



Central Arizona Project

Year-to-Date 3rd 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 third 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 third quarter were \$423 million, \$25 million higher than budget. The full-year total revenue forecast is \$506 million, \$10 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.

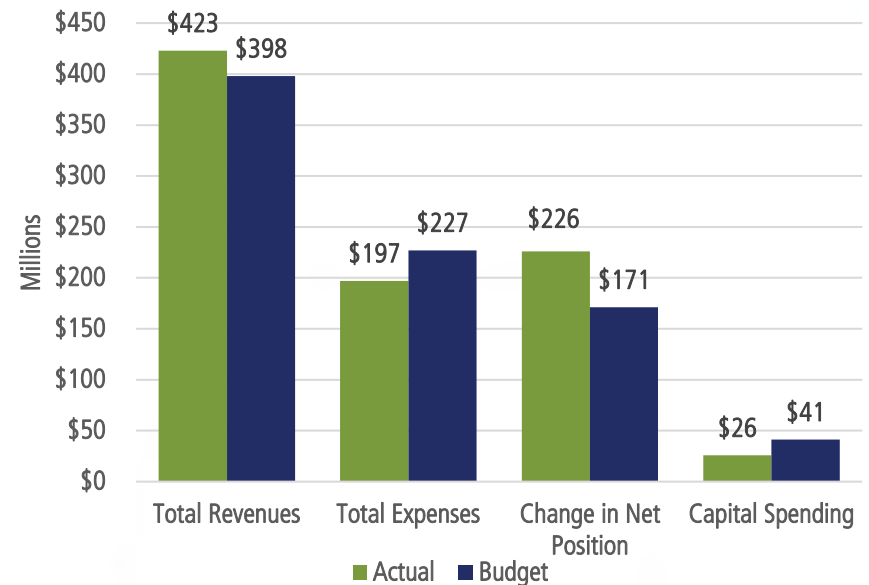
TOTAL EXPENSES: As shown on the graphs to the right, total expenses through the third quarter were \$197 million, \$30 million lower than budget. The full-year total expense forecast is \$286 million, \$38 million lower than budget. The biggest influence on the full-year variance is Energy, which is forecasted \$17 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.

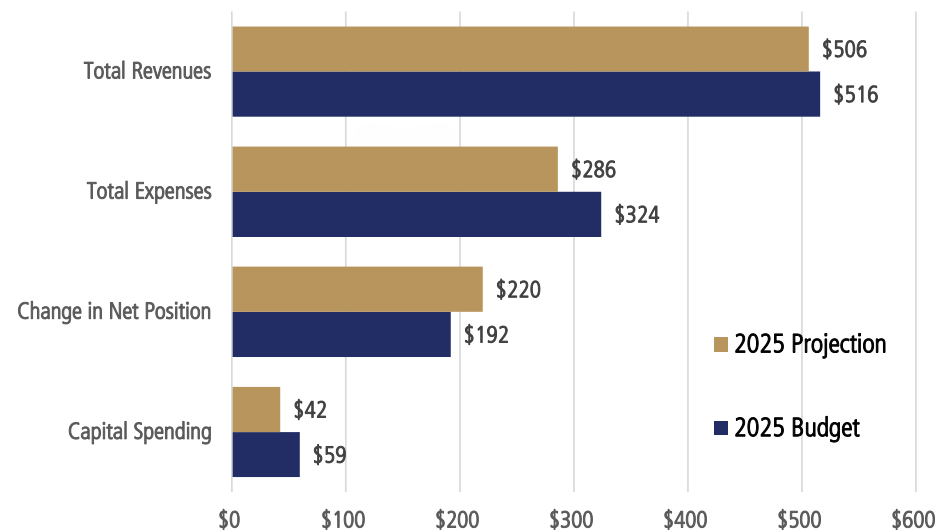
CHANGE IN NET POSITION: The change in net position—which is the difference between revenues and expenses—was \$226 million through the third quarter, \$55 million higher than budget. The full year forecast is \$220 million, \$28 million higher than budget. See Statements of Net Position on page 4 for additional information.

CAPITAL: Capital spending through the third quarter was \$26 million, \$15 million lower than budget. The full-year capital spending forecast is \$42 million, \$17 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.

3rd 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 \$165 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 \$18 million in 2025.

Cash and short term investments are projected to increase \$35 million. Other current assets—which are primarily made up of accounts receivable—are expected to decrease \$13 million. The receivable balance is expected to decrease because the final payment of the NIA Reallocation was 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 \$15 million.

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

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

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

<i>(Dollars in millions)</i>	2024	2025	Change	
Current Assets				
Cash and short term investments	\$ 289	\$ 324	\$ 35	12.1%
Funds held by federal gov't	13	7	(6)	(46.2%)
Water inventory	245	263	18	7.3%
Other current assets	78	65	(13)	(16.7%)
	625	659	34	5.4%
Noncurrent Assets				
Long Term Investments and restricted	606	727	121	20.0%
Restricted assets	131	145	14	10.7%
Agricultural water rights	48	48	-	0.0%
Capital assets - operating, net	346	361	15	4.3%
Capital assets - PSR, net	957	939	(18)	(1.9%)
Other assets	2	1	(1)	(50.0%)
	2,090	2,221	131	6.3%
Deferred Outflows of Resources				
Pension & OPEB valuation and Upfront Payments	16	16	-	0.0%
Total Assets & Deferred Outflows				
	\$ 2,731	\$ 2,896	\$ 165	6.0%

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 \$15 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 \$220 million in 2025.

2025 vs. 2024

(in millions)

	2024	2025	Change	
Current liabilities	201	186	\$ (15)	(7.5%)
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	98	101	3	3.1%
Total noncurrent liabilities	1,056	1,010	(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%
Total liabilities and deferred inflows of resources	1,306	1,250	(56)	(4.3%)
Net position				
Investments in capital assets	409	454	45	11.0%
Restricted, net	115	131	16	13.9%
Unrestricted, net	901	1,060	159	17.6%
Total net position	1,425	1,645	220	15.4%
Total liabilities, deferred inflows of resources, & net position	<u>\$ 2,731</u>	<u>\$ 2,895</u>	<u>\$ 164</u>	6.0%

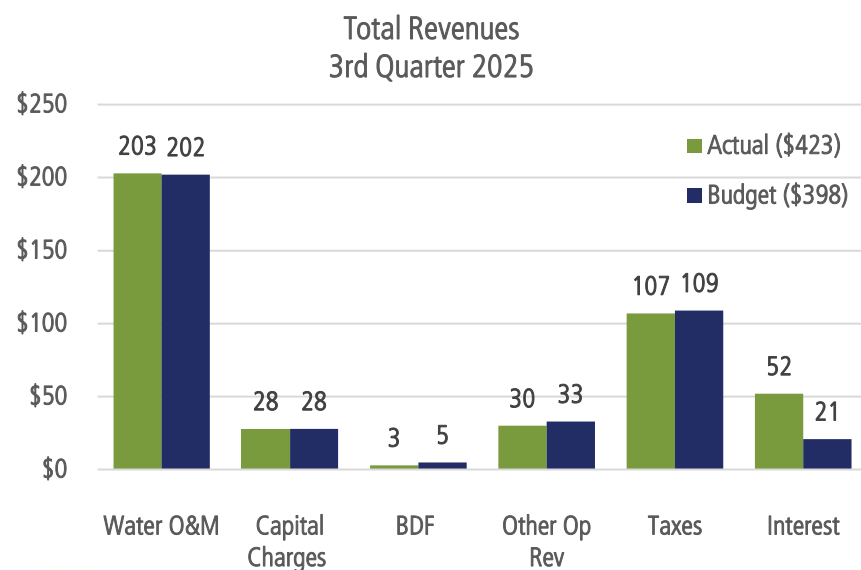
Statements of Revenues, Expenses & Change in Net Position

Net position increased \$226 million through the third quarter, compared to a budgeted increase of \$171 million. Net position is projected to increase by \$220 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

3RD QUARTER 2025 BUDGET PERFORMANCE: Total revenues through the third quarter were \$423 million compared to a budget of \$398 million.

- Interest revenue was \$52 million compared to a budget of \$21 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 \$506 million, \$10 million higher than budget.

Operating Revenues are projected to be \$42 million lower than budget.

- Water O&M charges are projected to be \$33 million lower than budget because of a difference in the "Big R" budgeted rate versus the published rate, and lower energy costs.
- Other operating revenues are projected to be \$9 million lower than budget, primarily because CAGR fee revenues are projected to be \$8 million lower than budget primarily because of lower obligations than expected.
- All other operating revenue categories are projected to be at or near budget.

Nonoperating Revenues are expected to be \$32 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	\$ 226	\$ 259	\$ (33)	(12.7%)
Water service capital charges	37	37	-	0.0%
BDF revenues	7	7	-	0.0%
Other revenues	66	75	(9)	(12.0%)
	<u>336</u>	<u>378</u>	<u>(42)</u>	<u>(11.1%)</u>
Nonoperating Revenues				
Property taxes	107	109	(2)	(1.8%)
Interest income & other	63	29	34	117.2%
	<u>170</u>	<u>138</u>	<u>32</u>	<u>23.2%</u>
Total Revenues	\$ 506	\$ 516	\$ (10)	(1.9%)

TOTAL EXPENSES

3RD QUARTER 2025 BUDGET PERFORMANCE: Total expenses through the third quarter were \$197 million, \$30 million lower than budget.

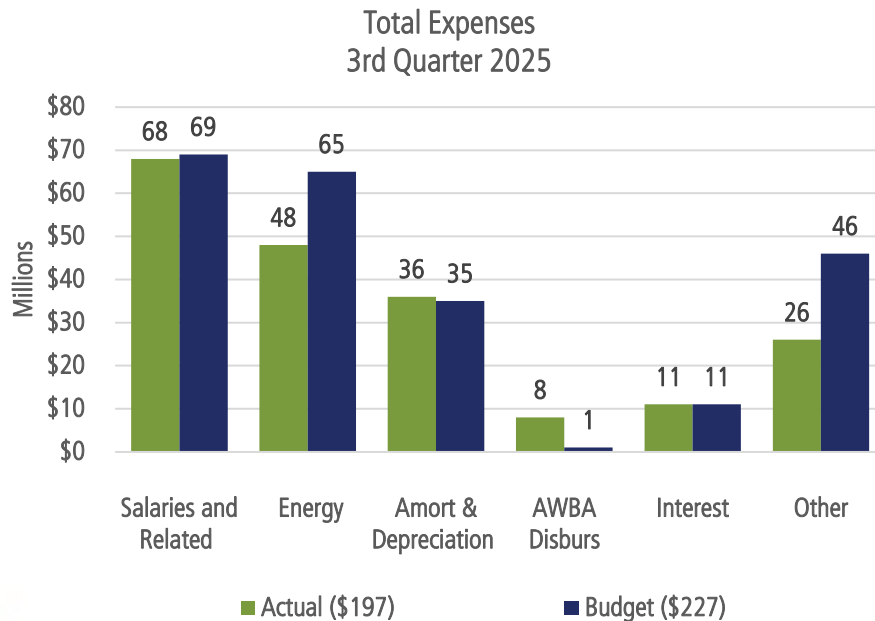
- Energy charges were \$17 million lower than budget, primarily because natural gas prices were lower than anticipated.
- Other expenses were \$20 million lower than budget, primarily because of lower-than-expected conservation program costs and lower recovery expenses.
- AWBA Disbursements were \$7 million higher than budget because of the purchase of long-term storage credits by the Water Bank which was not anticipated when the budget was created. The CAWCD Board approved this transfer, which authorized additional spending authority.
- All other expense categories were at or near budget.

FULL-YEAR 2025 BUDGET PERFORMANCE: At year end, total expenses are projected to be \$286 million, \$38 million lower than budget.

Operating Expenses are projected to be \$37 million lower than budget.

