



Central Arizona Project

**Year-to-Date
4th Quarter**

2025 Financial Review

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Financial Overview

The following discussion presents an overview of the financial activity and condition of the Central Arizona Water Conservation District (CAWCD or District). It summarizes the 2025 financial and budget performance and compares 2025 to 2024. More detailed explanations are covered on the following pages.

Highlights

TOTAL REVENUES: As shown on the graphs to the right, total 2025 revenues were \$491 million, \$25 million lower than budget. The primary variances were water operations and maintenance (O&M) revenues, which was \$40 million below budget, and other revenues, which was \$10 million below budget. These reductions in revenues were offset by higher interest income, which was \$26 million higher than budget.

Total 2025 revenues were \$41 million higher than total 2024 revenues. The primary differences were water O&M revenues, which was \$13 million higher; interest income, which was \$12 million higher; and property taxes, which was \$10 million higher.

TOTAL EXPENSES: TOTAL 2025 expenses were \$283 million, which was \$41 million lower than budget, primarily because energy and transmission costs were \$20 million under budget and outside services were \$18 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.

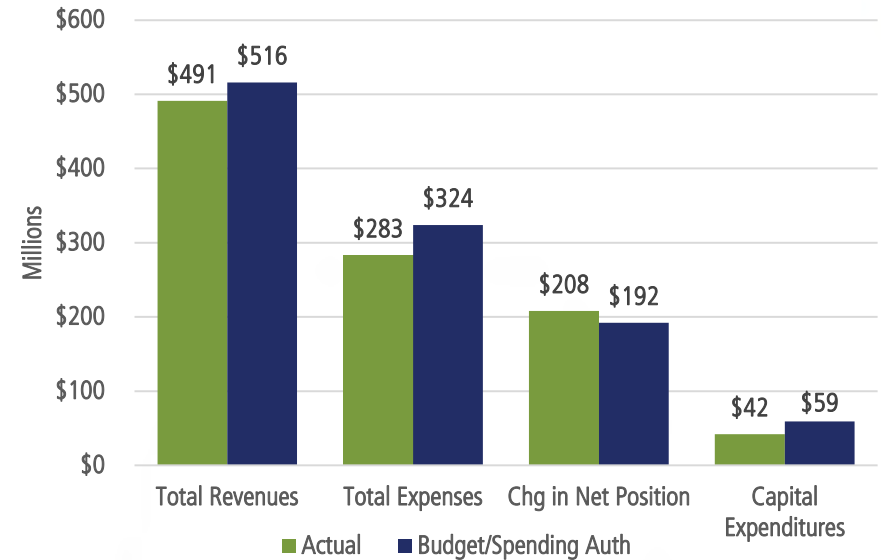
CHANGE IN NET POSITION: The 2025 change in net position, which is the difference between revenues and expenses, was \$208 million, \$16 million higher than budget. Additionally, 2025 net position was \$23 million higher than 2024.

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

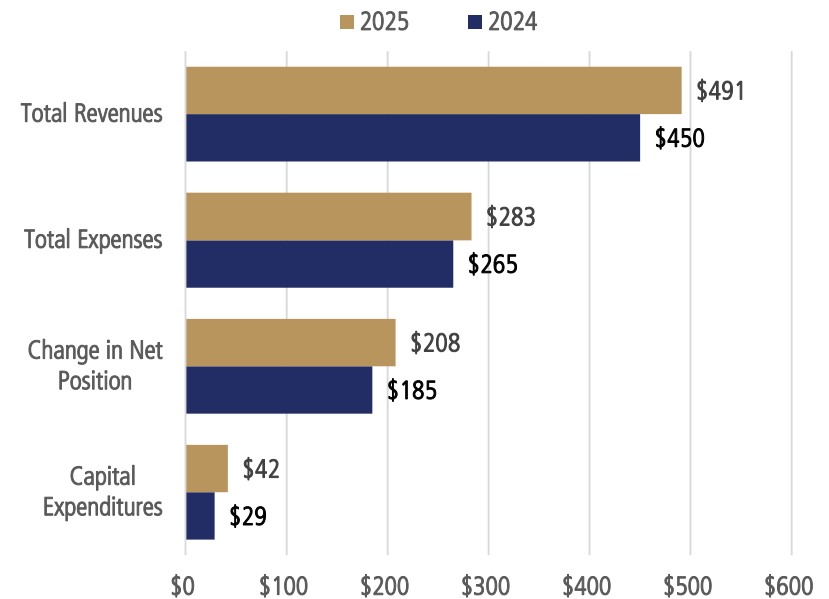
CAPITAL: The Project Steering Committee (PSC) oversees the capital budget. Total 2025 capital spending was \$42 million, which was \$17 million lower than budget.

