected to end the year with a net position increase of \$159.5 million.

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

GENERAL FUND

Budget Performance - 2nd Quarter 2025

<i>(Dollars in thousands)</i>	Actual	Budget	Variance	
Revenues	\$ 193,975	\$ 166,535	\$ 27,440	16.5%
Expenses	(131,839)	(156,036)	24,197	15.5%
Change in Net Position	62,136	10,499	51,637	
Beginning Net Position	1,035,125	1,012,196	22,929	
Ending Net Position	\$ 1,097,261	\$ 1,022,695	\$ 74,566	

GENERAL FUND

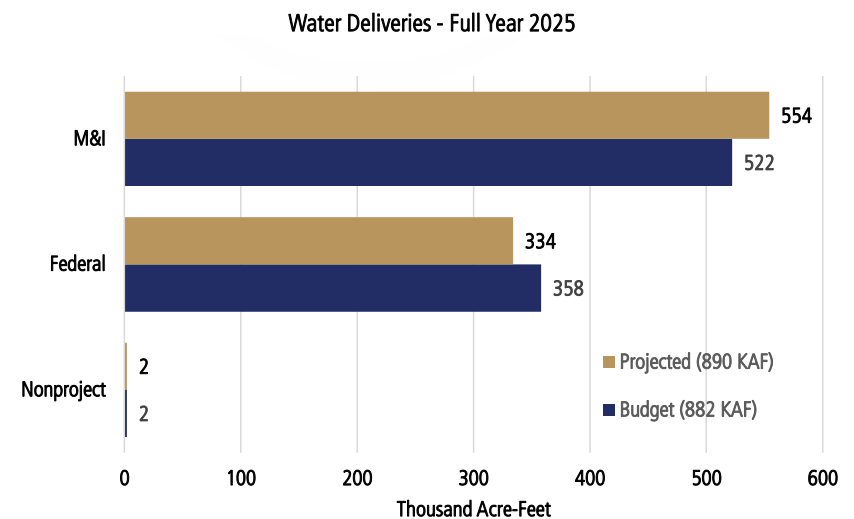
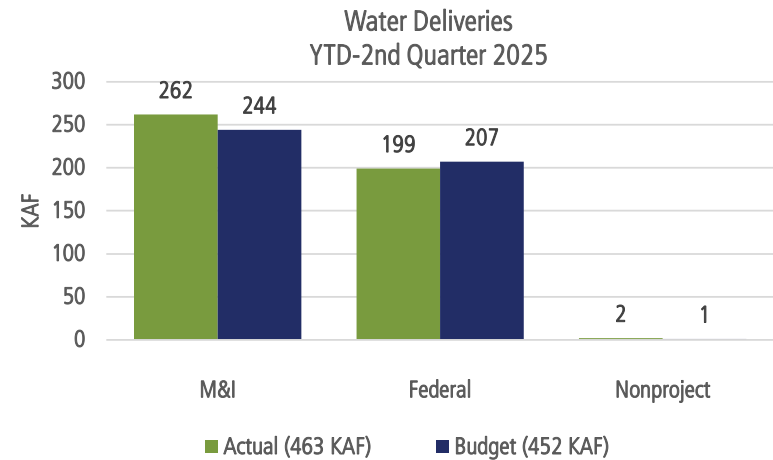
Budget Performance - Full Year 2025

<i>(Dollars in thousands)</i>	Projected	Budget	Variance	
Revenues	\$ 446,459	\$ 458,258	\$ (11,799)	(2.6%)
Expenses	(286,976)	(308,797)	\$ 21,821	7.1%
Change in Net Position	159,483	149,461	\$ 10,022	
Beginning Net Position	1,035,125	1,012,196	\$ 22,929	
Ending Net Position	\$ 1,194,608	\$ 1,161,657	\$ 32,951	

Water Deliveries

Through the second quarter, total water deliveries were 463 KAF, 11 KAF higher than budget. The full-year total water delivery forecast is 890 KAF, 8 KAF higher than budget.

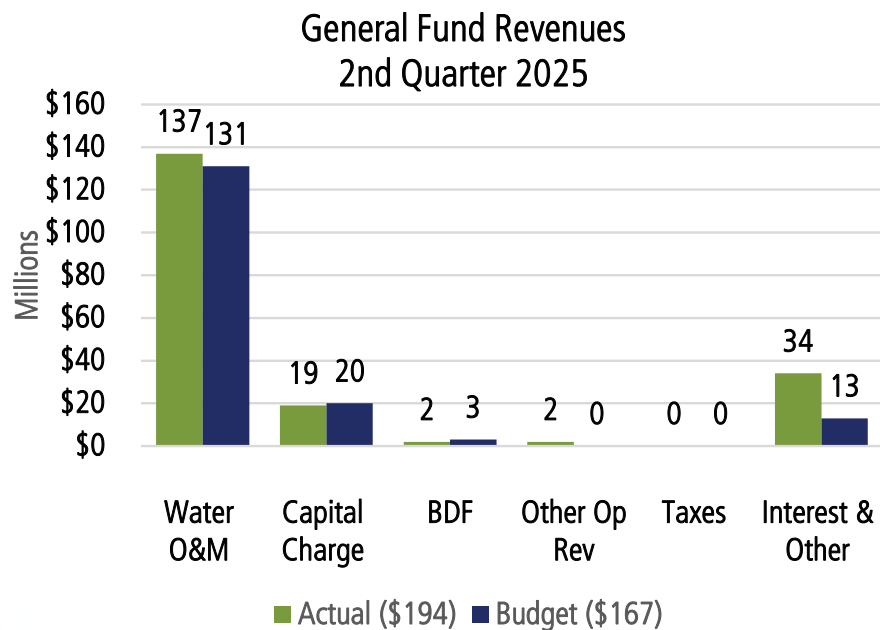
The higher delivery volume is due to a change in conservation agreements between both M&I and Federal deliveries.



General Fund Revenues

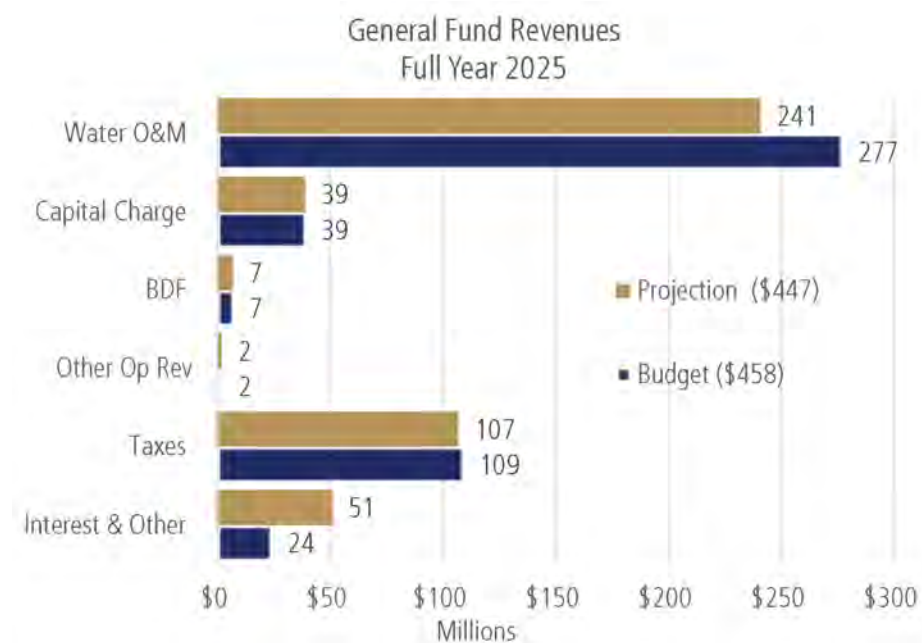
2ND QUARTER 2025 BUDGET PERFORMANCE: Through the second quarter of 2025, total General Fund revenues were \$196 million, \$29 million higher than budget.