- Energy expenses are projected to end the year \$17 million lower than budget because natural gas prices are lower than anticipated and shaping opportunities.
- Other expenses are projected to be \$20 million lower than budget, primarily because:
 - CAGR Water for Underground Storage is expected to be \$1 million lower than budget because of less obligation than expected.
 - Outside services are expected to be \$17 million lower than budget because of lower-than-expected conservation program expenses.
 - Transmission expenses are expected to be lower by \$2 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		63		80		17	21.3%
Amortization and depreciation		47		47		-	0.0%
Other		60		80		20	25.0%
		263		300		37	12.3%
Nonoperating Expenses							
AWBA Disbursements		8		9		1	11.1%
Interest Expense		15		15		-	0.0%
		23		24		1	4.2%
Total Expenses	\$	286	\$	324	\$	38	11.7%



Statement of Revenues, Expenses and Change in Net Position

All Funds/Accounts

(Dollars in Thousands)

	YTD - 3rd Quarter 2025				Full Year 2025					
	Actual	Budget	Variance		Forecast	Budget	Additional Spending Authority	Total Spending Authority	Variance	
			(\$)	(%)					(\$)	(%)
Operating Revenues										
Water O&M charges	\$ 203,145	\$ 202,092	\$ 1,053	0.5%	\$ 225,827	\$ 258,676	\$ -	\$ 258,676	\$ (32,849)	(12.7%)
Water service capital charges	28,021	28,126	(105)	(0.4%)	37,056	37,196	-	37,196	(140)	(0.4%)
Basin Development Fund revenues	3,428	4,955	(1,527)	(30.8%)	6,953	6,725	-	6,725	228	3.4%
Other revenues	29,490	32,362	(2,872)	(8.9%)	66,365	74,902	-	74,902	(8,537)	(11.4%)
Total Operating Revenues	\$ 264,084	\$ 267,535	\$ (3,451)	(1.3%)	\$ 336,201	\$ 377,499	\$ -	\$ 377,499	\$ (41,298)	(10.9%)
Operating Expenses										
Salaries and related costs	\$ (67,955)	\$ (69,360)	\$ 1,405	2.0%	\$ (92,525)	\$ (92,985)	\$ -	\$ (92,985)	\$ 460	0.5%
Energy	(48,119)	(65,399)	17,280	26.4%	(63,175)	(80,370)	-	(80,370)	17,195	21.4%
Transmission	(9,010)	(10,022)	1,012	10.1%	(11,834)	(13,395)	-	(13,395)	1,561	11.7%
Amortization	(13,594)	(13,594)	0	0.0%	(18,125)	(18,126)	-	(18,126)	1	0.0%
Depreciation	(21,578)	(20,930)	(648)	(3.1%)	(29,223)	(28,483)	-	(28,483)	(740)	(2.6%)
Other Operating Costs:										
Outside services	(16,801)	(32,134)	15,333	47.7%	(29,405)	(46,180)	-	(46,180)	16,775	36.3%
Materials and supplies	(7,985)	(7,164)	(821)	(11.5%)	(10,496)	(9,626)	-	(9,626)	(870)	(9.0%)
Water for underground storage	15,240	13,340	1,900	14.2%	(592)	(2,553)	-	(2,553)	1,961	76.8%
Overhead	3,386	2,480	906	36.5%	4,765	3,261	-	3,261	1,504	46.1%
Other expenses	(11,729)	(12,293)	564	4.6%	(12,922)	(11,471)	-	(11,471)	(1,451)	(12.6%)
Subtotal other costs	(17,889)	(35,771)	17,882	50.0%	(48,650)	(66,569)	-	(66,569)	17,919	26.9%
Total Operating Expenses	(178,145)	(215,076)	36,931	17.2%	(263,532)	(299,928)	-	(299,928)	36,396	12.1%
Operating Income/(Loss)	\$ 85,939	\$ 52,459	\$ 33,480	63.8%	\$ 72,669	\$ 77,571	\$ -	\$ 77,571	\$ (4,902)	(6.3%)
Nonoperating Revenues/(Expenses)										
Property taxes	\$ 106,886	\$ 109,180	\$ (2,294)	(2.1%)	\$ 106,886	\$ 109,181	\$ -	\$ 109,181	\$ (2,295)	(2.1%)
Interest income and other	52,353	21,363	30,990	145.1%	63,130	28,636	-	28,636	34,494	120.5%
Disbursements to AWBA	(8,029)	(546)	(7,483)	(1,370.5%)	(8,131)	(732)	(7,913)	(8,645)	514	5.9%
Interest expense and other	(10,729)	(10,989)	260	2.4%	(14,726)	(14,727)	-	(14,727)	1	0.0%
Total Nonoperating Revenues/(Expenses)	140,481	119,008	21,473	18.0%	147,159	122,358	(7,913)	114,445	32,714	28.6%
Change in Net Position	226,420	171,467	54,953	32.0%	219,828	199,929	(7,913)	192,016	27,812	14.5%
Net position at beginning of period	1,424,817	1,365,049	59,768	4.4%	1,424,817	1,365,049	-	1,365,049	59,768	4.4%
Net position at end of period	\$ 1,651,237	\$ 1,536,516	\$ 114,721	7.5%	\$ 1,644,645	\$ 1,564,978	\$ (7,913)	\$ 1,557,065	\$ 87,580	5.6%

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

(Dollars in Thousands)

	YTD - 3rd Quarter 2025	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance Fund
Operating Revenues						
Water O&M charges	\$ 203,145	\$ (13,871)	\$ 217,016	\$ -	\$ -	\$ -
Water service capital charges	28,021	(997)	29,018	-	-	-
Basin Development Fund Revenues	3,428	-	3,428	-	-	-
Other revenues	29,490	(8,121)	1,687	-	26,186	9,738
Total Operating Revenues	264,084	(22,989)	251,149	-	26,186	9,738
Operating Expenses						
Salaries and related costs	(67,955)	-	(66,900)	-	(1,055)	-
Energy	(48,119)	-	(48,119)	-	-	-
Transmission	(9,010)	-	(9,010)	-	-	-
Amortization	(13,594)	-	(13,594)	-	-	-
Depreciation	(21,578)	-	(21,532)	-	(46)	-
Other operating costs:						
Outside services	(16,801)	-	(15,609)	-	(1,021)	(171)
Materials and supplies	(7,985)	-	(7,985)	-	-	-
Water for recharge	15,240	15,240	-	-	-	-
Overhead	3,386	-	4,470	-	(1,084)	-
Other expenses	(11,729)	7,749	(10,536)	-	(176)	(8,766)
Subtotal other costs	(17,889)	22,989	(29,660)	-	(2,281)	(8,937)
Total Operating Expenses	(178,145)	22,989	(188,815)	-	(3,382)	(8,937)
Operating Income/(Loss)	85,939	-	62,334	-	22,804	801
Nonoperating Revenues/(Expenses)						
Property taxes	106,886	-	106,886	-	-	-
Interest income and other	52,353	-	46,474	572	4,850	457
Disbursements to AWBA	(8,029)	-	(8,029)	-	-	-
Interest expense and other	(10,729)	-	(10,729)	-	-	-
Total Nonoperating Revenues/(Expenses)	140,481	-	134,602	572	4,850	457
Change in Net Position	226,420	-	196,936	572	27,654	1,258
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	\$ 1,651,237	\$ (2,350)	\$ 1,232,061	\$ 10,085	\$ 394,660	\$ 16,781

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

(Dollars in Thousands)

	Full Year 2025	Elimination	General Fund	Supplemental Water	CAGR Account	Captive Insurance Fund
Operating Revenues						
Water O&M charges	\$ 225,827	\$ (13,131)	238,958	\$ -	\$ -	\$ -
Water service capital charges	37,056	(1,341)	38,397	-	-	-
Basin Development Fund Revenues	6,953	-	6,953	-	-	-
Other revenues	66,365	(13,445)	2,117	-	64,620	13,073
Total Operating Revenues	336,201	(27,917)	286,425	-	64,620	13,073
Operating Expenses						
Salaries and related costs	(92,525)	-	(91,108)	-	(1,417)	-
Energy	(63,175)	-	(63,175)	-	-	-
Transmission	(11,834)	-	(11,834)	-	-	-
Amortization	(18,125)	-	(18,125)	-	-	-
Depreciation	(29,223)	-	(29,162)	-	(61)	-
Other operating costs:						
Outside services	(29,405)	-	(27,529)	-	(1,652)	(224)
Materials and supplies	(10,496)	-	(10,495)	-	(1)	-
Water for recharge	(592)	14,844	-	-	(15,436)	-
Overhead	4,765	-	6,228	-	(1,463)	-
Other expenses	(12,922)	13,073	(13,462)	-	(193)	(12,340)
Subtotal other costs	(48,650)	27,917	(45,258)	-	(18,745)	(12,564)
Total Operating Expenses	(263,532)	27,917	(258,662)	-	(20,223)	(12,564)
Operating Income/(Loss)	72,669	-	27,763	-	44,397	509
Nonoperating Revenues/(Expenses)						
Property taxes	106,886	-	106,886	-	-	-
Interest income and other	63,130	-	55,843	668	6,012	607
Disbursements to AWBA	(8,131)	-	(8,131)	-	-	-
Interest expense and other	(14,726)	-	(14,651)	-	(75)	-
Total Nonoperating Revenues/(Expenses)	147,159	-	139,947	668	5,937	607
Change in Net Position	219,828	-	167,710	668	50,334	1,116
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	\$ 1,644,645	\$ (2,350)	1,202,835	\$ 10,181	\$ 417,340	\$ 16,639

Statement of Net Position

(Dollars in Thousands)

	2024	As of 09/30/2025	As of 12/31/2025
ASSETS			
Current Assets			
Cash	\$ 19,429	\$ 20,557	\$ 20,886
Short Term Investments	269,147	295,404	302,789
Total cash and cash equivalents	288,576	315,961	323,675
Receivables			
Due from water customers	3,585	(4,160)	1,261
Due from property taxes, less allowance for doubtful accounts	49,608	107,469	51,707
Other Receivables	22,085	9,818	8,525
Water inventory	245,447	253,360	263,136
Funds held by federal government	12,852	3,487	7,078
Other assets	3,165	20,728	3,373
Total Current Assets	625,318	706,663	658,755
Noncurrent Assets			
Long Term Investments	605,453	661,700	726,583
Restricted assets	131,134	137,037	145,068
Agriculture water rights	47,663	47,663	47,663
Capital assets, less accumulated depreciation	346,497	350,598	361,410
Permanent service right, less accumulated amortization	956,927	943,333	938,802
Other assets	1,839	1,840	1,768
Total Noncurrent Assets	2,089,513	2,142,171	2,221,294
TOTAL ASSETS	2,714,831	2,848,834	2,880,049
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	\$ 2,865,148	\$ 2,896,329

Statement of Net Position

(Dollars in Thousands)

	2024	As of 09/30/2025	As of 12/31/2025
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 83,308	\$ 31,106	\$ 78,419
Accrued payroll, payroll taxes and other accrued expenses	5,387	3,328	4,856
Water operations, capital charges, and unearned revenue	47,794	59,318	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	11,006	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	153,764	186,322
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	30,042
Non-Indian agricultural 9(d) debt	88,689	88,689	88,689
Asset retirement obligation due after one year	21,870	-	19,429
Other non-current liabilities	98,646	120,717	101,804
Subtotal Noncurrent Liabilities	1,055,645	1,010,686	1,010,971
Total Liabilities	1,256,920	1,164,450	1,197,293
DEFERRED INFLOWS OF RESOURCES			
Customer Deposits	36,357	36,358	41,288
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	54,391
NET POSITION			
Net investment in capital assets	408,266	443,848	454,234
Restricted	115,268	126,031	130,706
Unrestricted	901,283	1,081,358	1,059,705
Total Net Position	1,424,817	1,651,237	1,644,645
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,731,197	\$ 2,865,148	\$ 2,896,329

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	\$ 323,675	\$ -	\$ 223,348	\$ -	\$ 82,703	\$ 17,624
Receivables	61,493	(7,353)	56,812	-	12,034	-
Water inventory	263,136	-	21,992	-	241,144	-
Funds held by / advanced to federal government	7,078		7,078			
Other	3,373	(913)	1,751	-	2,385	150
Total Current Assets	658,755	(8,266)	310,981	-	338,266	17,774
Noncurrent Assets						
Long Term Investments and restricted assets	871,651	(2,350)	792,319	10,181	69,251	2,250
Agriculture water rights	47,663	-	47,663	-	-	-
Capital assets, less accumulated depreciation	361,410	-	336,172	-	25,238	-
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	2,221,294	(2,350)	2,116,724	10,181	94,489	2,250
TOTAL ASSETS	2,880,049	(10,616)	2,427,705	10,181	432,755	20,024
DEFERRED OUTFLOWS OF RESOURCES	16,280	-	16,280	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 2,896,329	\$ (10,616)	\$ 2,443,985	\$ 10,181	\$ 432,755	\$ 20,024