See Capital section starting on page 53 for additional information.

Full Year 2025 - Budget vs Actual



Year-Over-Year Comparison



Statements of Net Position

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets and deferred outflows at the end of 2025 were \$172 million higher than the 2024 year-end balance.

CURRENT ASSETS: The largest component of the District's current assets is cash and short term investments, which increased by \$68 million in 2025. Water inventory, which represents long term storage credits (LTSCs) and lake inventories, increased by \$14 million 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. In 2025, the net PSR decreased from \$957 million to \$939 million. Net operating capital assets, which grow as a result of completed capital projects, increased by \$13 million.

Long term investments and restricted assets increased by \$99 million, primarily because of 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 sub-contractors leaving a remaining balance of 51,765 acre-feet valued at \$48 million. The remaining NIA priority water rights were previously indicated to be reallocated by 2030.

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

| <i>(Dollars in millions)</i> | 2024 | 2025 | Change | |
|---|-----------------|-----------------|---------------|--------------|
| Current Assets | | | | |
| Cash and short term investments | \$ 289 | \$ 357 | \$ 68 | 23.5% |
| Funds held by federal gov't | 13 | 8 | (5) | (38.5%) |
| Water inventory | 245 | 259 | 14 | 5.7% |
| Other current assets | 78 | 75 | (3) | (3.8%) |
| | <u>625</u> | <u>699</u> | <u>74</u> | <u>11.8%</u> |
| Noncurrent Assets | | | | |
| Long Term Investments and restricted assets | | | | |
| Restricted assets | 737 | 836 | 99 | 13.4% |
| Agricultural water rights | 48 | 48 | - | 0.0% |
| Capital assets - operating, net | 346 | 359 | 13 | 3.8% |
| Capital assets - PSR, net | 957 | 939 | (18) | (1.9%) |
| Other assets | 2 | 1 | (1) | (50.0%) |
| | <u>2,090</u> | <u>2,183</u> | <u>93</u> | <u>4.4%</u> |
| Deferred Outflows of Resources | | | | |
| Pension & OPEB valuation and Upfront Payments | 16 | 21 | 5 | 31.3% |
| | | | | |
| Total Assets & Deferred Outflows | \$ 2,731 | \$ 2,903 | \$ 172 | 6.3% |

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

At December 31, 2025, total liabilities and deferred inflows of resources were \$36 million less than December 31, 2024; net position was \$208 million higher.

CURRENT LIABILITIES: Current liabilities include payables, accrued interest, and current principal obligations. Overall, current liabilities increased \$10 million in 2025, primarily because accounts payable increased \$5 million and the Non-Indian Agricultural 9(d) debt in other current liabilities increased \$3 million to reflect the first payment to the United States Bureau of Reclamation (USBR) in February 2026.

NONCURRENT LIABILITIES: Noncurrent liabilities decreased \$43 million, primarily because the federal repayment obligation decreased \$43 million from the annual payment. Contract revenue bonds decreased \$3 million as debt payments are made. In addition, the Non-Indian Agricultural 9(d) debt decreased \$3 million to reflect the first payment to the USBR. Other noncurrent liabilities increased to \$6 million.

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 decreased by \$3 million from 2024.