- Water O&M revenues were \$6 million higher than budget because of revised conservation agreements.
- BDF Revenues were \$1 million under budget due to a reconciliation of CAP Transmission O&M expenses.
- Interest & other revenues were \$24 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 \$447 million, \$11 million lower than the full-year budget of \$458 million. Interest Income and Other is projected to be \$51 million, \$27 million higher than budget. The key factors contributing to the variance are:

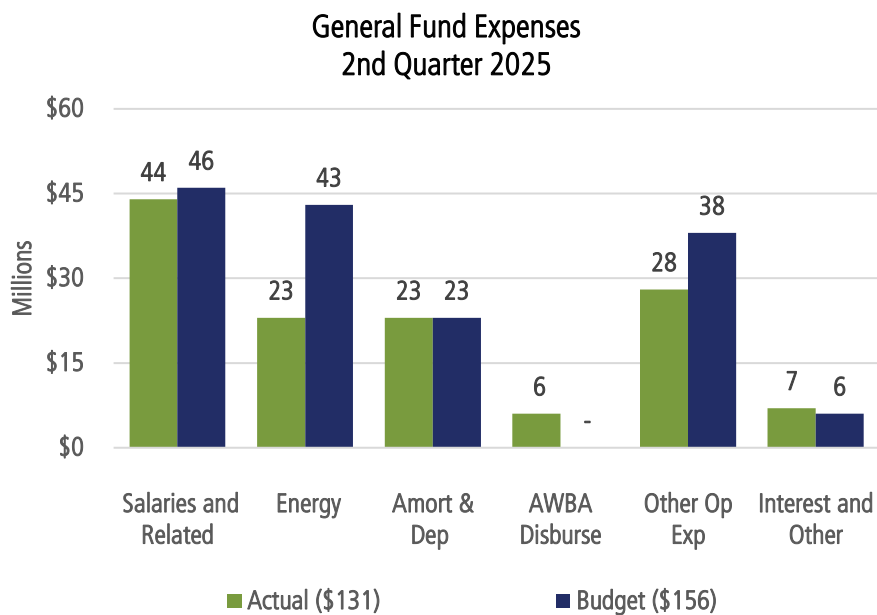
- Water O&M revenues are projected to be \$36 million lower than budget because of system conservation programs that were not in place when the budget prepared and lower energy costs.
- Interest & other revenues are projected to be \$27 million higher than budget due to favorable fair value adjustment.
- All other General Fund operating and nonoperating revenue categories are expected to be at or near budget.



General Fund Expenses

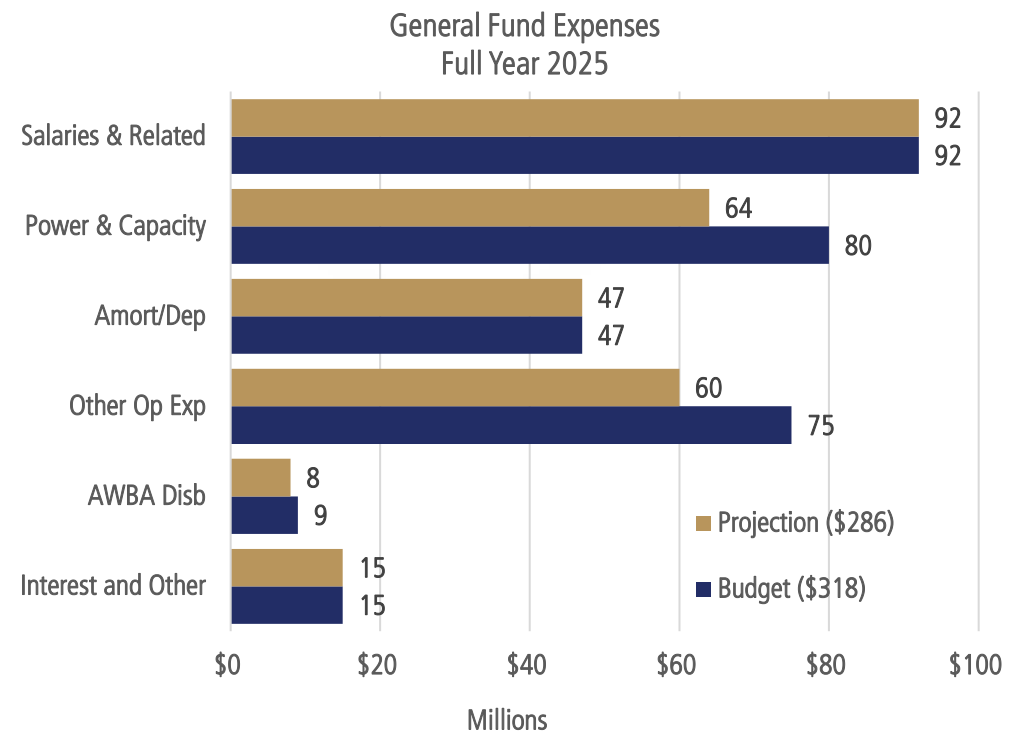
2ND QUARTER BUDGET PERFORMANCE: Through the second quarter of 2025, total General Fund expenses were \$131 million, \$25 million lower than budget. Key factors contributing to the variance were:

- Energy expenses were \$20 million lower than budget, because natural gas prices were lower than expected.
- Other expenses were \$10 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 \$286 million, \$32 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 \$14 million lower than budget, primarily because outside services are expected to be \$12 million lower than budget due to conservation programs being federally funded.
- All other operating and nonoperating expenses are projected to be at or near budget.



General Fund Reserves

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

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

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

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

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

RESERVE MANAGEMENT GUIDELINES

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

END OF YEAR BALANCE PROJECTIONS

Strategic Reserves and Working Capital are projected to be at target at end-year. The Extraordinary Cost Reserve (ECR) is projected to be \$442 million at year-end.

Board Established Targets

(Dollars in Millions)

Strategic Reserves

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

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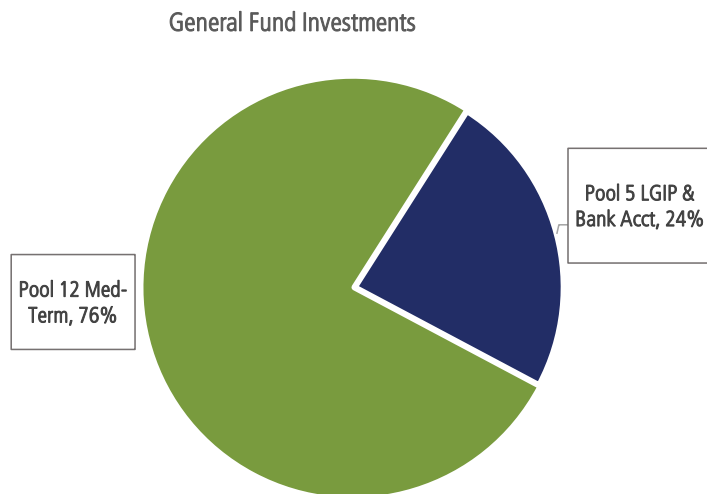
General Fund Cash and Investments

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 June 2025 was 3.85% for pool 12 and 4.33% 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>	6/30/25	12/31/24
Strategic Reserves		
Assigned Reserves		
Capital Reserve	74	72
Operating Reserve	86	84
Contingency Reserve	8	8
Total Strategic Reserves	168	164
Working Capital	\$ 80	\$ 92
Extraordinary Cost Reserves	\$ 466	\$ 422
Other Reserves		
Navajo Decommissioning	\$ 19	\$ 18
Repayment Reserve	40	39
Emergency OM&R Reserve	7	7
System Use Reserve	4	4
Tribal ICS Reserve	38	36
Bond Reserve	6	7
9(d) Debt Reserve	29	27
Recovery Reserve	6	6
Recharge O & M	9	9
Total Other Reserves	158	153
Total Reserves	\$ 872	\$ 831

Statement of Revenues, Expenses and Change in Net Position

General Fund

(Dollars in Thousands)