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	\$ 83,275	\$ (7,508)	\$ 74,868	\$ -	\$ 12,530	\$ 3,385
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	186,322	(8,266)	178,673	-	12,530	3,385
Noncurrent Liabilities						
Asset retirement obligation due after one year	19,429		19,429			
Repayment obligation, due after one year	771,007	-	771,007	-	-	-
Contract revenue bonds, due after one year, net	30,042	-	30,042	-	-	-
Non-Indian agricultural 9(d) debt	88,689	-	88,689	-	-	-
Other noncurrent liabilities	101,804	-	98,919	-	2,885	-
Total Noncurrent Liabilities	1,010,971	-	1,008,086	-	2,885	-
Total Liabilities	1,197,293	(8,266)	1,186,759	-	15,415	3,385
DEFERRED INFLOWS OF RESOURCES						
Customer Deposits and Upfront Payments	41,288	-	41,288	-	-	-
Deferred Inflow OPEB	7,490		7,490			
Pension Valuation	5,613	-	5,613	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	54,391	-	54,391	-	-	-
NET POSITION						
Net Investment in capital assets	454,234	-	428,996	-	25,238	-
Restricted	130,706	-	73,779	10,181	44,496	2,250
Unrestricted	1,059,705	(2,350)	700,060	-	347,606	14,389
TOTAL NET POSITION	1,644,645	(2,350)	1,202,835	10,181	417,340	16,639
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 2,896,329	\$ (10,616)	\$ 2,443,985	\$ 10,181	\$ 432,755	\$ 20,024

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	\$ 183,653	\$ 22,782	\$ 4,787	\$ 75	\$ 224	\$ 42,495
Variance (\$) Fav/(Unfav)	\$ 15,995	\$ 515	\$ 108	\$ -	\$ 36	\$ 16,944
Variance (%)	8.0%	2.2%	2.2%	0.0%	13.8%	28.5%

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	2,399	2,785	(386)	A
Hoover 4.5 mil Surcharge	2,847	2,884	2,056	828	B
Parker-Davis	2,673	2,555	1,854	701	B
Net CAP Transmission Revenues (including line losses)	2,085	(2,076)	(695)	(1,381)	C
Land-related Revenues:		-			
Land Use	524	772	725	47	
Land Sales	-	419	-	419	D
Interest on Deposits	353	125	150	(25)	
Total Credits Toward Repayment	\$ 12,852	\$ 7,078	\$ 6,875	\$ 203	
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)	\$ (49,339)	\$ (49,542)	\$ 203	
CAP NGS Energy & Navajo Transmission Reconciliation	\$ (659)	\$ -	\$ -	\$ -	
Net Funds Due to/from Federal Government	\$ (45,640)	\$ (49,339)	\$ (49,542)	\$ 203	

Notes:

- A Energy sales lower than anticipated
- B Hoover and Parker-Davis surcharge revenues over budget due to higher than projected kilowatt hour usage
- C Negative variance due to WAPA's billing for "CAP Transmission O&M" greatly exceeding their stated budget
- D Positive variance is a result of an unexpected land sale

Staffing - Average Full Time Equivalent (FTE)

	3rd 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	20.8	21.0	0.2	1.0%	
Supply Chain & Facilities	26.2	26.6	27.0	0.4	1.5%	
Total Finance and Administration	46.4	47.4	48.0	0.6	1.2%	
Technology & Governance						
Analytics	9.0	9.0	9.0	-	0.0%	
Information Technology	27.6	27.5	29.0	1.5	5.2%	
Enterprise Security	10.4	11.3	12.0	0.7	5.8%	
Total Technology & Governance	47.0	47.8	50.0	2.2	4.4%	
Employee Services						
Cent Learning & Development	6.0	6.3	6.0	(0.3)	(5.0%)	
Environment, Health & Safety	11.0	11.0	11.0	-	0.0%	
Human Resources	7.2	7.5	7.5	-	0.0%	
Total Employee Services	24.2	24.8	24.5	(0.3)	(1.2%)	
<i>AGM - Water Policy Group</i>						
Water Policy						
CAGRD	8.0	8.2	9.0	0.8	9.2%	
Water Policy	9.0	9.0	10.0	1.0	10.0%	
Total Water Policy	17.0	17.2	19.0	1.8	9.6%	
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	67.1	65.4	71.0	5.6	7.9%	
Maintenance Control	43.1	42.6	43.0	0.4	0.9%	
Total Centralized Maint & Reliability	110.2	108.0	114.0	6.0	5.3%	
Field Maintenance						
Operational Technology	35.4	35.9	38.0	2.1	5.5%	
South Area Maintenance	44.6	44.7	45.0	0.3	0.7%	
West Area Maintenance	44.8	44.9	46.0	1.1	2.4%	
Total Field Maintenance	124.8	125.5	129.0	3.5	2.7%	
Operations and Engineering						
Engineering	66.2	66.1	65.0	(1.1)	(1.7%)	
Power Program Admin	2.0	2.0	2.0	-	0.0%	
Water Operations	23.2	23.3	23.0	(0.3)	(1.3%)	
Total Operations and Engineering	91.4	91.4	90.0	(1.4)	(1.6%)	
Vacancy/Salary Savings Equivalent	-	(1.1)	(15.0)	(13.9)	92.7%	
Total FTE	494.4	494.7	495.5	0.8	0.2%	

General Fund

The General Fund ended the third quarter with a net position increase of \$196.9 million compared to a budgeted increase of \$143.2 million. The General Fund is projected to end the year with a net position increase of \$167.7 million.

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

GENERAL FUND

Budget Performance - 3rd Quarter 2025

<i>(Dollars in thousands)</i>	Actual	Budget	Variance	
Revenues	\$ 404,509	\$ 376,947	\$ 27,562	7.3%
Expenses	(207,573)	(233,728)	26,155	11.2%
Change in Net Position	196,936	143,219	53,717	
Beginning Net Position	1,035,125	1,012,196	22,929	
Ending Net Position	\$ 1,232,061	\$ 1,155,415	\$ 76,646	

GENERAL FUND

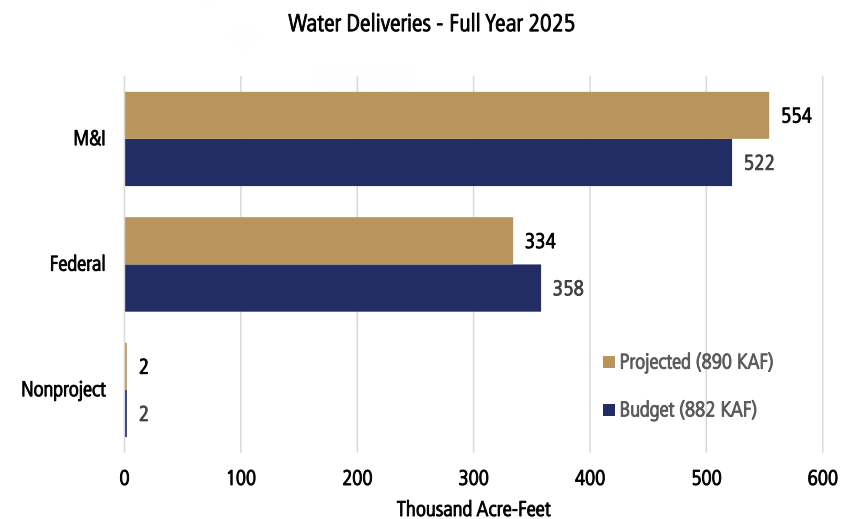
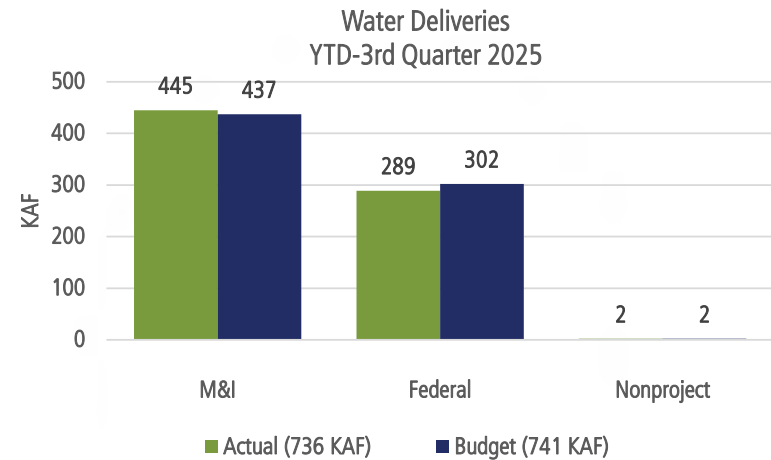
Budget Performance - Full Year 2025

<i>(Dollars in thousands)</i>	Projected	Budget	Variance	
Revenues	\$ 449,154	\$ 458,258	\$ (9,104)	(2.0%)
Expenses	(281,444)	(316,710)	\$ 35,266	11.1%
Change in Net Position	167,710	141,548	\$ 26,162	
Beginning Net Position	1,035,125	1,012,196	\$ 22,929	
Ending Net Position	\$ 1,202,835	\$ 1,153,744	\$ 49,091	

Water Deliveries

Through the third quarter, total water deliveries were 736 KAF, 5 KAF higher than budget. The full-year total water delivery forecast is 890 KAF, 8 KAF higher than budget.

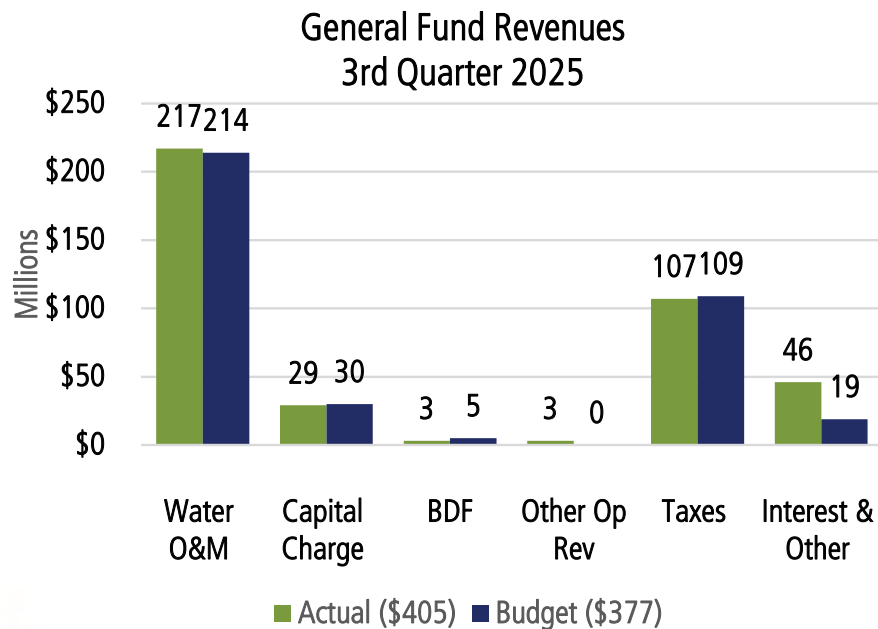
The higher delivery volume is due to a change in conservation agreements between both M&I and Federal deliveries.