NET POSITION: Net position, which is the difference between total assets and deferred outflows and total liabilities and deferred inflows, increased \$208 million in 2025.

| Total liabilities, deferred inflows of resources, and net position | | | | |
|---|-----------------|-----------------|---------------|---------------|
| 2025 vs. 2024 | | | | |
| <i>(in millions)</i> | | | | |
| | 2024 | 2025 | Change | |
| Current liabilities | \$ 201 | \$ 211 | \$ 10 | 5.0% |
| Noncurrent liabilities | | | | |
| Repayment obligation, net | 814 | 771 | \$ (43) | (5.3%) |
| Contract revenue bonds | 33 | 30 | (3) | (9.1%) |
| Ag water right debt | 89 | 86 | (3) | (3.4%) |
| Asset retirement obligation | 22 | 22 | - | 0.0% |
| Other noncurrent liabilities | 98 | 104 | 6 | 6.1% |
| Total noncurrent liabilities | 1,056 | 1,013 | (43) | (4.1%) |
| Deferred inflows of resources | | | | |
| Customer deposits and upfront payments | 36 | 36 | - | 0.0% |
| Deferred inflow OPEB | 7 | 4 | (3) | (42.9%) |
| Deferred inflow pension | 6 | 6 | - | 0.0% |
| Total deferred inflows of resources | 49 | 46 | (3) | (6.1%) |
| Total liabilities and deferred inflows of resources | 1,306 | 1,271 | (36) | (2.8%) |
| Net position | | | | |
| Investments in capital assets | 409 | 452 | 44 | 10.8% |
| Restricted, net | 115 | 133 | 18 | 15.7% |
| Unrestricted, net | 901 | 1,048 | 147 | 16.3% |
| Total net position | 1,425 | 1,633 | 208 | 14.6% |
| Total liabilities, deferred inflows of resources, & net position | \$ 2,731 | \$ 2,903 | \$ 172 | 6.3% |

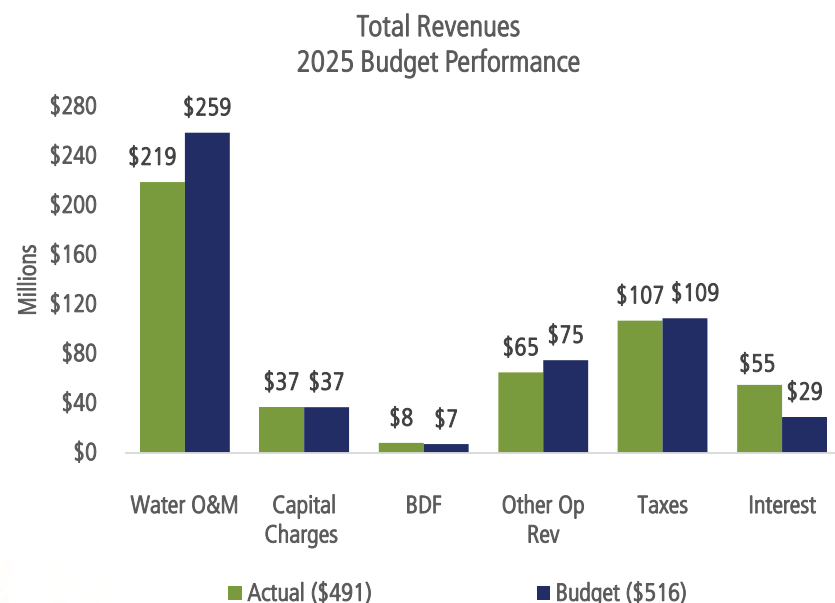
Statements of Revenues, Expenses & Change in Net Position

The net position increased \$208 million in 2025, compared to a budgeted increase of \$192 million. The factors contributing to the net position change are discussed in the sections that follow.

TOTAL REVENUES

2025 BUDGET PERFORMANCE: Total 2025 revenues were \$491 million compared to a budget of \$516 million.

- Water O&M revenues were \$40 million lower than budget due to the difference in the "Big R" budgeted rate versus the published rate, lower energy costs.
- Other operating revenues were \$10 million lower than budget primarily due to lower CAGR D revenues due to lower obligations, lower activations and dues revenue.
- Interest revenue was \$55 million compared to a budget of \$29 million due to favorable fair value adjustment and enhanced investment strategies.
- All other revenue categories were at or near budget.