	YTD - 2nd Quarter 2025				Full Year 2025						Notes
	Actual	Budget	Variance		Forecast	Budget	Additional Spending	Total Spending Authority	Variance		
			(\$)	(%)					(\$)	(%)	
Water Deliveries (acre-feet in thousands)	463	452	11	2.4%	890	882	-	882	8	0.9%	A
Operating Revenues											
Water O&M charges	136,630	\$ 130,717	5,913	4.5%	241,197	\$ 277,233	\$ -	\$ 277,233	\$ (36,036)	(13.0%)	A
Water service capital charges	19,320	19,681	(361)	(1.8%)	38,596	39,362	-	39,362	(766)	(1.9%)	
Basin Development Fund Revenues	2,406	3,406	(1,000)	(29.4%)	7,179	6,725	-	6,725	454	6.8%	B
Other revenues	1,311	726	585	80.6%	2,221	1,553	-	1,553	668	43.0%	C
Total Operating Revenues	159,667	154,530	5,137	3.3%	289,193	324,873	-	324,873	(35,680)	(11.0%)	
Operating Expenses											
Salaries and related costs	(44,408)	(45,697)	1,289	2.8%	(91,622)	(91,534)	-	(91,534)	(88)	(0.1%)	
Energy	(23,440)	(42,683)	19,243	45.1%	(64,514)	(80,370)	-	(80,370)	15,856	19.7%	D
Transmission	(6,253)	(6,705)	452	6.7%	(12,045)	(13,395)	-	(13,395)	1,350	10.1%	E
Amortization of Permanent Service Right	(9,063)	(9,063)	-	0.0%	(18,125)	(18,125)	-	(18,125)	-	0.0%	
Depreciation and Amortization	(14,354)	(13,746)	(608)	(4.4%)	(28,855)	(28,422)	-	(28,422)	(433)	(1.5%)	F
Other operating costs:											
Outside services	(10,729)	(21,552)	10,823	50.2%	(31,498)	(44,246)	-	(44,246)	12,748	28.8%	G
Materials and supplies	(5,448)	(4,494)	(954)	(21.2%)	(10,426)	(9,626)	-	(9,626)	(800)	(8.3%)	
Overhead	3,039	2,363	676	28.6%	6,356	4,781	-	4,781	1,575	32.9%	
Other expenses	(7,535)	(6,772)	(763)	(11.3%)	(13,480)	(12,476)	-	(12,476)	(1,004)	(8.0%)	
Total other operating expenses	(20,673)	(30,455)	9,782	32.1%	(49,048)	(61,567)	-	(61,567)	12,519	20.3%	
Total Operating Expenses	(118,191)	(148,349)	30,158	20.3%	(264,209)	(293,413)	-	(293,413)	29,204	10.0%	
Operating Income/(Loss)	41,476	6,181	35,295	571.0%	24,984	31,460	-	31,460	(6,476)	(20.6%)	
Nonoperating Revenues/(Expenses)											
Property taxes	2	-	2		106,529	109,181		109,181	(2,652)	(2.4%)	
Interest income and other	34,306	12,005	22,301	185.8%	50,737	24,204	-	24,204	26,533	109.6%	H
Disbursements to AWBA	(6,322)	(361)	(5,961)	(1651.2%)	(8,116)	(732)	(7,913)	(8,645)	529	6.1%	I
Interest expense and other	(7,326)	(7,326)	-	0.0%	(14,651)	(14,652)	-	(14,652)	1	0.0%	
Net Nonoperating Income/(Loss)	20,660	4,318	16,342	378.5%	134,499	118,001	(7,913)	110,088	24,411	22.2%	
Change in Net Position	62,136	10,499	51,637	491.8%	159,483	149,461	(7,913)	141,548	17,935	12.7%	
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	1,097,261	\$ 1,022,695	\$ 74,566	7.3%	1,194,608	\$ 1,161,657	\$ (7,913)	\$ 1,153,744	\$ 40,864	3.5%	

Statement of Revenues, Expenses and Change in Net Position

General Fund

Notes

- A **Water O&M Revenues:** 2025 Federal Contract water deliveries are forecasted to be 24 KAF lower than budget because of additional system conservation agreements, which contributes to the forecast being \$36.0 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:** Q2 BDF revenues under budget due to timing of WAPA's reconciliation of "CAP Transmission O&M" expenses; FY is projected to exceed budget due to higher than expected Hoover surcharge revenue
- C **Other Revenues:** 2025 other revenues are \$0.7 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 lower diversions and deliveries projected, creating the opportunity for greater shaping. The forecast includes favorable summer sales, and CAP continues to explore price stability and looks to the forward energy auctions.
- 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 2025, when they will be complete and begin to depreciate.
- G **Outside Services:** Full-year expenses are \$12.7 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:** Includes transfer of \$6.3M in Q1 for LTSC purchases in Phoenix AMA and an anticipated \$1.5 million transfer in Tucson AMA.

Water Volumes

(in Acre-Feet)

	YTD - 2nd Quarter 2025				Full Year 2025				Notes
	Actual	Budget	Variance		Forecast	Budget	Variance		
			(A/F)	(%)			(A/F)	(%)	
PROJECT WATER DELIVERIES			-				-		
Municipal & Industrial Water Subcontract	261,857	243,868	17,989	7.4%	554,364	522,674	31,690	6.1%	
Federal Contract	199,311	207,450	(8,139)	(3.9%)	333,783	357,639	(23,856)	(6.7%)	
Subtotal Project Water Deliveries	461,168	451,318	9,850	2.2%	888,147	880,313	7,834	0.9%	A
NONPROJECT WATER DELIVERIES									
Firming - Federal	1,040	520	520	100.0%	1,040	1,040	-	0.0%	
Firming - CAWCD	-	-	-	-	-	-	-	-	
Other Wheeled Water-Federal	943	472	471	99.8%	943	943	-	0.0%	
Other Wheeled Water - CAWCD	-	-	-	-	-	-	-	-	
Subtotal Nonproject Water	1,983	992	991	99.9%	1,983	1,983	-	0.0%	
Total Water Deliveries	463,151	452,310	10,841	2.4%	890,130	882,296	7,834	0.9%	
Transfer of credits to CAGR	-	-	-	-	231	15,509	(15,278)	(98.5%)	B
Take or Pay/Adjustment	-	-	-	-	-	-	-	-	
Billed Fixed OM&R Water Volumes	463,151	452,310	10,841	2.4%	890,361	897,805	(7,444)	(0.8%)	

A The lower total delivery volume is due to a change in conservation agreements between both M&I and Federal deliveries.

B Forecast is lower than budget because CAGR intends to buy fewer LTSCs following updated legislative guidance regarding replenishment reserve targets.

Water Revenues and Capital Charges

(Dollars in Thousands)

	YTD - 2nd Quarter 2025				Full Year 2025				
	Actual	Budget	Variance		Forecast	Budget	Variance		Notes
			(\$)	(%)			(\$)	(%)	
PROJECT WATER REVENUES									
Municipal & Industrial Water Subcontract	\$ 77,248	\$ 70,478	\$ 6,770	9.6%	\$ 150,146	\$ 161,397	\$ (11,251)	(7.0%)	
Federal Contract	58,797	59,953	(1,156)	(1.9%)	90,403	110,435	(20,032)	(18.1%)	
Subtotal Project Water Deliveries	136,045	130,431	5,614	4.3%	240,549	271,832	(31,283)	(11.5%)	A
NONPROJECT WATER REVENUES									
Firming - Federal	307	150	157	104.7%	307	321	(14)	(4.4%)	
Firming - CAWCD	-	-	-	-	-	-	-	-	
Other Wheeled Water-Federal	278	136	142	104.4%	278	291	(13)	(4.5%)	
Other Wheeled Water - CAWCD	-	-	-	-	-	-	-	-	
Subtotal Nonproject Water Revenues	585	286	299	104.5%	585	612	(27)	(4.4%)	
Water O&M Charges before adjustments	136,630	130,717	5,913	4.5%	241,134	272,444	(31,310)	(11.5%)	
Misc. Adjustments	-	-	-	-	-	-	-	-	
Transfer of credits to CAGR	-	-	-	-	63	4,789	(4,726)	(98.7%)	
Take/Pay Adj.	-	-	-	-	-	-	-	-	
Total Water O&M Charges	\$ 136,630	\$ 130,717	\$ 5,913	4.5%	\$ 241,197	\$ 277,233	\$ (36,036)	(13.0%)	
CAPITAL & FACILITY USE CHARGES									
M&I subcontractors	19,263	19,237	\$ 26	0.1%	38,527	38,474	53	0.1%	
M&I nonsubcontract	-	419	(419)	(100.0%)	12	837	(825)	(98.6%)	
Facility Use Charges - Pima & Maricopa (interstate)	-	-	-	-	-	-	-	-	
Facility Use Charges - Nonproject Water	-	26	(26)	(100.0%)	-	51	(51)	(100.0%)	
Underground storage facilities	57	-	57	-	57	-	57	-	
Total Capital & Facility Use Charges	\$ 19,320	\$ 19,681	\$ (361)	(1.8%)	\$ 38,596	\$ 39,362	\$ (766)	(1.9%)	