General Fund Revenues

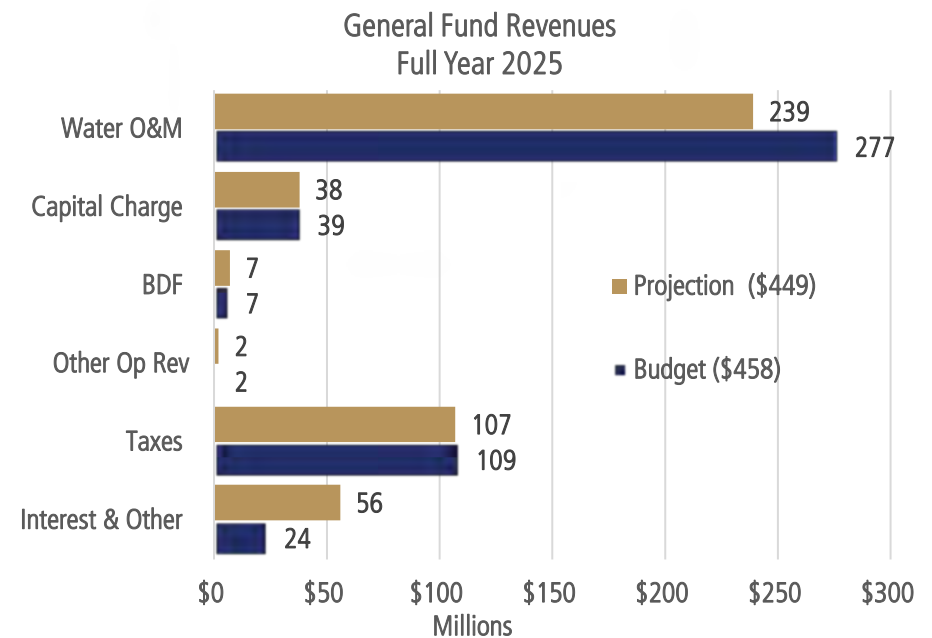
3RD QUARTER 2025 BUDGET PERFORMANCE: Through the third quarter of 2025, total General Fund revenues were \$405 million, \$28 million higher than budget.

- Water O&M revenues were \$3 million higher than budget because of revised conservation agreements.
- BDF Revenues were \$2 million under budget due to a reconciliation of CAP Transmission O&M expenses.
- Interest & other revenues were \$27 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 \$449 million, \$9 million lower than the full-year budget of \$458 million. The key factors contributing to the variance are:

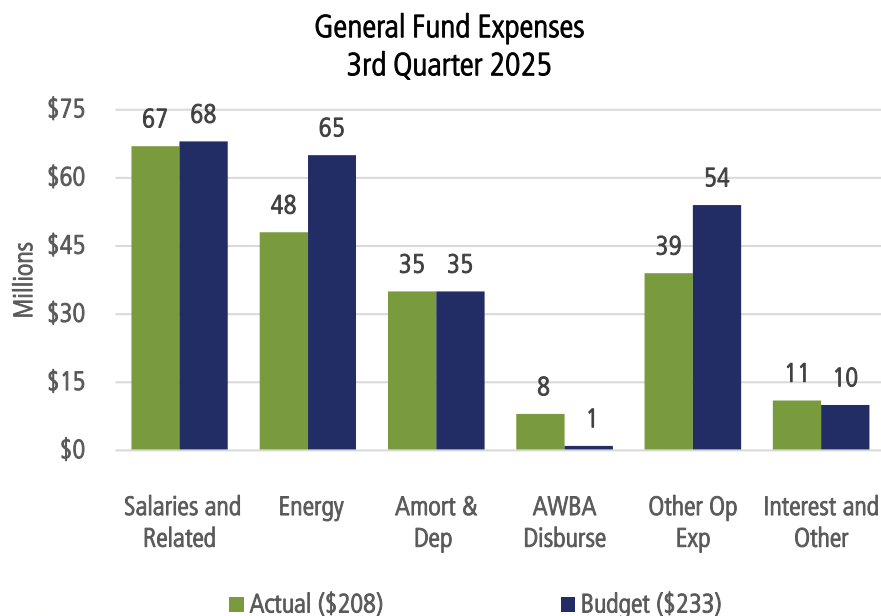
- Water O&M revenues are projected to be \$38 million lower than budget because of system conservation programs that were not in place when the budget prepared and lower energy costs.
- Interest & other revenues are projected to be \$32 million higher than budget due to favorable fair value adjustment.
- All other General Fund operating and nonoperating revenue categories are expected to be at or near budget.



General Fund Expenses

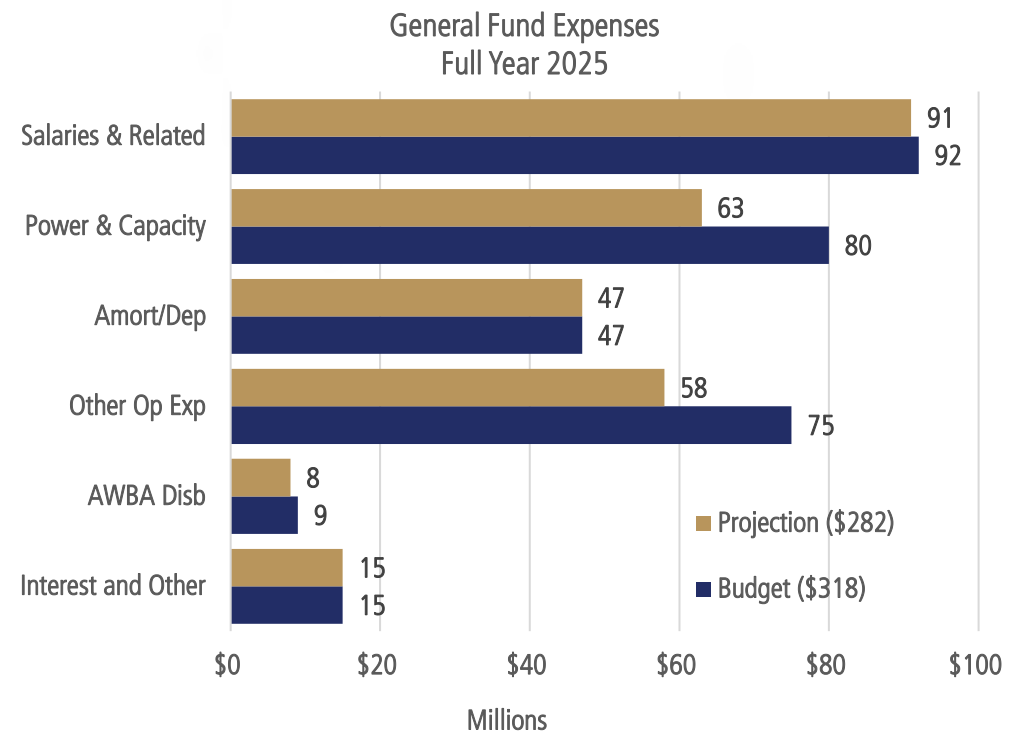
3RD QUARTER BUDGET PERFORMANCE: Through the third quarter of 2025, total General Fund expenses were \$208 million, \$25 million lower than budget. Key factors contributing to the variance were:

- Energy expenses were \$17 million lower than budget, because natural gas prices were lower than expected.
- Other expenses were \$15 million lower than budget, primarily because of lower-than-expected conservation program expenses.
- AWBA Disbursements were \$7 million higher than budget because the Water Bank purchased long-term storage credits that were not anticipated 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 \$282 million, \$36 million lower than budget.

- Energy expenses are expected to end the year \$17 million lower than budget because natural gas prices were lower than expected and shaping opportunities.
- Other operating expenses are projected to be \$17 million lower than budget, primarily because outside services are expected to be \$17 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 the Extraordinary Cost Reserve (ECR) are projected to be at target at year-end. Working capital will exceed target by \$10 million.

Board Established Targets

(Dollars in Millions)

Strategic Reserves

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

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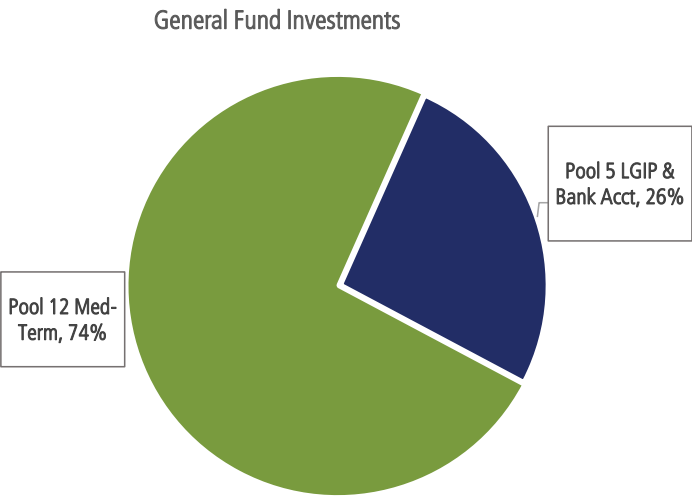
General Fund Cash and Investments

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

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

The average investment yields for funds invested with the State Treasurer through September 2025 was 3.89% for pool 12 and 4.28% for pool 5.

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



As shown on the following table, the District maintains several reserves to meet specific purposes:

	Market Value as of	
(Dollars in millions)	9/30/25	12/31/24
Strategic Reserves		
Assigned Reserves		
Capital Reserve	75	72
Operating Reserve	87	84
Contingency Reserve	8	8
Total Strategic Reserves	170	164
Working Capital	\$ 108	\$ 92
Extraordinary Cost Reserves	\$ 473	\$ 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	39	36
Bond Reserve	7	7
9(d) Debt Reserve	29	27
Recovery Reserve	6	6
Recharge O & M	9	9
Total Other Reserves	160	153
Total Reserves	\$ 911	\$ 831

Statement of Revenues, Expenses and Change in Net Position

General Fund

(Dollars in Thousands)

	YTD - 3rd Quarter 2025				Full Year 2025						Notes
	Actual	Budget	Variance		Forecast	Budget	Additional Spending	Total Spending Authority	Variance		
			(\$)	(%)					(\$)	(%)	
Water Deliveries (acre-feet in thousands)	736	741	(5)	(0.7%)	890	882	-	882	8	0.9%	A
Operating Revenues											
Water O&M charges	217,016	\$ 214,037	2,979	1.4%	238,958	\$ 277,233	\$ -	\$ 277,233	\$ (38,275)	(13.8%)	A
Water service capital charges	29,018	29,521	(503)	(1.7%)	38,397	39,362	-	39,362	(965)	(2.5%)	B
Basin Development Fund Revenues	3,428	4,955	(1,527)	(30.8%)	6,953	6,725	-	6,725	228	3.4%	C
Other revenues	1,687	1,215	472	38.8%	2,117	1,553	-	1,553	564	36.3%	D
Total Operating Revenues	251,149	249,728	1,421	0.6%	286,425	324,873	-	324,873	(38,448)	(11.8%)	
Operating Expenses											
Salaries and related costs	(66,900)	(68,272)	1,372	2.0%	(91,108)	(91,534)	-	(91,534)	426	0.5%	
Energy	(48,119)	(65,399)	17,280	26.4%	(63,175)	(80,370)	-	(80,370)	17,195	21.4%	E
Transmission	(9,010)	(10,022)	1,012	10.1%	(11,834)	(13,395)	-	(13,395)	1,561	11.7%	F
Amortization of Permanent Service Right	(13,594)	(13,594)	-	0.0%	(18,125)	(18,125)	-	(18,125)	-	0.0%	
Depreciation and Amortization	(21,532)	(20,884)	(648)	(3.1%)	(29,162)	(28,422)	-	(28,422)	(740)	(2.6%)	G
Other operating costs:											
Outside services	(15,609)	(30,650)	15,041	49.1%	(27,529)	(44,246)	-	(44,246)	16,717	37.8%	H
Materials and supplies	(7,985)	(7,164)	(821)	(11.5%)	(10,495)	(9,626)	-	(9,626)	(869)	(9.0%)	
Overhead	4,470	3,620	850	23.5%	6,228	4,781	-	4,781	1,447	30.3%	
Other expenses	(10,536)	(9,828)	(708)	(7.2%)	(13,462)	(12,476)	-	(12,476)	(986)	(7.9%)	
Total other operating expenses	(29,660)	(44,022)	14,362	32.6%	(45,258)	(61,567)	-	(61,567)	16,309	26.5%	
Total Operating Expenses	(188,815)	(222,193)	33,378	15.0%	(258,662)	(293,413)	-	(293,413)	34,751	11.8%	
Operating Income/(Loss)	62,334	27,535	34,799	126.4%	27,763	31,460	-	31,460	(3,697)	(11.8%)	
Nonoperating Revenues/(Expenses)											
Property taxes	106,886	109,180	(2,294)	(2.1%)	106,886	109,181		109,181	(2,295)	(2.1%)	
Interest income and other	46,474	18,039	28,435	157.6%	55,843	24,204	-	24,204	31,639	130.7%	I
Disbursements to AWBA	(8,029)	(546)	(7,483)	(1370.5%)	(8,131)	(732)	(7,913)	(8,645)	514	5.9%	J
Interest expense and other	(10,729)	(10,989)	260	2.4%	(14,651)	(14,652)	-	(14,652)	1	0.0%	
Net Nonoperating Income/(Loss)	134,602	115,684	18,918	16.4%	139,947	118,001	(7,913)	110,088	29,859	27.1%	
Change in Net Position	196,936	143,219	53,717	37.5%	167,710	149,461	(7,913)	141,548	26,162	18.5%	
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	1,232,061	\$ 1,155,415	\$ 76,646	6.6%	1,202,835	\$ 1,161,657	\$ (7,913)	\$ 1,153,744	\$ 49,091	4.3%	