YEAR-OVER-YEAR COMPARISON: Total 2025 revenues were \$491 million, \$41 million higher than 2024.

Operating Revenues were \$19 million higher than 2024.

- Water O&M charges were \$13 million higher because of increased costs.
- BDF revenues are \$4 million lower primarily due to an a refund in 2024 for transmission losses and line rental revenue adjusting downwards due to less usage.
- Other operating revenues \$10 million higher compared to 2024 because CAGR D rate revenue was \$10 million due to higher activations, enrollments, and obligations.

Nonoperating Revenues were \$22 million higher than 2024.

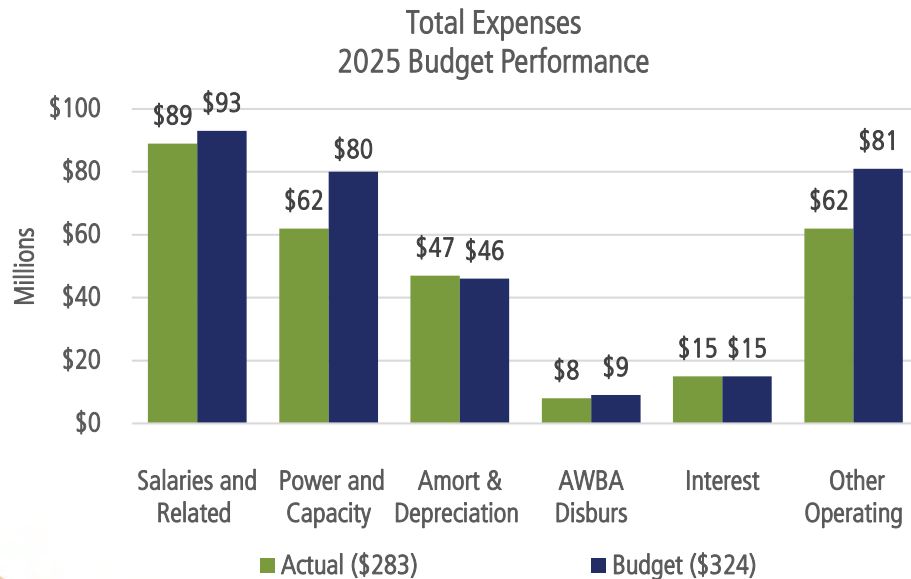
- Property taxes were \$10 million higher because of the Qasimyar class action lawsuit in Maricopa County resulted in the recoupment of prior year tax revenues in 2024. Property tax revenues returned to normal in 2025.
- Interest income & other revenues were \$12 million higher primarily due to enhanced investment strategies and a favorable fair value adjustment.

| | Full-Year 2025 | | | |
|-------------------------------|----------------|--------|----------|---------|
| <i>(Dollars in millions)</i> | 2024 | 2025 | Variance | |
| Operating Revenues | | | | |
| Water O&M charges | \$ 206 | \$ 219 | \$ (13) | (5.9%) |
| Water service capital charges | 37 | 37 | - | 0.0% |
| BDF revenues | 12 | 8 | 4 | 50.0% |
| Other revenues | 55 | 65 | (10) | (15.4%) |
| | 310 | 329 | (19) | (5.8%) |
| Nonoperating Revenues | | | | |
| Property taxes | 97 | 107 | (10) | (9.3%) |
| Interest income & other | 43 | 55 | (12) | (21.8%) |
| | 140 | 162 | (22) | (13.6%) |
| Total Revenues | \$ 450 | \$ 491 | \$ (41) | (8.4%) |

TOTAL EXPENSES

2025 BUDGET PERFORMANCE: Total 2025 expenses were \$283 million, \$41 million lower than budget.

- Salaries and related expenses were \$4 million lower than budget because more labor charged to capital projects.
- Power and capacity charges were \$18 million lower than budget, primarily because natural gas prices were lower than anticipated when the budget was developed.
- Other operating expenses were \$19 million lower than budget, primarily because of lower-than-expected conservation program costs, recovery expenses, and transmission expenses due to the One Transmission Rate.
- All other expense categories were at or near budget.