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

Energy & Transmission Adjustment

	YTD - 2nd Quarter 2025				Full Year 2025				
	Actual	Budget	Variance		Forecast	Budget	Variance		Notes
			(\$)	(%)			(Amount)	(%)	
ENERGY (MWH)				-					
Waddell	11,893	8,457	(3,436)	(40.6%)	34,547	31,111	(3,436)	(11.0%)	
Hoover	69,909	66,891	(3,018)	(4.5%)	119,436	116,247	(3,189)	(2.7%)	
Long-term contracts	264,574	83,554	(181,020)	(216.6%)	465,050	157,874	(307,176)	(194.6%)	
Market Purchases	818,983	907,659	88,676	9.8%	1,049,734	1,413,916	364,182	25.8%	
Total MWH	1,165,359	1,066,561	(98,798)	(9.3%)	1,668,767	1,719,148	50,381	2.9%	
ENERGY RATE (\$/MWH)									
Waddell	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	
Hoover	44.17	47.87	3.70	7.7%	46.33	52.58	6.25	11.9%	
Long-term contracts	46.23	38.29	(7.94)	(20.7%)	47.21	38.60	(8.61)	(22.3%)	A
Market Purchases	30.16	46.13	15.97	34.6%	33.56	51.79	18.23	35.2%	B
Weighted Average (\$/MWH)	\$ 34.70	\$ 45.62	\$ 10.93	23.9%	\$ 38.37	\$ 50.61	\$ 12.23	24.2%	
ENERGY COSTS (\$000)									
Waddell	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	
Hoover	3,088	3,202	114	3.6%	5,533	6,112	579	9.5%	E
Long-term contracts	12,232	3,199	(9,033)	(282.3%)	21,956	6,094	(15,862)	(260.3%)	A, E
Market Purchases	24,703	41,873	17,170	41.0%	35,224	73,222	37,998	51.9%	B
Gross Energy Costs (\$000)	\$ 40,023	\$ 48,275	\$ 8,252	17.1%	\$ 62,713	\$ 85,428	\$ 22,715	26.6%	
Energy Scheduling Services	\$ 529	\$ 468	\$ (61)	(13.0%)	\$ 852	\$ 936	\$ 84	9.0%	
MWD Agreement Expense	-	-	-	0.0%	80	80	-	0.0%	
Lake Pleasant Adjustment	(17,099)	(6,059)	11,040	(182.2%)	881	(6,075)	(6,956)	114.5%	C
Lake Roosevelt Adjustment	(13)	-	13	0.0%	(13)	-	13	0.0%	C
Total Energy (\$000)	\$ 23,440	\$ 42,684	\$ 19,244	45.1%	\$ 64,513	\$ 80,369	\$ 15,856	19.7%	
TRANSMISSION ADJUSTMENT									
Elec Trans-Losses	\$ 1,257	\$ 2,046	\$ 789	38.6%	\$ 2,315	\$ 4,091	\$ 1,776	43.4%	D
Elec Trans-SRP SALT GILA	96	129	33	25.6%	225	259	34	13.1%	D
Elec Trans-Brady/Pichacho/RR	-	-	-	0.0%	-	-	-	0.0%	D
Elec Trans-WECC Trans	21	92	71	77.2%	121	185	64	34.6%	D
Total Transmission Adjustment (\$000)	\$ 1,374	\$ 2,267	\$ 893	39.4%	\$ 2,661	\$ 4,535	\$ 1,874	41.3%	
OTHER ADJUSTMENT									
Other Income	(178)	-	178	0.0%	(178)	-	178	0.0%	E
Total Energy, Transmission & Other Adjustments (\$000)	\$ 24,636	\$ 44,951	\$ 20,315	45.2%	\$ 66,996	\$ 84,904	\$ 17,908	21.1%	

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 - 2nd Quarter 2025				Full Year 2025				Notes
	Actual	Budget	Variance (\$)	(%)	Forecast	Budget	Variance (\$)	(%)	
Water Deliveries (KAF)	46	38	8	21.1%	76	69	7	10.1%	A
Revenues									
Other revenues	\$ 654	\$ 541	\$ 113	20.9%	\$ 1,096	\$ 988	\$ 108	10.9%	A
Total Revenues	654	541	113	20.9%	1,096	988	108	10.9%	
Expenses									
Salaries and related costs	(126)	(10)	(116)	(1160.0%)	(137)	(26)	(111)	(426.9%)	B
Other operating costs:									
Outside services	(182)	(61)	(121)	(198.4%)	(361)	(188)	(173)	(92.0%)	
Materials and supplies	(33)	-	(33)		(43)	(17)	(26)	(152.9%)	
Other expenses	(175)	(47)	(128)	(272.3%)	(211)	(97)	(114)	(117.5%)	C
Total other operating costs	(390)	(108)	(282)	(261.1%)	(615)	(302)	(313)	(103.6%)	
Total Expenses	(516)	(118)	(398)	(3)	(752)	(328)	(424)	(129.3%)	
Change in Net Position	138	423	(285)	(67.4%)	344	660	(316)	(47.9%)	
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	\$ 8,921	\$ 8,531	\$ 390	4.6%	\$ 9,127	\$ 8,768	\$ 359	4.1%	
Expense Summary									
Aqua Fria	\$ (34)	\$ (4)	\$ (30)	(750.0%)	\$ (42)	\$ (17)	\$ (25)	(147.1%)	
Hieroglyphic Mountains	(166)	(16)	(150)	(937.5%)	(215)	(40)	(175)	(437.5%)	D
Lower Santa Cruz	(90)	(36)	(54)	(150.0%)	(129)	(78)	(51)	(65.4%)	E
Pima Mine Road	(50)	(3)	(47)	(1566.7%)	(102)	(60)	(42)	(70.0%)	
Superstition Mountain	(110)	(59)	(51)	(86.4%)	(162)	(130)	(32)	(24.6%)	
Tonopah Desert	(66)	-	(66)		(102)	(3)	(99)	(3300.0%)	F
Total Expenses	\$ (516)	\$ (118)	\$ (398)	(337.3%)	\$ (752)	\$ (328)	\$ (424)	(129.3%)	

Notes explaining the variances are shown on the following page.

Underground Storage Operations and Maintenance

Notes

- A **Water Deliveries and Total Revenues:** Total deliveries are forecast to be 7 KAF higher than budget. As a result, revenue is \$108 thousand higher than budget.
- B **Salaries and Related Costs:** Full-year expenses are forecast to be \$111 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 \$114 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 \$175 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 \$51 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 \$99 thousand higher than budget because of increased engineering services to support a permit renewal.



Underground Storage—Recovery

(Dollars in Thousands)

	YTD - 2nd Quarter 2025				Full Year 2025				
	Actual	Budget	Variance		Forecast	Budget	Variance		
			(\$)	(%)			(\$)	(%)	Notes
Revenues									
Other revenues	\$ -				\$ 71				A
Total Revenues	-	-	-	-	71	-	-	-	
Expenses									
Salaries and related costs									
Other operating costs:									
Outside services	(47)	-	(47)		(118)	-	(118)		
Materials and supplies									
Other expenses	-	-	-		-	-	-		
Total other operating costs	(47)	-	(47)		(118)	-	(118)		
Total Expenses	(47)	-	(47)		(118)	-	(118)		A
Change in Net Position	(47)	-	(47)		(47)	-	(118)		
Net position at beginning of period	(534)				(534)		(534)		
Net position at end of period	\$ (581)	\$ -	\$ (47)		\$ (581)	\$ -	\$ (652)		
Total	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		

Notes

A The revenue and expenses are amortization of Recovery Agreements

2025 Rate Reconciliation

(Dollars in Thousands)

	Forecast	Published	Budget
General Fund Operating Expenses	\$ 264,209	\$ 296,679	\$ 293,413
Adjustments for O&M Expenses			
Depreciation & Amortization	(46,980)	(48,737)	(46,547)
Energy	(64,514)	(80,292)	(80,370)
Transmission & Other Adjustments	(2,483)	(4,481)	(4,535)
Underground storage site O&M	(752)	(600)	(328)
Extraordinary Maintenance (when part of "Big R")	(2,806)	(2,525)	(2,525)
Other income	(941)	(760)	(760)
Compensated Mitigation (Funded by 'Big R')	(382)	(2,817)	(2,817)
Programs Funded by Water Storage Tax Reserve	(1,395)	(2,000)	(2,000)
Programs Funded by Recovery Reserve	(118)	-	-
Programs Funded by Extraordinary Cost Reserve	(5,688)	(11,480)	(11,480)
Total Adjustments	(126,058)	(153,692)	(151,362)
Fixed O&M Expenses	\$ 138,151	\$ 142,987	\$ 142,051
Energy, Transmission & Other Adjustments			
Energy	\$ 64,514	\$ 80,292	\$ 80,370
Transmission & Other Adjustments	2,483	4,481	4,535
Total Energy, Transmission & Other Adjustments	\$ 66,997	\$ 84,773	\$ 84,905

2025 Rate Reconciliation

(Dollars in Thousands)

Subcontract / Federal Rates	Variance			
	Forecast	Published	Budget	Publ vs Proj
Water Delivery Costs (<i>Thousands</i>)				
Fixed O&M Expenses	\$ 138,151	\$ 142,987	\$ 142,051	\$ 4,836
Total Energy & Transmission Adjustment Expenses	66,997	84,773	84,905	17,776
Water Delivery (<i>Acre-Feet</i>)				
Billed Fixed OM&R Water Volume	890,361	900,000	897,805	9,639
Pumping Energy Rate Water Volume	890,361	900,000	897,805	9,639
Water Delivery Rate (<i>\$/AF</i>)				
Calculated Fixed O&M Rate	\$ 155.16	\$ 160.00	\$ 158.22	\$ 4.84
Capital Replacement Component ("Big R")	40.43	40.00	56.00	(0.43)
Total Fixed OM&R	195.59	200.00	214.22	4.41
Calculated Pumping Energy Rate	75.25	95.00	94.57	19.75
Total Pumping Energy Rate 1	75.25	95.00	94.57	19.75
Total Delivery Rate	\$ 270.84	\$ 295.00	\$ 308.79	\$ 24.16