Statement of Revenues, Expenses and Change in Net Position

General Fund

Notes

- A **Water O&M Revenues:** Water deliveries are forecasted to be slightly higher than budget due to adjustments to system conservation agreements. Energy costs are forecast lower than budget, which results in lower water delivery revenues.
- B **Water Service Capital Charges:** Forecast is lower than budget because CAGR D intends to purchase fewer LTSC following updated legislative guidance regarding replenishment reserve targets. Additionally, an adjustment to a water delivery schedule was requested by USBR which resulted in a customer refund.
- C **Basin Development Fund Revenues:** Q3 BDF revenues are under budget as the government shutdown delayed posting of September amounts until Q4; additionally, WAPA's charges for "CAP Transmission O&M" are well above the budgeted amount. FY revenue is projected to moderately exceed budget.
- D **Other Revenues:** Other revenues are \$0.6 million higher than budget, primarily because of higher recharge revenues and renewable energy credits than budgeted.
- E **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.
- F **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.
- G **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.
- H **Outside Services:** Full-year expenses are \$17 million lower than budget, mostly because some conservation programs were ultimately federally funded; generally lower-than-expected conservation program costs.
- I **Interest Income and Other:** Full-year actual higher than budget because of a favorable fair value adjustment
- J **Disbursements to AWBA:** Includes transfer of \$6.3M LTSC purchases in Phoenix AMA and \$1.5 million transfer in Tucson AMA.

Water Volumes

(in Acre-Feet)

	YTD - 3rd Quarter 2025				Full Year 2025				
	Actual	Budget	Variance		Forecast	Budget	Variance		Notes
			(A/F)	(%)			(A/F)	(%)	
PROJECT WATER DELIVERIES			-				-		
Municipal & Industrial Water Subcontract	444,869	436,598	8,271	1.9%	554,310	522,674	31,636	6.1%	
Federal Contract	288,798	302,029	(13,231)	(4.4%)	333,783	357,639	(23,856)	(6.7%)	
Subtotal Project Water Deliveries	733,667	738,627	(4,960)	(0.7%)	888,093	880,313	7,780	0.9%	A
NONPROJECT WATER DELIVERIES									
Firming - Federal	1,040	1,040	-	0.0%	1,040	1,040	-	0.0%	
Firming - CAWCD	-	-	-	-	-	-	-	-	
Other Wheeled Water-Federal	943	943	-	0.0%	943	943	-	0.0%	
Other Wheeled Water - CAWCD	-	-	-	-	-	-	-	-	
Subtotal Nonproject Water	1,983	1,983	-	0.0%	1,983	1,983	-	0.0%	
Total Water Deliveries	735,650	740,610	(4,960)	(0.7%)	890,076	882,296	7,780	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	735,650	740,610	(4,960)	(0.7%)	890,307	897,805	(7,498)	(0.8%)	

A The slightly higher project water 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 - 3rd Quarter 2025				Full Year 2025				Notes						
	Actual	Budget	Variance		Forecast	Budget	Variance								
			(\$)	(%)			(\$)	(%)							
PROJECT WATER REVENUES															
Municipal & Industrial Water Subcontract	\$	131,236	\$	126,177	\$	5,059	4.0%	\$	148,744	\$	161,397	\$	(12,653)	(7.8%)	
Federal Contract		85,195		87,286		(2,091)	(2.4%)		89,567		110,435		(20,868)	(18.9%)	
Subtotal Project Water Deliveries		216,431		213,463		2,968	1.4%		238,311		271,832		(33,521)	(12.3%)	A
NONPROJECT WATER REVENUES															
Firming - Federal		307		301		6	2.0%		307		321		(14)	(4.4%)	
Firming - CAWCD		-		-		-	-		-		-		-	-	
Other Wheeled Water-Federal		278		273		5	1.8%		278		291		(13)	(4.5%)	
Other Wheeled Water - CAWCD		-		-		-	-		-		-		-	-	
Subtotal Nonproject Water Revenues		585		574		11	1.9%		585		612		(27)	(4.4%)	
Water O&M Charges before adjustments		217,016		214,037		2,979	1.4%		238,896		272,444		(33,548)	(12.3%)	
Misc. Adjustments		-		-		-	-				-		-	-	
Transfer of credits to CAGR		-		-		-	-		62		4,789		(4,727)	(98.7%)	
Take/Pay Adj.		-		-		-	-		-		-		-	-	
Total Water O&M Charges	\$	217,016	\$	214,037	\$	2,979	1.4%		\$	238,958	\$	277,233	\$	(38,275)	(13.8%)
CAPITAL & FACILITY USE CHARGES															
M&I subcontractors		28,894		28,855	\$	39	0.1%		38,261		38,474		(213)	(0.6%)	
M&I nonsubcontract		-		628		(628)	(100.0%)		12		837		(825)	(98.6%)	
Facility Use Charges - Pima & Maricopa (interstate)		-		-		-	-		-		-		-	-	
Facility Use Charges - Nonproject Water		-		38		(38)	(100.0%)		-		51		(51)	(100.0%)	
Underground storage facilities		124		-		124	-		124		-		124	-	
Total Capital & Facility Use Charges	\$	29,018	\$	29,521	\$	(503)	(1.7%)		\$	38,397	39,362	\$	(965)	(2.5%)	

A The lower total water delivery revenue is mainly due to lower OM&R rates.

Energy & Transmission Adjustment

	YTD - 3rd Quarter 2025				Full Year 2025				Notes
	Actual	Budget	Variance		Forecast	Budget	Variance		
			(\$)	(%)			(Amount)	(%)	
ENERGY (MWH)				-					
Waddell	34,282	31,111	(3,171)	(10.2%)	34,547	31,111	(3,436)	(11.0%)	
Hoover	95,561	95,666	105	0.1%	119,436	116,247	(3,189)	(2.7%)	
Long-term contracts	314,745	128,017	(186,728)	(145.9%)	465,050	157,874	(307,176)	(194.6%)	
Market Purchases	988,796	1,081,891	93,095	8.6%	1,049,734	1,413,916	364,182	25.8%	
Total MWH	1,433,384	1,336,685	(96,699)	(7.2%)	1,668,767	1,719,148	50,381	2.9%	
ENERGY RATE (\$/MWH)									
Waddell	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	
Hoover	45.42	48.10	2.69	5.6%	47.39	52.58	5.19	9.9%	
Long-term contracts	48.59	38.55	(10.04)	(26.0%)	44.98	38.60	(6.38)	(16.5%)	A
Market Purchases	32.69	53.01	20.32	38.3%	33.70	51.79	18.08	34.9%	B
Weighted Average (\$/MWH)	\$ 37.14	\$ 51.23	\$ 14.10	27.5%	\$ 37.91	\$ 50.61	\$ 12.70	25.1%	
ENERGY COSTS (\$000)									
Waddell	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	
Hoover	4,340	4,602	262	5.7%	5,660	6,112	452	7.4%	E
Long-term contracts	15,294	4,935	(10,359)	(209.9%)	20,917	6,094	(14,823)	(243.2%)	A, E
Market Purchases	32,325	57,351	25,026	43.6%	35,379	73,222	37,843	51.7%	B
Gross Energy Costs (\$000)	\$ 51,959	\$ 66,889	\$ 14,930	22.3%	\$ 61,956	\$ 85,428	\$ 23,472	27.5%	
Energy Scheduling Services	\$ 686	\$ 702	\$ 16	2.3%	\$ 926	\$ 936	\$ 10	1.1%	
MWD Agreement Expense	-	80	80	100.0%	80	80	-	0.0%	
Lake Pleasant Adjustment	(4,531)	(2,272)	2,259	(99.4%)	209	(6,075)	(6,283)	103.4%	C
Lake Roosevelt Adjustment	6	-	(6)	0.0%	4	-	(4)	0.0%	C
Total Energy (\$000)	\$ 48,120	\$ 65,399	\$ 17,279	26.4%	\$ 63,175	\$ 80,369	\$ 17,194	21.4%	
TRANSMISSION ADJUSTMENT									
Elec Trans-Losses	\$ 1,770	\$ 3,068	\$ 1,298	42.3%	\$ 2,399	\$ 4,091	\$ 1,692	41.4%	D
Elec Trans-SRP SALT GILA	175	194	19	9.8%	240	259	19	7.3%	D
Elec Trans-Brady/Pichacho/RR	-	-	-	0.0%	-	-	-	0.0%	D
Elec Trans-WECC Trans	38	110	72	65.5%	125	185	60	32.4%	D
Total Transmission Adjustment (\$000)	\$ 1,983	\$ 3,372	\$ 1,389	41.2%	\$ 2,764	\$ 4,535	\$ 1,771	39.1%	
OTHER ADJUSTMENT									
Other Income	(178)	-	178	0.0%	(178)	-	178	0.0%	E
Total Energy, Transmission & Other Adjustments (\$000)	\$ 49,925	\$ 68,771	\$ 18,846	27.4%	\$ 65,761	\$ 84,904	\$ 19,143	22.5%	

Notes explaining the variances are shown on following page.

Energy & Transmission Adjustment

Notes

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

Underground Storage—Operations and Maintenance

(Dollars in Thousands)

	YTD - 3rd Quarter 2025				Full Year 2025				Notes
	Actual	Budget	Variance (\$)	Variance (%)	Forecast	Budget	Variance (\$)	Variance (%)	
Water Deliveries <i>(KAF)</i>	68	58	10	17.2%	82	69	13	18.8%	A
Revenues									
Other revenues	\$ 979	\$ 841	\$ 138	16.4%	\$ 1,180	\$ 988	\$ 192	19.4%	A
Total Revenues	979	841	138	16.4%	1,180	988	192	19.4%	
Expenses									
Salaries and related costs	(185)	(10)	(175)	(1750.0%)	(200)	(26)	(174)	(669.2%)	B
Other operating costs:									
Outside services	(293)	(92)	(201)	(218.5%)	(370)	(188)	(182)	(96.8%)	
Materials and supplies	(46)	-	(46)		(50)	(17)	(33)	(194.1%)	
Other expenses	(257)	(64)	(193)	(301.6%)	(289)	(97)	(192)	(197.9%)	C
Total other operating costs	(596)	(156)	(440)	(282.1%)	(709)	(302)	(407)	(134.8%)	
Total Expenses	(781)	(166)	(615)	(4)	(909)	(328)	(581)	(177.1%)	
Change in Net Position	198	675	(477)	(70.7%)	271	660	(389)	(58.9%)	
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	\$ 8,981	\$ 8,783	\$ 198	2.3%	\$ 9,054	\$ 8,768	\$ 286	3.3%	
Expense Summary									
Aqua Fria	\$ (48)	\$ (4)	\$ (44)	(1100.0%)	\$ (55)	\$ (17)	\$ (38)	(223.5%)	
Hieroglyphic Mountains	(225)	(16)	(209)	(1306.3%)	(251)	(40)	(211)	(527.5%)	D
Lower Santa Cruz	(144)	(36)	(108)	(300.0%)	(171)	(78)	(93)	(119.2%)	E
Pima Mine Road	(77)	(3)	(74)	(2466.7%)	(102)	(60)	(42)	(70.0%)	
Superstition Mountain	(166)	(59)	(107)	(181.4%)	(196)	(130)	(66)	(50.8%)	
Tonopah Desert	(121)	-	(121)		(134)	(3)	(131)	(4366.7%)	F
Total Expenses	\$ (781)	\$ (118)	\$ (663)	(561.9%)	\$ (909)	\$ (328)	\$ (581)	(177.1%)	

Notes explaining the variances are shown on the following page.