Extraordinary Maintenance Projects

(Dollars in Thousands)

Expenses

Salaries and related costs

Other operating costs:

Outside services

Materials and supplies

Other expenses/overhead

Subtotal

Total Expenses

YTD - 2nd Quarter 2025					Full Year 2025			
Actual	Budget	Variance			Forecast	Total Spending Authority	Variance	
		(\$)	(%)				(\$)	(%)
\$ (60)	\$ (27)	\$ (33)	(120.2%)		\$ (372)	\$ (226)	\$ (146)	(64.5%)
-	-	-	-		-	-	-	-
(8)	(1)	(7)	(1233.3%)		(2,010)	(2,060)	50	2.4%
(66)	(29)	(37)	(131.2%)		(30)	(2)	(28)	(1263.6%)
(66)	(29)	(37)	(131.2%)		(394)	(237)	(157)	(66.3%)
(74)	(29)	(45)	(2.1%)		(2,434)	(2,299)	(135)	(5.9%)
\$ (134)	\$ (56)	\$ (78)	(3.2%)		\$ (2,806)	\$ (2,525)	\$ (281)	(11.1%)

A, C

EM-Reline Discharge Lines & Manifolds at Salt Gila

EM-Agua Fria Siphon Lining Repairs

EM-Waterline Installation PFO

Total

Total Project Costs							
Through 2024	2025 Projection	Balance Remaining	Projection	Total Spending Authority	Variance (\$)	Variance (%)	
\$ (2,413)	\$ (2,432)	\$ (45)	\$ (4,891)	\$ (5,028)	\$ 137	2.7%	
-	\$ (362)	\$ (15,309)	\$ (15,671)	\$ -	\$ (15,671)	0.0%	
-	\$ (12)	\$ (2,296)	\$ (2,308)	\$ -	\$ (2,308)	0.0%	
\$ (2,413)	\$ (2,806)	\$ (17,650)	\$ (22,870)	\$ (5,028)	\$ (17,842)	\$ 0	

Notes

B

C

D

Notes:

- A Salt Gila Reline contractor lowered expected costs, to \$1.75M/year. Other costs savings realized are keeping project under budget. This is a "Big R" funded project.
- B Reline project at Salt Gila pumping plant forecast accommodates additional inspector for 10 weeks. Closeout expedited to continue through Q2 2026.
- C 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. This is a "Big R" funded project.
- D Cost estimates for the waterline installation at PFO now exceed the \$2M threshold qualifying it as an EM project. This is a "Big R" funded project.



Central Arizona Groundwater Replenishment District (CAGRDR)

BUDGET PERFORMANCE - Full Year 2025

<i>(Dollars in Thousands)</i>	Projection	Budget	Change	
Revenues	\$ 74,211	\$ 77,474	\$ (3,263)	(4%)
Expenses	(20,636)	(28,246)	7,610	27%
Change in Net Position	53,575	49,228	4,347	9%
Beginning Net Position	367,006	378,147	(11,141)	
Ending Net Position	\$ 420,581	\$ 427,375	\$ (6,794)	

Total Revenues

Total CAGRDR revenues are projected to be \$74.2 million for the year, \$3.3 million lower than budget.

The full-year operating revenue forecast is \$5.1 million lower than budget.

- Rate forecast is \$5.3 million lower than budget because of lower obligation than estimated in the budget.
- Fee forecast is \$0.8 million higher than budget primarily because of higher activations than expected.
- Dues forecast is \$0.5 million lower than budget because of lower projected infrastructure and water rights revenues.

Nonoperating income is projected to be \$1.8 million higher than budget because of a favorable fair value adjustment.

Total Expenses

Total CAGRDR expenses are projected to be \$20.6 million for the year, \$7.6 million lower than budget, primarily because water expenses are forecast \$7.8 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 - 2nd Quarter 2025				Full Year 2025			
	Variance				Variance			
	Actual	Budget	(\$)	(%)	Forecast	Budget	(\$)	(%)
Operating Revenues								
Other operating revenue								
Revenue-Rates	\$ 10	\$ 1	\$ 9	900.0%	\$ 36,378	\$ 41,697	\$ (5,319)	(12.8%)
Revenue-Fees	10,939	11,585	(646)	(5.6%)	20,467	19,670	797	4.1%
Revenue-Dues	-	-	-		11,445	11,982	(537)	(4.5%)
Total Operating Revenues	10,949	11,586	(637)	(5.5%)	68,290	73,349	(5,059)	(6.9%)
Operating Expenses								
Salaries and related costs	(704)	(726)	22	3.0%	(1,392)	(1,451)	59	4.1%
Depreciation	(31)	(31)	-	0.0%	(61)	(61)	-	0.0%
Other operating costs:								
Outside services	(647)	(900)	253	28.1%	(2,007)	(1,674)	(333)	(19.9%)
Water for underground storage	-	-	-		(15,436)	(23,276)	7,840	33.7%
Materials and supplies	-	-	-		(1)	(1)	-	0.0%
Overhead	(738)	(760)	22	2.9%	(1,459)	(1,520)	61	4.0%
Other expenses	(89)	(88)	(1)	(1.1%)	(205)	(188)	(17)	(9.0%)
Total other operating costs	(1,474)	(1,748)	274	15.7%	(19,108)	(26,659)	7,551	28.3%
Total Operating Expenses	(2,209)	(2,505)	296	11.8%	(20,561)	(28,171)	7,610	27.0%
Net Operating Income/(loss)	8,740	9,081	(341)	(3.8%)	47,729	45,178	2,551	5.6%
Nonoperating Revenues/(Expenses)								
Interest income and other	3,311	2,062	1,249	60.6%	5,921	4,125	1,796	43.5%
Interest expense and other	-	-	-		(75)	(75)	-	0.0%
Net Nonoperating Income/(Loss)	3,311	2,062	1,249	60.6%	5,846	4,050	1,796	44.3%
Change in Net assets	\$ 12,051	\$ 11,143	\$ 908	8.1%	\$ 53,575	\$ 49,228	\$ 4,347	8.8%

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)	820	417	492	1,728
Obligation Estimate for current year	37,291	284	3,066	40,641
Less CAWCD Deliveries to meet Obligation (CDAR)	(36,288)	-	(3,255)	(39,543)
Less CAWCD LTSC purchased to meet Obligation	-	-	-	-
Less I&WR LTSC purchased to meet Obligation	-	-	(137)	(137)
Outstanding Obligations at end of 2025	37,330	(2,425)	3,164	38,069

CAGRD Fund Balances

(Dollars in Thousands)

	2024 Actual	2025 Q2 Actual	2025 Projected
Administrative:			
Beginning Fund Balance	\$ 1,661	\$ 1,639	\$ 1,639
Administrative Revenue	1,990	920	2,685
Administrative (Operating) Expenses	(2,086)	(1,168)	(3,274)
Interest Income / Expense	74	49	98
Ending Fund Balance	\$ 1,639	\$ 1,440	\$ 1,148
Conservation:			
Beginning Fund Balance	\$ 863	\$ 777	\$ 777
Administrative Component Revenue	69	25	76
Administrative (Operating) Expenses	(204)	-	(190)
Interest Income / Expense	49	18	36
Ending Fund Balance	\$ 777	\$ 820	\$ 699

CAGR 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	11,430	250	1,182	12,862
Water Purchased	(12,665)	-	(1,040)	(13,705)
Interest Income (Expense)	272	8	43	323
Ending Balance	\$ 6,595	\$ 472	\$ 1,201	\$ 8,268
Replenishment Reserve:				
Beginning Fund Balance	\$ 4,267	\$ 11	\$ 211	\$ 4,489
Replenishment Reserve Revenue	4,512	149	439	5,100
CAWCD Credits Purchased	-	(81)	-	(81)
Interest Income / Expense	210	1	11	222
Ending Balance	\$ 8,989	\$ 80	\$ 661	\$ 9,730

CAGRD Fund Balances

(Dollars in Thousands)

	2024 Actual	2025 Q2 Actual	2025 Projected
Infrastructure and Water Rights:			
Beginning Fund Balance	\$ 92,530	\$ 113,343	\$ 113,343
Revenue	40,937	16,955	40,019
Proceeds from LTSC internal transfers	333	-	-
Reimbursement from Obligation fund	8,962	4,649	13,452
NIA Reallocation and 9(d) Debt	(7,430)	-	(7,430)
GRIC and other Lease Considerations	(16,427)	(11,169)	(16,530)
Water Costs for LTSC	(1,373)	(881)	(1,546)
LTSC purchases	(4,101)	(5,533)	(7,333)
Technical Studies & Other Operating Expens	(1,264)	(670)	(1,360)
Interest Income / Expense	4,817	2,515	4,935
Ending Fund Balance	\$ 113,343	\$ 119,209	\$ 137,550

CAGRD Enrollment and Activation Summary

Figure 1: Member Land Enrollment

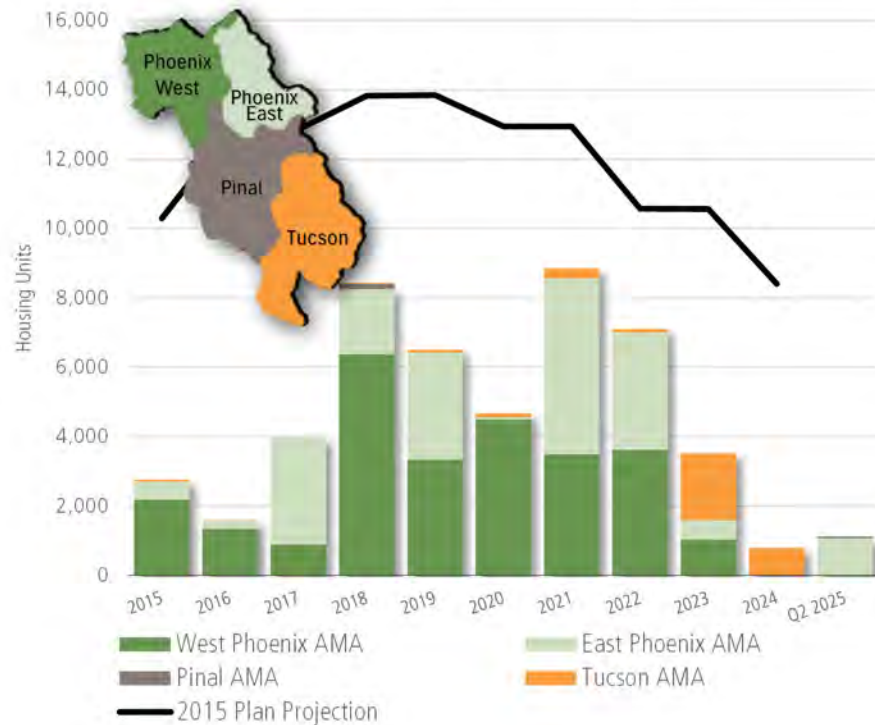


Figure 2: Activation Units

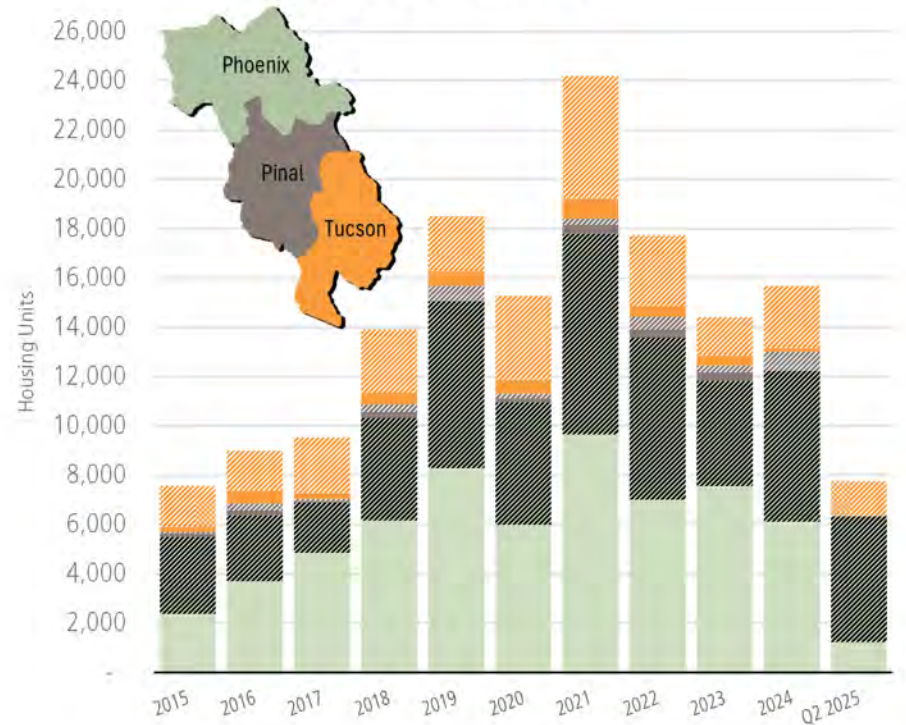


Table 1: Enrollment Units Q2 2025

AMA	ML Lots	Projected Demand (AF/year)
West Phoenix	-	-
East Phoenix	1,066	685
Pinal	52	17
Tucson	-	-
TOTAL	1,118	702

Table 2: Activation Units Q2 2025

AMA	ML Lots	MSA Lots	Total Lots
Phoenix	3,301	5,116	8,417
Pinal	-	-	-
Tucson	-	1,400	1,400
TOTAL	3,301	6,516	9,817

CAGRD Enrollment and Activation Summary

Enrollment in Q2 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 Q2 2025. Table 1 provides a breakdown by AMA of Member Land enrollment activity through Q2 2025. The Phoenix AMA had 1 new enrollment with a total of 1,066 lots and a projected demand of 685 AF/yr, and the Pinal AMA had 1 new enrollment with a total of 52 lots and a projected demand of 17 AF/yr. No new subdivisions enrolled within the Tucson AMA through Q2 2025.

No new Member Service Areas (MSAs) enrolled through Q2 2025 and there were no de-enrollments.

Activation in Q2 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 through Q2 2025 was 9,817 (Member Land lots = 3,301; Member Service Area lots = 6,516). Table 2 provides a breakdown by AMA of lots that were activated through Q2 2025. By comparison, there were 10,620 units activated through Q2 2024.



Statement of Revenues, Expenses and Change in Net Position

Captive Insurance Fund

(Dollars in Thousands)

	YTD - 2nd Quarter 2025				Full Year 2025				Notes
	Actual	Budget	Variance (\$)	Variance (%)	Forecast	Total Spending Authority	Variance (\$)	Variance (%)	
Operating Revenues									
Other revenues	\$ 6,487	\$ 6,443	\$ 44	0.7%	\$ 13,066	\$ 12,887	\$ 179	1.4%	
Total Operating Revenues	6,487	6,443	44	0.7%	13,066	12,887	179	1.4%	
Operating Expenses									
Other Operating costs:									
Outside services	(116)	(129)	13	10.1%	(254)	(260)	6	2.3%	
Other expenses	(5,544)	(5,847)	303	5.2%	(11,595)	(11,693)	98	0.8%	
Total Operating Expenses	(5,660)	(5,976)	316	5.3%	(11,849)	(11,953)	104	0.9%	
Net Operating Income/(Loss)	827	467	360	77.1%	1,217	934	283	(30%)	
Nonoperating Revenues/(Expenses)									
Interest income and other	308	2	306	15,300.0%	608	4	604	15,100.0%	A
Net Nonoperating Income/(Loss)	308	2	306	15,300.0%	608	4	604	15,100.0%	
Change in Net Position	1,135	469	666	(142.0%)	1,825	938	887	(94.6%)	
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	\$ 16,658	\$ 14,134	\$ 2,524	17.9%	\$ 17,348	\$ 14,603	\$ 2,745	18.8%	

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 - 2nd 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	\$ 436	\$ 151	\$ 285	188.7%	\$ 618	\$ 303	\$ 315	104.0%	A
Interest expenses and other	-	-	-		-	-	-	-	
Total Non-operating Revenues/(Expenses)	436	151	285	188.7%	618	303	315	104.0%	
Change in Net Position	436	151	285	188.7%	618	303	315	104.0%	
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	\$ 9,949	\$ 9,317	\$ 632	6.8%	\$ 10,131	\$ 9,469	\$ 662	7.0%	

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	\$ 4,840	\$ 4,519	\$ (321)
Capital Projects			
TDRP Recovery Wells*	-	10,361	10,361
Water Education Center*	19,313	11,357	(7,956)
Aqueduct Hydrology Improvement*	4,364	9,068	4,704
SRP-CAP Interconnection Facility*	1,000	5,181	4,181
Generator Replacements PPs	968	4,165	3,197
Harcuvar Substation Upgrade	-	1,470	1,470
Parking Lot Upgrades Headquarters	3,169	1,873	(1,297)
Air Compressors Brady, Picacho, Red Rock	1,173	13	(1,160)
Backup Power Systems Replacement at Checks & Turn Outs	1,115	221	(894)
All Other Capital Projects	12,678	11,212	(1,466)
Subtotal - Capital Projects	\$ 43,779	\$ 54,920	\$ 11,141
Total CAWCD Capital Spending	\$ 48,619	\$ 59,439	\$ 10,820