Underground Storage Operations and Maintenance

Notes

- A **Water Deliveries and Total Revenues:** Total deliveries are forecast to be 13 KAF higher than budget. As a result, revenue is \$192 thousand higher than budget.
- B **Salaries and Related Costs:** Full-year expenses are forecast to be \$174 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 \$192 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 \$211 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 \$93 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 \$131 thousand higher than budget because of increased engineering services to support a permit renewal.



Underground Storage—Recovery

(Dollars in Thousands)

	YTD - 3rd Quarter 2025				Full Year 2025				Notes
	Actual	Budget	Variance		Forecast	Budget	Variance		
			(\$)	(%)			(\$)	(%)	
Revenues									
Other revenues	\$ -				\$ 71				A
Total Revenues	-	-	-	-	71	-	-	-	
Expenses									
Salaries and related costs									
Other operating costs:									
Outside services	(48)	-	(48)		(119)	-	(119)		
Materials and supplies									
Other expenses	-	-	-		-	-	-		
Total other operating costs	(48)	-	(48)		(119)	-	(119)		
Total Expenses	(48)	-	(48)		(119)	-	(119)		A
Change in Net Position	(48)	-	(48)		(48)	-	(119)		
Net position at beginning of period	(502)				(502)		(502)		
Net position at end of period	\$ (550)	\$ -	\$ (48)		\$ (550)	\$ -	\$ (621)		
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	\$ 258,662	\$ 296,679	\$ 293,413
Adjustments for O&M Expenses			
Depreciation & Amortization	(47,287)	(48,737)	(46,547)
Energy	(63,175)	(80,292)	(80,370)
Transmission & Other Adjustments	(2,586)	(4,481)	(4,535)
Underground storage site O&M	(909)	(600)	(328)
Extraordinary Maintenance (when part of "Big R")	(2,727)	(2,525)	(2,525)
Other income	(754)	(760)	(760)
Compensated Mitigation (Funded by 'Big R')	(382)	(2,817)	(2,817)
Programs Funded by Water Storage Tax Reserve	(1,790)	(2,000)	(2,000)
Programs Funded by Recovery Reserve	(119)	-	-
Programs Funded by Extraordinary Cost Reserve	(1,791)	(11,480)	(11,480)
Total Adjustments	(121,520)	(153,692)	(151,362)
Fixed O&M Expenses	\$ 137,142	\$ 142,987	\$ 142,051
Energy, Transmission & Other Adjustments			
Energy	\$ 63,175	\$ 80,292	\$ 80,370
Transmission & Other Adjustments	2,586	4,481	4,535
Total Energy, Transmission & Other Adjustments	\$ 65,761	\$ 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	\$ 137,142	\$ 142,987	\$ 142,051	\$ 5,845
Total Energy & Transmission Adjustment Expenses	65,761	84,773	84,905	19,012
Water Delivery (<i>Acre-Feet</i>)				
Billed Fixed OM&R Water Volume	890,307	900,000	897,805	9,693
Pumping Energy Rate Water Volume	890,307	900,000	897,805	9,693
Water Delivery Rate (<i>\$/AF</i>)				
Calculated Fixed O&M Rate	\$ 154.04	\$ 160.00	\$ 158.22	\$ 5.96
Capital Replacement Component ("Big R")	40.44	40.00	56.00	(0.44)
Total Fixed OM&R	194.48	200.00	214.22	5.52
Calculated Pumping Energy Rate	73.86	95.00	94.57	21.14
Total Pumping Energy Rate 1	73.86	95.00	94.57	21.14
Total Delivery Rate	\$ 268.34	\$ 295.00	\$ 308.79	\$ 26.66



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 - 3rd Quarter 2025					Full Year 2025					
Actual	Budget	Variance			Forecast	Budget	Additional Spending	Total Spending Authority	Variance	
		(\$)	(%)						(\$)	(%)
\$ (60)	\$ (144)	\$ 84	58.3%		\$ (409)	\$ (226)	\$ -	\$ (226)	\$ (183)	(81.0%)
-	(800)	800	100.0%		(1,840)	(2,060)	-	(2,060)	220	10.7%
(8)	(2)	(6)	-300.0%		(48)	(2)	-	(2)	(46)	(2300.0%)
(66)	(151)	85	56.3%		(430)	(237)	-	(237)	(193)	(81.4%)
(74)	(953)	879	41.7%		(2,318)	(2,299)	-	(2,299)	(19)	(0.8%)
\$ (134)	\$ (1,097)	\$ 963	39.9%		\$ (2,727)	\$ (2,525)	\$ -	\$ (2,525)	\$ (202)	(8.0%)

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	Budget	Additional Spending	Total Spending Authority	Variance (\$)	Variance (%)	
\$ (2,413)	\$ (2,207)	\$ (45)	\$ (4,666)	\$ (5,028)	\$ -	\$ (5,028)	\$ 362	7.2%	
-	\$ (515)	\$ (15,309)	\$ (15,824)	\$ -	\$ -	\$ -	\$ (15,824)	-	
-	\$ (5)	\$ (2,296)	\$ (2,302)	\$ -	\$ -	\$ -	\$ (2,302)	-	
\$ (2,413)	\$ (2,727)	\$ (17,650)	\$ (22,792)	\$ (5,028)	\$ -	\$ (5,028)	\$ (17,764)	7.2%	

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 expected 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 (CAGRD)

BUDGET PERFORMANCE - Full Year 2025

	Projection	Budget	Change	
<i>(Dollars in Thousands)</i>				
Revenues	\$ 70,632	\$ 77,474	\$ (6,842)	(9%)
Expenses	(20,298)	(28,246)	7,948	28%
Change in Net Position	50,334	49,228	1,106	2%
Beginning Net Position	367,006	378,147	(11,141)	
Ending Net Position	\$ 417,340	\$ 427,375	\$ (10,035)	

Total Revenues

Total CAGRD revenues are projected to be \$70.6 million for the year, \$6.8 million lower than budget.

The full-year operating revenue forecast is \$8.7 million lower than budget.

- Rate forecast is \$8.2 million lower than budget because of lower obligation than estimated in the budget.
- Dues forecast is \$0.5 million lower than budget because of lower projected infrastructure and water rights revenues.

Nonoperating income is projected to be \$1.9 million higher than budget because of a favorable fair value adjustment.

Total Expenses

Total CAGRD expenses are projected to be \$20.3 million for the year, \$7.9 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 CAGRD maintains the following cash reserves that are held by the Arizona State Treasurer:

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

Infrastructure and Water Rights – Funds in this reserve are dedicated to the development of water supplies and infrastructure necessary for CAGRD to meet its replenishment obligations. In accordance with the current Plan of Operation and direction of the CAWCD Board of Directors, CAGRD 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, CAGRD 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. CAGRD 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 CAGRD's annual replenishment obligation on a cost-of-service basis. Water is not actually purchased until the revenues have been received by CAGRD. This methodology ensures CAGRD's financial health because it allows CAGRD 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

CAGRD

(Dollars in Thousands)

	YTD - 3rd Quarter 2025				Full Year 2025			
			Variance				Variance	
	Actual	Budget	(\$)	(%)	Forecast	Budget	(\$)	(%)
Operating Revenues								
Other operating revenue								
Revenue-Rates	\$ 5,734	\$ 5,529	\$ 205	3.7%	\$ 33,513	\$ 41,697	\$ (8,184)	(19.6%)
Revenue-Fees	15,196	16,655	(1,459)	(8.8%)	19,662	19,670	(8)	(0.0%)
Revenue-Dues	5,256	5,741	(485)	(8.4%)	11,445	11,982	(537)	(4.5%)
Total Operating Revenues	26,186	27,925	(1,739)	(6.2%)	64,620	73,349	(8,729)	(11.9%)
Operating Expenses								
Salaries and related costs	(1,055)	(1,088)	33	3.0%	(1,417)	(1,451)	34	2.3%
Depreciation	(46)	(46)	-	0.0%	(61)	(61)	-	0.0%
Other operating costs:								
Outside services	(1,021)	(1,289)	268	20.8%	(1,652)	(1,674)	22	1.3%
Water for underground storage	-	-	-		(15,436)	(23,276)	7,840	33.7%
Materials and supplies	-	-	-		(1)	(1)	-	0.0%
Overhead	(1,084)	(1,140)	56	4.9%	(1,463)	(1,520)	57	3.8%
Other expenses	(176)	(138)	(38)	(27.5%)	(193)	(188)	(5)	(2.7%)
Total other operating costs	(2,281)	(2,567)	286	11.1%	(18,745)	(26,659)	7,914	29.7%
Total Operating Expenses	(3,382)	(3,701)	319	8.6%	(20,223)	(28,171)	7,948	28.2%
Net Operating Income/(loss)	22,804	24,224	(1,420)	(5.9%)	44,397	45,178	(781)	(1.7%)
Nonoperating Revenues/(Expenses)								
Interest income and other	4,850	3,094	1,756	56.8%	6,012	4,125	1,887	45.7%
Interest expense and other	-	-	-		(75)	(75)	-	0.0%
Net Nonoperating Income/(Loss)	4,850	3,094	1,756	56.8%	5,937	4,050	1,887	46.6%
Change in Net assets	\$ 27,654	\$ 27,318	\$ 336	1.2%	\$ 50,334	\$ 49,228	\$ 1,106	2.2%

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 Q3 Actual	2025 Projected
Administrative:			
Beginning Fund Balance	\$ 1,661	\$ 1,639	\$ 1,639
Administrative Revenue	1,990	944	2,579
Administrative (Operating) Expenses	(2,086)	(1,954)	(3,277)
Interest Income / Expense	74	69	92
Ending Fund Balance	\$ 1,639	\$ 698	\$ 1,033
Conservation:			
Beginning Fund Balance	\$ 863	\$ 777	\$ 777
Administrative Component Revenue	69	26	72
Administrative (Operating) Expenses	(204)	(190)	(190)
Interest Income / Expense	49	26	35
Ending Fund Balance	\$ 777	\$ 639	\$ 694

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	10,858	9	1,182	12,049
Water Purchased	(11,534)	-	(1,218)	(12,752)
Interest Income (Expense)	281	9	43	333
Ending Balance	\$ 7,163	\$ 232	\$ 1,023	\$ 8,418
Replenishment Reserve:				
Beginning Fund Balance	\$ 4,267	\$ 11	\$ 211	\$ 4,489
Replenishment Reserve Revenue	4,328	20	440	4,788
CAWCD Credits Purchased	-	(14)	-	(14)
Interest Income / Expense	221	1	11	233
Ending Balance	\$ 8,816	\$ 18	\$ 662	\$ 9,496

CAGRD Fund Balances

(Dollars in Thousands)

	2024 Actual	2025 Q3 Actual	2025 Projected
Infrastructure and Water Rights:			
Beginning Fund Balance	\$ 92,530	\$ 113,343	\$ 113,343
Revenue	40,937	22,270	38,410
Proceeds from LTSC internal transfers	333	-	-
Reimbursement from Obligation fund	8,962	4,649	12,499
NIA Reallocation and 9(d) Debt	(7,430)	(7,430)	(7,430)
GRIC and other Lease Considerations	(16,427)	(14,333)	(16,530)
Water Costs for LTSC	(1,373)	(1,118)	(1,783)
LTSC purchases	(4,101)	(5,533)	(12,833)
Technical Studies & Other Operating Expens	(1,264)	(960)	(1,360)
Interest Income / Expense	4,817	3,782	4,992
Ending Fund Balance	\$ 113,343	\$ 114,670	\$ 129,308