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

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)

Capital Projects - Ten Largest

	Projection	Budget	Variance
Aqueduct Hydrology Improvement*	\$ 167,387	\$ 153,527	\$ 13,860
Water Education Center*	55,450	27,121	28,329
SRP-CAP Interconnection Facility*	11,000	25,750	(14,750)
Electromechanical Relay Phase 2	45,024	21,282	23,742
SCADA Replacement Control Center	25,965	20,036	5,929
TDRP Recovery Wells*	3,438	13,478	(10,041)
Backup Power Systems Replacement at Checks & Turn Outs	18,115	13,223	4,892
Condition Based Monitoring	15,801	13,156	2,646
Generator Replacements PPs	30,577	12,394	18,182
Fire Protection Sys Upgrade Mark Wilmer	12,630	11,595	1,035

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



2025 Capital Spending Variance Summary

(Dollars in Thousands)

	2nd Quarter 2025				Full Year 2025			
	Actual	Budget	Variance (\$)	Variance (%)	Projection	Total Spending Authority	Variance (\$)	Variance (%)
SUMMARY								
Capital & Cost-Shared Spending								
Salaries and related costs	2,204	1,530	\$ (674)	(44.0%)	4,682	3,112	\$ (1,570)	(50.4%)
Equipment and structures	9,214	15,905	6,691	42.1%	32,975	47,565	14,590	30.7%
Other expenses:								
Outside services	2,090	2,167	78	3.6%	5,189	5,438	249	4.6%
Materials and supplies & other expenses	123	20	(103)	(527.8%)	877	64	(813)	(1270.2%)
Overhead expenses	2,302	1,603	(699)	(43.6%)	4,897	3,260	(1,637)	(50.2%)
Subtotal Other Expenses	4,515	3,790	(725)	(19.1%)	10,963	8,762	(2,201)	(25.1%)
Total Capital	15,933	21,225	\$ 5,292	24.9%	48,619	\$ 59,439	\$ 10,820	18.2%

2025 CAWCD Capital Spending Variance Detail

(Dollars in Thousands)

	2nd Quarter 2025				Full Year 2025				
	Variance					Total	Variance		
Projects	Actual	Budget	(\$)	(%)	Projection	Spending Authority	(\$)	(%)	Notes
CAPITAL EQUIPMENT									
Buildings & Structures	\$ -	\$ -	\$ -	-	\$ -	-	\$ -	-	
Vehicles	388	94	(294)	(313.2%)	723	579	(144)	(24.9%)	
Field & Other Equipment	2,593	185	(2,408)	(1301.6%)	4,116	3,940	(176)	(4.5%)	
Communication Equipment	-	-	-	-	-	-	-	-	
Capital Equipment Total	\$ 2,981	\$ 279	\$ (2,702)	(968.6%)	\$ 4,840	4,519	\$ (321)	(7.1%)	
2025 Budgeted Projects									
Air Compressors Brady, Picacho, Red Rock	\$ 99	\$ 13	\$ (86)	(667.2%)	\$ 1,173	13	\$ (1,160)	(8986.5%)	A
Aqueduct Hydrology Improvement*	1,523	4,487	2,964	66.1%	4,364	9,068	4,704	51.9%	B
Backup Power Systems Replacement at Checks & TO	533	221	(312)	(141.3%)	1,115	221	(894)	(404.4%)	C
Condition Based Monitoring	430	240	(190)	(79.2%)	933	1,246	313	25.2%	
Electromechanical Relay Phase 2	750	1,383	633	45.8%	2,411	2,940	529	18.0%	
Generator Replacements PPs	154	2,072	1,918	92.6%	968	4,165	3,197	76.8%	D
Harcuvar Substation Upgrade	-	-	-	-	-	1,470	1,470	100.0%	E
Isolation Valves Black Mountain/Snyder Hill	16	7	(9)	(124.1%)	772	7	(765)	(10931.9%)	F
Multi Use Buildings Headquarters-Bouse Maintenance Yard	135	525	390	74.3%	1,851	1,767	(83)	(4.7%)	
Network Refresh 2025	230	138	(92)	(67.0%)	275	275	-	0.0%	
Oracle Cloud Infrastructure 2025	460	472	13	2.7%	945	945	(0)	(0.0%)	
Parking Lot Upgrades Headquarters	2,219	1,200	(1,019)	(84.9%)	3,169	1,873	(1,297)	(69.2%)	G
Programmable Logic Controller Replacement Waddell	350	256	(94)	(36.5%)	382	263	(119)	(45.4%)	
Roof Fall Protection Headquarters	119	727	608	83.6%	1,154	737	(417)	(56.5%)	
SCADA Replacement Control Center	993	1,101	108	9.8%	2,458	2,210	(248)	(11.2%)	
SRP-CAP Interconnection Facility*	-	1,091	1,091	100.0%	1,000	5,181	4,181	80.7%	H
TDRP Recovery Wells*	-	2,094	2,094	100.0%	-	10,361	10,361	100.0%	I
Water Education Center*	5,151	4,782	(369)	(7.7%)	19,313	11,357	(7,956)	(70.1%)	J
West Entrance Gate Phase 2 ROW Headquarters	-	-	-	-	563	547	(16)	(2.8%)	
Windows Server Refresh 2025	114	138	23	16.9%	275	275	-	0.0%	
Totals - 2025 Budgeted Projects	\$ 13,276	\$ 20,946	\$ 7,670	36.6%	\$ 43,119	54,921	\$ 11,802	21.5%	

2025 CAWCD Capital Spending Variance Detail (cont.)

(Dollars in Thousands)

	2nd Quarter 2025				Full Year 2025				
			Variance			Total			
	Actual	Budget	(\$)	(%)	Projection	Spending Authority	(\$)	(%)	Notes
Projects Without a Budget in 2025									
Fiber Optic Relocating HDQ	0	-	(0)	-	214	-	(214)	-	
Fire Protection Sys Upgrade Mark Wilmer	514	-	(514)	-	514	-	(514)	-	
Fire Pump Replacement WAD	45	-	(45)	-	45	-	(45)	-	
Heat Exchanger HDQ (Mini Project)	3	-	(3)	-	3	-	(3)	-	
Machine Shop Column Rehab HDQ	-	-	-	-	27	-	(27)	-	
Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain	227	-	(227)	-	381	-	(381)	-	
Pump Casings/Imprvmnts SND/BLK	209	-	(209)	-	583	-	(583)	-	
Potable Water Line TFO	41	-	(41)	-	255	-	(255)	-	
Potable Water System PFO	(326)	-	326	-	(326)	-	326	-	K
Roof Replacement Black Mountain/Snyder Hill	142	-	(142)	-	142	-	(142)	-	
Sump Pump Water Level Controls at all PPs	(1,180)	-	1,180	-	(1,180)	-	1,180	-	K
Switchyard Security Hardening Delaney	1	-	(1)	-	1	-	(1)	-	
Totals - Projects Without a Budget in 2025	\$ (324)	\$ -	\$ 324	0.0%	\$ 660	\$ -	\$ (660)	0.0%	
NET CAPITAL	\$ 15,933	\$ 21,225	\$ 5,292	24.9%	\$ 48,619	59,439	\$ 10,820	18.2%	

- 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 **Aqueduct Hydrology Improvement*:** Project design alternatives are being considered that may result in cost savings, but will require extra time in design/modelling. Overall project is on track, but construction will be in Q1 2026, instead of Q4 2025.
- C **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.
- 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.
- K **Potable Water PFO & Sump Pump Level Controls:** PSC moved to end these projects, which have been delayed through several budget cycles. Prior expenses of \$326k (PFO), and \$1.18M (Sump Pumps) were written off as capital losses.