CAGRD Enrollment and Activation Summary

Figure 1: Member Land Enrollment

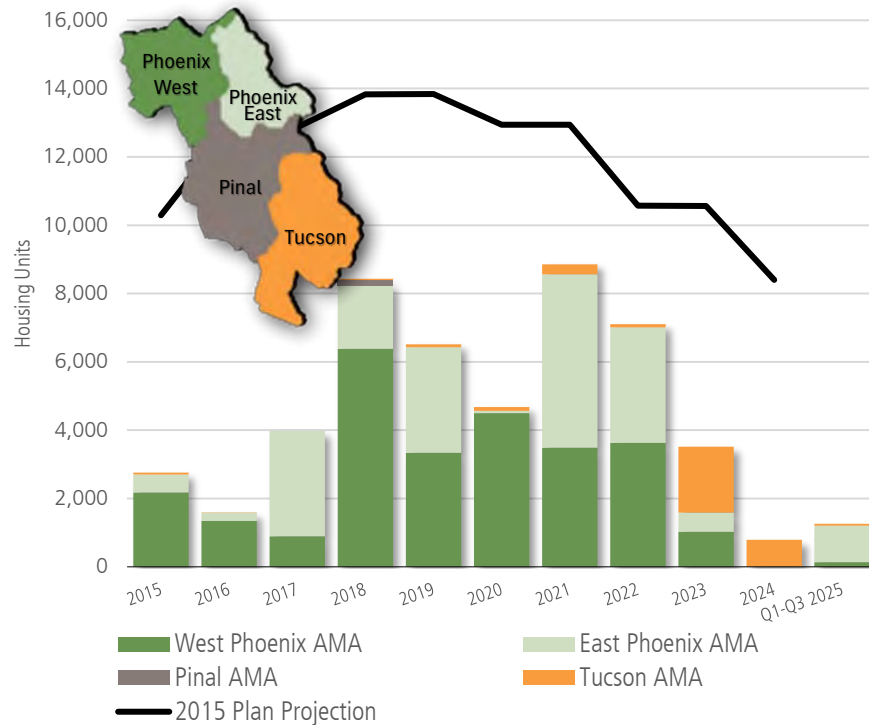


Figure 2: Activation Units

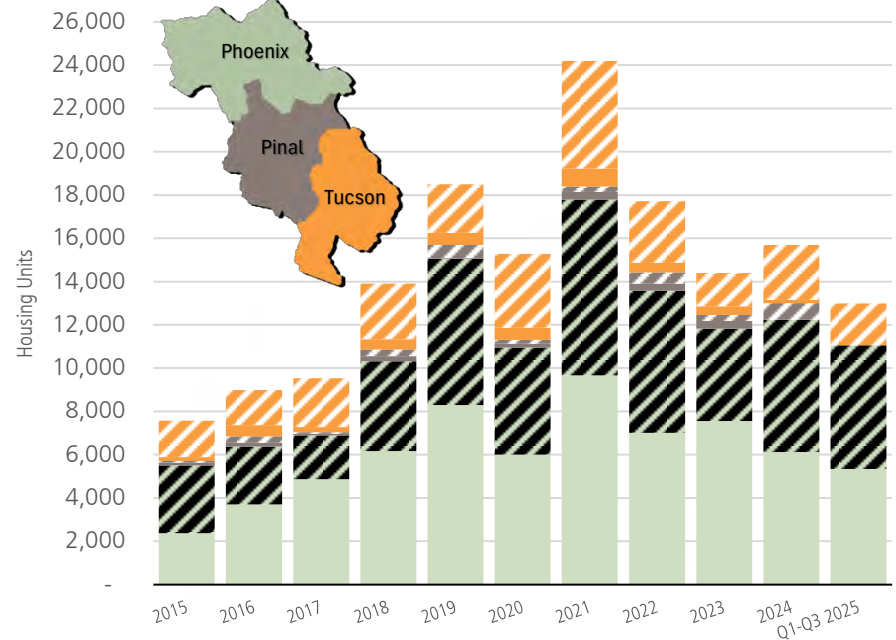


Table 1: Enrollment Units Through Q1-Q3 2025

AMA	ML Lots	Projected Demand (AF/year)
West Phoenix	139	58
East Phoenix	1,066	685
Pinal	-	-
Tucson	52	17
TOTAL	1,257	760

Table 2: Activation Units Through Q1-Q3 2025

AMA	ML Lots	MSA Lots	Total Lots
Phoenix	5,337	5,718	11,055
Pinal	-	-	-
Tucson	-	1,932	1,932
TOTAL	5,337	7,650	12,987

CAGRD Enrollment and Activation Summary

Enrollment in Q3 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 Q3 2025. Table 1 provides a breakdown by AMA of Member Land enrollment activity through Q3 2025. In Q3, the Phoenix AMA had 1 new enrollment with a total of 139 lots and a projected demand of 58 AF/yr, bringing the cumulative totals to 1,257 lots and 760 AF/yr of projected demand. No new subdivisions enrolled within the Pinal or Tucson AMA in Q3 2025.

No new Member Service Areas (MSAs) enrolled through Q3 2025 and there were no de-enrollments.

Activation in Through Q3 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 Q3 2025 was 12,987 (Member Land lots = 5,337; Member Service Area lots = 7,690). Table 2 provides a breakdown by AMA of lots that were activated through Q3 2025. By comparison, there were 12,476 units activated through Q3 2024.



Statement of Revenues, Expenses and Change in Net Position

Captive Insurance Fund

(Dollars in Thousands)

	YTD - 3rd Quarter 2025				Full Year 2025				Notes
	Actual	Budget	Variance (\$)	Variance (%)	Forecast	Total Spending Authority	Variance (\$)	Variance (%)	
Operating Revenues									
Other revenues	\$ 9,738	\$ 9,665	\$ 73	0.8%	\$ 13,073	\$ 12,887	\$ 186	1.4%	
Total Operating Revenues	9,738	9,665	73	0.8%	13,073	12,887	186	1.4%	
Operating Expenses									
Other Operating costs:									
Outside services	(171)	(195)	24	12.3%	(224)	(260)	36	13.8%	
Other expenses	(8,766)	(8,770)	4	0.0%	(12,340)	(11,693)	(647)	(5.5%)	
Total Operating Expenses	(8,937)	(8,965)	28	0.3%	(12,564)	(11,953)	(611)	(5.1%)	
Net Operating Income/(Loss)	801	700	101	14.4%	509	934	(425)	46%	
Nonoperating Revenues/(Expenses)									
Interest income and other	457	3	454	15,133.3%	607	4	603	15,075.0%	A
Net Nonoperating Income/(Loss)	457	3	454	15,133.3%	607	4	603	15,075.0%	
Change in Net Position	1,258	703	555	(78.9%)	1,116	938	178	(19.0%)	
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	\$ 16,781	\$ 14,368	\$ 2,413	16.8%	\$ 16,639	\$ 14,603	\$ 2,036	13.9%	

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 - 3rd 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	\$ 572	\$ 227	\$ 345	152.0%	\$ 668	\$ 303	\$ 365	120.5%	A
Interest expenses and other	-	-	-		-	-	-	-	
Total Non-operating Revenues/(Expenses)	572	227	345	152.0%	668	303	365	120.5%	
Change in Net Position	572	227	345	152.0%	668	303	365	120.5%	
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	\$ 10,085	\$ 9,393	\$ 692	7.4%	\$ 10,181	\$ 9,469	\$ 712	7.5%	

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	\$ 4,645	\$ 4,519	\$ (126)
Capital Projects			
TDRP Recovery Wells*	-	10,361	10,361
Aqueduct Hydrology Improvement*	3,873	9,068	5,195
SRP-CAP Interconnection Facility*	-	5,181	5,181
Water Education Center*	16,223	11,357	(4,867)
Generator Replacements PPs	476	4,165	3,689
Harcuvar Substation Upgrade	-	1,470	1,470
Parking Lot Upgrades Headquarters	3,166	1,873	(1,293)
Air Compressors Brady, Picacho, Red Rock	1,244	13	(1,231)
Sump Pump Water Level Controls at all PPs	(1,180)	-	1,180
All Other Capital Projects	14,048	11,433	(2,615)
Subtotal - Capital Projects	\$ 37,850	\$ 54,920	\$ 17,071
Total CAWCD Capital Spending	\$ 42,495	\$ 59,439	\$ 16,945

*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)

	Projection	Budget	Variance
Capital Projects - Ten Largest			
Aqueduct Hydrology Improvement*	\$ 181,203	\$ 153,527	\$ 27,676
Water Education Center*	59,955	27,121	32,834
SRP-CAP Interconnection Facility*	10,000	25,750	(15,750)
Electromechanical Relay Phase 2	44,957	21,282	23,675
SCADA Replacement Control Center	25,960	20,036	5,924
TDRP Recovery Wells*	3,438	13,478	(10,041)
Backup Power Systems Replacement at Checks & Turn Outs	18,083	13,223	4,860
Condition Based Monitoring	15,876	13,156	2,721
Generator Replacements PPs	30,132	12,394	17,737
Fire Protection Sys Upgrade Mark Wilmer	12,641	11,595	1,046

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



2025 Capital Spending Variance Summary

(Dollars in Thousands)

	3rd Quarter 2025				Full Year 2025			
	Actual	Budget	Variance (\$)	Variance (%)	Projection	Total Spending Authority	Variance (\$)	Variance (%)
SUMMARY								
Capital & Cost-Shared Spending								
Salaries and related costs	3,243	2,367	\$ (876)	(37.0%)	4,559	3,112	\$ (1,447)	(46.5%)
Equipment and structures	15,615	31,648	16,033	50.7%	27,829	47,565	19,736	41.5%
Other expenses:								
Outside services	3,308	4,634	1,325	28.6%	5,098	5,438	340	6.2%
Materials and supplies & other expenses	153	51	(101)	(197.5%)	245	64	(181)	(282.7%)
Overhead expenses	3,387	2,480	(907)	(36.6%)	4,764	3,260	(1,504)	(46.1%)
Subtotal Other Expenses	6,848	7,165	317	4.4%	10,107	8,762	(1,345)	(15.4%)
Total Capital	25,706	41,180	\$ 15,475	37.6%	42,495	\$ 59,439	\$ 16,944	28.5%

2025 CAWCD Capital Spending Variance Detail

(Dollars in Thousands)

Projects	3rd Quarter 2025				Full Year 2025				Notes	
	Variance				Projection	Total Spending Authority	Variance			
	Actual	Budget	(\$)	(%)			(\$)	(%)		
CAPITAL EQUIPMENT										
Buildings & Structures	\$ -	\$ -	\$ -	-	\$ -	-	\$ -	-	-	
Vehicles	625	579	(46)	(7.9%)	761	579	(182)	(31.5%)		
Field & Other Equipment	3,419	1,400	(2,019)	(144.2%)	3,884	3,940	56	1.4%		
Communication Equipment	-	-	-	-	-	-	-	-		
Capital Equipment Total	\$ 4,044	\$ 1,979	\$ (2,065)	(104.3%)	\$ 4,645	4,519	\$ (126)	(2.8%)		
<u>2025 Budgeted Projects</u>										
Air Compressors Brady, Picacho, Red Rock	\$ 243	\$ 13	\$ (230)	(1780.7%)	\$ 1,244	13	\$ (1,231)	(9536.6%)	A	
Aqueduct Hydrology Improvement*	2,463	6,730	4,267	63.4%	3,873	9,068	5,195	57.3%	B	
Backup Power Systems Replacement at Checks & Turn Outs	788	221	(567)	(256.7%)	1,079	221	(858)	(388.5%)	C	
Condition Based Monitoring	630	1,173	544	46.3%	949	1,246	298	23.9%		
Electromechanical Relay Phase 2	1,185	2,146	960	44.8%	2,147	2,940	793	27.0%		
Generator Replacements PPs	248	2,393	2,146	89.6%	476	4,165	3,689	88.6%	D	
Harcuvar Substation Upgrade	-	1,470	1,470	100.0%	-	1,470	1,470	100.0%	E	
Isolation Valves Black Mountain/Snyder Hill	82	7	(75)	(1071.1%)	757	7	(750)	(10716.5%)	F	
Multi Use Buildings Headquarters-Bouse Maintenance Yard	547	1,381	835	60.4%	1,519	1,767	248	14.0%		
Network Refresh 2025	230	206	(23)	(11.4%)	275	275	0	0.0%		
Oracle Cloud Infrastructure 2025	510	709	199	28.1%	610	945	335	35.5%		
Parking Lot Upgrades Headquarters	3,156	1,863	(1,293)	(69.4%)	3,166	1,873	(1,293)	(69.0%)	G	
Programmable Logic Controller Replacement Waddell	457	263	(194)	(73.9%)	457	263	(194)	(73.9%)		
Roof Fall Protection Headquarters	885	733	(153)	(20.8%)	1,242	737	(505)	(68.5%)	H	
SCADA Replacement Control Center	1,684	1,654	(31)	(1.8%)	2,452	2,210	(242)	(10.9%)		
SRP-CAP Interconnection Facility *	-	3,136	3,136	100.0%	-	5,181	5,181	100.0%	I	
TDRP Recovery Wells*	-	6,227	6,227	100.0%	-	10,361	10,361	100.0%	J	
Water Education Center*	8,572	8,669	97	1.1%	16,223	11,357	(4,867)	(42.9%)	K	
West Entrance Gate Phase 2 ROW Headquarters	-	-	-	-	563	547	(16)	(2.8%)		
Windows Server Refresh 2025	247	206	(41)	(19.7%)	275	275	-	0.0%		
Totals - 2025 Budgeted Projects	\$ 21,927	\$ 39,201	\$ 17,274	44.1%	\$ 37,306	54,921	\$ 17,615	32.1%		