* 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	Variance (\$)	(%)	Notes
2025 Budgeted Projects								
Air Compressors Brady, Picacho, Red Rock	\$ 869	\$ 1,173	\$ 73	\$ 2,114	\$ 1,359	\$ (756)	(55.6%)	A
Aqueduct Hydrology Improvement*	1,485	4,364	161,538	167,387	153,527	(13,860)	(9.0%)	B
Backup Power Systems Replacement at Checks & TO	11,622	1,115	5,378	18,115	13,223	(4,892)	(37.0%)	C
Condition Based Monitoring	11,901	933	2,968	15,801	13,156	(2,646)	(20.1%)	D
Electromechanical Relay Phase 2	15,460	2,411	27,153	45,024	21,282	(23,742)	(111.6%)	E
Generator Replacements PPs	310	968	29,299	30,577	12,394	(18,182)	(146.7%)	F
Harcuvar Substation Upgrade	400	-	3,358	3,758	3,195	(563)	(17.6%)	
Isolation Valves Black Mountain/Snyder Hill	3,101	772	41	3,914	3,462	(452)	(13.1%)	
Multi Use Buildings Headquarters-Bouse Maintenance Yard	361	1,851	2,812	5,023	2,317	(2,707)	(116.9%)	G
Network Refresh 2025	-	275	-	275	275	-	0.0%	
Oracle Cloud Infrastructure 2025	-	945	-	945	945	-	0.0%	
Parking Lot Upgrades Headquarters	185	3,169	(0)	3,354	2,304	(1,051)	(45.6%)	H
Programmable Logic Controller Replacement Waddell	5,776	382	0	6,159	6,458	299	4.6%	
Roof Fall Protection Headquarters	33	1,154	0	1,187	763	(424)	(55.6%)	
SCADA Replacement Control Center	8,387	2,458	15,119	25,965	20,036	(5,929)	(29.6%)	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	19,313	33,987	55,450	27,121	(28,329)	(104.5%)	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	\$ 43,119	\$ 291,725	\$ 400,397	\$ 321,955	\$ (78,442)	(24.4%)	

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								
Fiber Optic Relocating HDQ	\$ -	\$ 214	\$ -	\$ 214	\$ -	\$ (214)	-	
Fire Protection Sys Upgrade Mark Wilmer	\$ 12,116	\$ 514	\$ (0)	\$ 12,630	\$ 11,595	\$ (1,035)	(8.9%)	
Fire Pump Replacement WAD	1,272	45	0	1,317	502	(815)	(162.3%)	
Heat Exchanger HDQ (Mini Project)	\$ -	\$ 3	\$ -	\$ 3	\$ -	\$ (3)	-	
Machine Shop Column Rehab HDQ	-	27	1,534	1,561	-	(1,561)	-	
Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain	1,581	381	101	2,063	1,428	(635)	(44.5%)	
Pump Casings/Imprvmnts SND/BLK	117	583	5,300	6,000	-	(6,000)	-	
Potable Water Line TFO	2	255	3,074	3,331	-	(3,331)	-	
Potable Water System PFO	326	(326)	(0)	-	-	-	-	
Roof Replacement Black Mountain/Snyder Hill	1,864	142	(0)	2,005	1,036	(970)	(93.6%)	
Sump Pump Water Level Controls at all PPs	1,180	(1,180)	(0)	-	-	-	-	
Switchyard Security Hardening Delaney	663	1	(0)	664	536	(127)	(23.7%)	
Totals - Projects Without a Budget in 2025	\$ 19,121	\$ 660	\$ 10,007	\$ 29,788	\$ 15,097	\$ (14,692)	(97.3%)	
Totals - Budgeted & Unbudgeted	\$ 84,674	\$ 43,780	\$ 301,732	\$ 430,186	\$ 337,052	\$ (93,133)	(27.6%)	

- 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. Project design alternatives are being considered that may result in cost savings, and construction is scheduled to begin in Q1 2026.
- 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.
- 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 other than "Big R"



Strategic Plan Update

Q2 2025

BACKGROUND

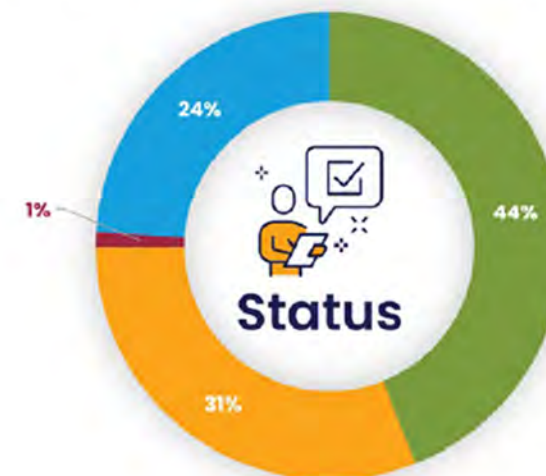
In 2020, the Board adopted the [2022 Board Strategic Plan](#). Facilitated by an external consultant, the 18-month process included several Board retreats, input from employees, and two rounds of stakeholder forums. Implementation of the new plan began with the 2022-23 budget cycle. The Plan provides 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 Q2 2025



- **In Progress:** work is underway
- **Ongoing:** work is continuous
- **Discontinued**
- **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.



CAP staff held a Stakeholder Rate Briefing on May 8, 2025.



CAP staff held a Stakeholder Roundtable on the establishment of a System Improvement Fee on June 12, 2025.



KEY RESULT AREA:

Groundwater Replenishment

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

Strategic Issue: Enhance public outreach and education regarding the importance of water conservation and groundwater replenishment.



At the CAP University session on June 24, 2025, Board Member Rudy Fischer and CAGRD Senior Analyst Chris Brooks presented on CAGRD.





KEY RESULT AREA:

Power

Building a reliable, diversified, and sustainable energy portfolio

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



CAP staff continue to explore options on the transmission market.



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.



For the second consecutive year, CAP's Fleet Maintenance Department received an Honorable Mention in the 2025 NAFA Institute & Expo 100 Best Fleets. Supervisor Joe Kates and Director Phil Rettinger attended the premier industry event that draws more than 2,100 attendees from around the world. They spent three days attending educational sessions, exploring new products and solutions, and participating in conversations about the future of fleet management.



CAP's new remotely operated vehicle (ROV) was deployed, allowing inspection of hard-to-see and submerged areas of CAP's infrastructure with safety and precision.



CAP's GIS team collaborated with the Operational Technology team to create a GIS mobile field application to streamline field inspections as part of the lockout/tagout program, increasing efficiency and communication.



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's water.



On June 14, 2025, CAP sponsored and staff spent the day at the Arizona Science Center Girls in STEM Summer Camp helping to support and lead classes to 70+ girls. The camp focused on CAP, the Colorado River, our infrastructure and water in AZ.

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



On June 17, 2025, President Goddard presented to the El Mirage City Council to provide an update on CAP and the Colorado River.



On May 21, 2025, Secretary Cesare, Board Member Taylor, and CAP staff attended the 2025 WRRRC conference to meet & engage with partners doing important work on the Colorado River.



On May 13, 2025, General Manager Burman hosted Arizona Governor Katie Hobbs on a helicopter tour of the CAP canal Lake Pleasant and Agua Fria Recharge Site. The Governor toured by air prior to hosting a roundtable discussion with stakeholders regarding the importance of CAP and the Colorado River to Arizona.



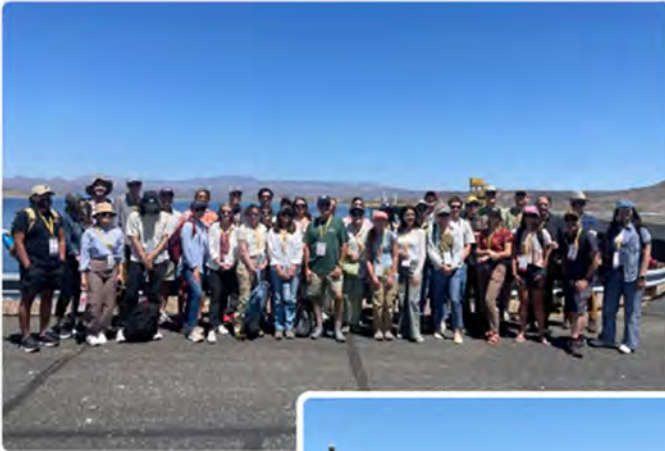
On April 30, 2025, Board Member Aguilar and staff welcomed Hualapai Tribe Chairman Duane Clark and Vice Chairman Ronald Quesada Sr to CAP Headquarters for a briefing and tour.



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 April 24, 2025, 30 members of the Society of Environmental Journalists visited CAP Headquarters for an overview and panel discussion on water, followed by a trip to Lake Pleasant to learn more about Waddell Dam as part of a conference field trip.



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 June 4, 2025, CAP staff joined GIS staff from SRP and Arizona Department of Water Resources for a one-day GIS Forum for analysts, data scientists, and developers from the three organizations to make connections, share stories on how they use GIS to solve business problems, and answer questions for managing Arizona's water resources. This forum was an incredible opportunity to connect with water professionals who work in all areas of GIS, making future collaboration much easier.



On June 17, 2025, General Manager Burman co-chaired the Arizona Reconsultation Committee (ARC) meeting with the Arizona Department of Water Resources and special guest Governor Hobbs.



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's Centralized Learning and Development Department hosted an Academy Shorts program on June 17 and July 8, 2025. This session explored the basics of emotional intelligence, with 16 employees participating in the two sessions after completing pre-work assignments.



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



The CAP Women's Leadership Network held its quarterly meeting on May 7, 2025. Dr. Denise Millstine, assistant professor of medicine at Mayo Clinic, provided an engaging presentation on expanding your reach, and using creativity and passion to stay motivated and evolve in your career. She also discussed her podcast Read. Talk. Grow. where authors and experts discuss books featuring women's health topics.