2025 CAWCD Capital Spending Variance Detail (cont.)

(Dollars in Thousands)

	3rd Quarter 2025				Full Year 2025				
			Variance			Total			
	Actual	Budget	(\$)	(%)	Projection	Spending Authority	(\$)	(%)	Notes
Projects Without a Budget in 2025									
Fiber Optic Relocating HDQ	29	-	(29)	-	29	-	(29)	-	
Fire Protection Sys Upgrade Mark Wilmer	525	-	(525)	-	525	-	(525)	-	
Fire Pump Replacement WAD	46	-	(46)	-	46	-	(46)	-	
Heat Exchanger HDQ (Mini Project)	8	-	(8)	-	14	-	(14)	-	
Machine Shop Column Rehab HDQ	-	-	-	-	23	-	(23)	-	
Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain	273	-	(273)	-	326	-	(326)	-	
Pump Casings/Imprvmnts SND/BLK	231	-	(231)	-	845	-	(845)	-	
Potable Water Line TFO	135	-	(135)	-	248	-	(248)	-	
Potable Water System PFO	(326)	-	326	-	(326)	-	326	-	L
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	-	L
Switchyard Security Hardening Delaney	(148)	-	148	-	(148)	-	148	-	
Totals - Projects Without a Budget in 2025	\$ (265)	\$ -	\$ 265	0.0%	\$ 544	\$ -	\$ (544)	0.0%	
NET CAPITAL	\$ 25,706	\$ 41,180	\$ 15,475	37.6%	\$ 42,495	59,439	\$ 16,945	28.5%	

- 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 begin 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 **Roof Fall Protection Headquarters:** Adjustments were made to the project to align with current OSHA recommendations. Current projection includes these changes and includes Building One, not part of the original scope.
- I **SRP-CAP Interconnection Facility*:** Project delays pushed planned 2025 design and NEPA studies into future years. No expenses are anticipated for 2025.
- J **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.
- K **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.
- L **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	<u>Variance</u> (%)	(%)	Notes
2025 Budgeted Projects								
Air Compressors Brady, Picacho, Red Rock	\$ 869	\$ 1,244	\$ 70	\$ 2,183	\$ 1,359	\$ (824)	(60.7%)	A
Aqueduct Hydrology Improvement*	1,485	3,873	175,845	181,203	153,527	(27,676)	(18.0%)	B
Backup Power Systems Replacement at Checks & Turn Outs	11,622	1,079	5,381	18,083	13,223	(4,860)	(36.8%)	C
Condition Based Monitoring	11,901	949	3,026	15,876	13,156	(2,721)	(20.7%)	D
Electromechanical Relay Phase 2	15,460	2,147	27,350	44,957	21,282	(23,675)	(111.2%)	E
Generator Replacements PPs	310	476	29,346	30,132	12,394	(17,737)	(143.1%)	F
Harcuvar Substation Upgrade	400	-	3,358	3,758	3,195	(563)	(17.6%)	
Isolation Valves Black Mountain/Snyder Hill	3,101	757	41	3,899	3,462	(437)	(12.6%)	
Multi Use Buildings Headquarters-Bouse Maintenance Yard	361	1,519	2,970	4,850	2,317	(2,534)	(109.4%)	G
Network Refresh 2025	-	275	-	275	275	-	0.0%	
Oracle Cloud Infrastructure 2025	-	610	-	610	945	335	35.5%	
Parking Lot Upgrades Headquarters	185	3,166	(0)	3,351	2,304	(1,047)	(45.5%)	H
Programmable Logic Controller Replacement Waddell	5,776	457	0	6,233	6,458	224	3.5%	
Roof Fall Protection Headquarters	33	1,242	0	1,275	763	(512)	(67.2%)	I
SCADA Replacement Control Center	8,387	2,452	15,121	25,960	20,036	(5,924)	(29.6%)	J
SRP-CAP Interconnection Facility*	-	-	10,000	10,000	25,750	15,750	61.2%	K
TDRP Recovery Wells*	3,438	-	(0)	3,438	13,478	10,041	74.5%	L
Water Education Center*	2,150	16,223	41,582	59,955	27,121	(32,834)	(121.1%)	M
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	\$ 37,306	\$ 314,091	\$ 416,950	\$ 321,955	\$ (94,994)	(29.5%)	

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	\$ -	\$ 29	\$ -	\$ 29	\$ -	\$ (29)	-	
Fire Protection Sys Upgrade Mark Wilmer	\$ 12,116	\$ 525	\$ (0)	\$ 12,641	\$ 11,595	\$ (1,046)	(9.0%)	
Fire Pump Replacement WAD	1,272	46	0	1,318	502	(816)	(162.6%)	
Heat Exchanger HDQ (Mini Project)	\$ -	\$ 14	\$ 297	\$ 311	\$ -	\$ (311)	-	
Machine Shop Column Rehab HDQ	-	23	1,563	1,586	-	(1,586)	-	
Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain	1,581	326	119	2,026	1,428	(598)	(41.9%)	
Pump Casings/Imprvmnts SND/BLK	117	845	5,401	6,362	-	(6,362)	-	
Potable Water Line TFO	2	248	3,074	3,324	-	(3,324)	-	
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	(148)	(0)	514	536	22	4.1%	
Totals - Projects Without a Budget in 2025	\$ 19,121	\$ 544	\$ 10,452	\$ 30,116	\$ 15,097	\$ (15,019)	(99.5%)	
Totals - Budgeted & Unbudgeted	\$ 84,674	\$ 37,850	\$ 324,542	\$ 447,066	\$ 337,052	\$ (110,014)	(32.6%)	

- 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 **Roof Fall Protection Headquarters:** Adjustments were made to the project to align with current OSHA recommendations. Current projection includes these changes and includes Building One, not part of the original scope.
- J **SCADA Replacement Control Center:** Continued scope refinement has included additional equipment needs, and a new vendor contract.
- K **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.
- L **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.
- M **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

Q3 2025



BACKGROUND

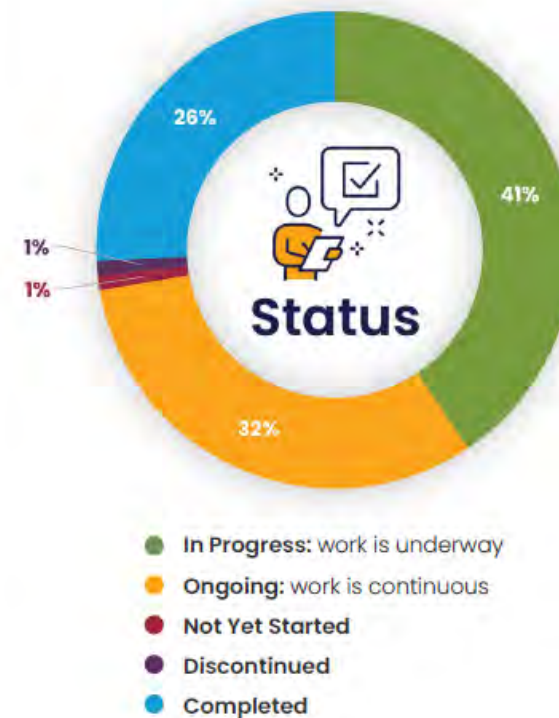
In 2020, the Board adopted the [2022 Board Strategic Plan](#). Facilitated by an external consultant, the 18-month process included several Board retreats, input from employees, and two rounds of stakeholder forums. Implementation of

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 Q3 2025



STRATEGIC PLAN IN ACTION

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



KEY RESULT AREA:

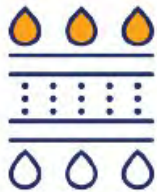
FINANCE

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.



Finance Department staff worked to compile the 2026-27 Budget Book, the culmination of a months-long process to develop CAP's budget.



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.



CAGRD staff member Brooke Krahe provided an update to the CAGRD and Underground Storage Committee on the 2025/20026 Water Efficient Construction Incentive Program.

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



President Terry Goddard, General Manager Brenda Burman, and CAGRD Manager Laura Grignano were invited to participate in the bill signing ceremony for the ag to urban legislation that protected CAGRD on July 29, 2025.



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.



Assistant General Manager Darrin Francorn and Power Program Manager Jeff Ritter presented to the Finance, Audit and Power Committee regarding two power purchase agreements on August 21, 2025.





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.



Photos of the work done during this year's summer maintenance outage.



On July 23, 2025, staff hosted ABC15 reporter Adam Klepp for a behind the scenes tour of the Agua Fria siphon during the summer outage.



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 August 20, 2025, CAP launched the Coalition for Protecting Arizona's Lifeline, a campaign designed to bring together a nonpartisan alliance of leaders focused on educating, advocating and elevating the importance of long-term water security in Arizona. Mayors from across the service area held a press conference during the League of Arizona Cities and Towns Conference.

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



On August 20, 2025, CAP hosted the annual Leadership Luncheon at the League of Cities and Towns Conference. Congressmen Stanton and Schweikert joined President Goddard for a panel discussion.



Board Member Ben Graff presented to the Youngtown Council on September 18, 2025.



President Terry Goddard presented to the Cave Creek Council on September 17, 2025.



Board Leadership and Management Council met with Mayor Gallego and other Phoenix officials on September 11, 2025.



KEY RESULT AREA:

STEWARDSHIP AND SUSTAINABILITY

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

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

The Future of Water

- Unreliable **Traditional** water sources
- **A secure** water future requires diversification
- **Potable reuse**, stormwater capture, desalination and groundwater recharge for a resilient portfolio
- **The public** deserves (and **expects**) to be part of the conversation and solution through authentic engagement



Strategies to Build and Sustain Trust

- Transparency: **Communicate openly**
- Engagement: **Involve ratepayers** in decision-making process
- Accountability: **Maintain high standards**
- Equity and Accessibility: **Address equity concerns**; understand local barriers and address them



On July 20-22, 2025, CAP Operations and Public Affairs staff attended the Arizona Water Reuse Symposium, which included several sessions on the Pure Water campaign and building public trust in this water supply.



KEY RESULT AREA:

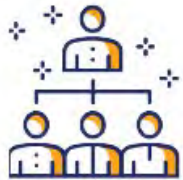
WATER SUPPLY

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

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



CAP hosted the Annual Water User Briefing on August 28, 2025.



KEY RESULT AREA:

WORKFORCE

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

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



CAP employed six interns from May-August 2025 from Arizona State University, University of Arizona and Grand Canyon University. The paid internship program provides a great learning experience and supports future work in the water industry.

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



In honor of Women's Equality Day on August 26, 2025, CAP celebrated the extraordinary women of the organization and their contributions to ensuring reliable water deliveries.

Strategic Issue: Monitor CAP's workforce climate, employee well-being, and engagement and act upon identified areas needing improvement.



On September 30, 2025, Assistant General Manager Chris Hall was at Pinal Field Office to kick off a series of Town Hall meetings to discuss compensation and benefits with employees.