YEAR-OVER-YEAR COMPARISON: Total 2025 expenses were \$283 million.

Operating Expenses were \$22 million higher than 2024.

- Salaries and related expenses were \$5 million higher primarily because of salary increases.
- Energy expenses were \$10 million higher than 2024 because the price per megawatt hour was higher.
- Other expenses were \$6 million higher than 2024 because the El Paso Electric Settlement refund and WAPA completed a reconciliation that both reduced 2024 expenses, which did not occur in 2025.

All other operating and nonoperating expense categories are to be at or near the prior year.

| | Full-Year 2025 | | | |
|-------------------------------|----------------|--------|----------|---------|
| <i>(Dollars in millions)</i> | 2024 | 2025 | Variance | |
| Operating Expenses | | | | |
| Salary and related costs | \$ 84 | \$ 89 | \$ 5 | 5.6% |
| Energy | 52 | 62 | 10 | 16.1% |
| Amortization and depreciation | 46 | 47 | 1 | 2.1% |
| Other | 56 | 62 | 6 | 9.7% |
| | 238 | 260 | 22 | 8.5% |
| Nonoperating Expenses | | | | |
| AWBA Disbursements | 11 | 8 | (3) | (37.5%) |
| Interest Expense | 16 | 15 | (1) | (6.7%) |
| | 27 | 23 | (4) | (17.4%) |
| Total Expenses | \$ 265 | \$ 283 | \$ 18 | 6.4% |



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

(Dollars in Thousands)

| | Full Year 2025 | | | | |
|---|---------------------|--------------------------------|---------------------|--------------------|----------------|
| | 2024 Actual | Total Spending Authority | | | |
| | | Actual | Authority | Variance | |
| | | | (\$) | (%) | |
| Operating Revenues | | | | | |
| Water O&M charges | \$ 206,170 | \$ 218,873 | \$ 258,676 | \$ (39,803) | (15.4%) |
| Water service capital charges | 36,758 | 37,156 | 37,196 | (40) | (0.1%) |
| Basin Development Fund revenues | 11,841 | 7,529 | 6,725 | 804 | 12.0% |
| Other revenues | 55,105 | 64,921 | 74,902 | (9,981) | (13.3%) |
| Total Operating Revenues | \$ 309,874 | \$ 328,479 | \$ 377,499 | \$ (49,020) | (13.0%) |
| Operating Expenses | | | | | |
| Salaries and related costs | (84,396) | \$ (89,188) | \$ (92,985) | \$ 3,797 | 4.1% |
| Energy | (52,469) | (62,109) | (80,370) | 18,261 | 22.7% |
| Transmission | (7,145) | (11,473) | (13,395) | 1,922 | 14.3% |
| Amortization | (18,126) | (18,125) | (18,125) | - | 0.0% |
| Depreciation | (28,046) | (29,121) | (28,483) | (638) | (2.2%) |
| Other Operating Costs: | | | | | |
| Outside services | (29,757) | (27,601) | (46,180) | 18,579 | 40.2% |
| Materials and supplies | (11,053) | (10,616) | (9,626) | (990) | (10.3%) |
| Water for underground storage | (1,807) | (3,554) | (2,553) | (1,001) | (39.2%) |
| Overhead | 5,502 | 4,948 | 3,261 | 1,687 | 51.7% |
| Other expenses | (9,949) | (12,833) | (11,470) | (1,363) | (11.9%) |
| Subtotal other costs | (47,064) | (49,656) | (66,568) | 16,912 | 25.4% |
| Total Operating Expenses | (237,246) | (259,672) | (299,926) | 40,254 | 13.4% |
| Operating Income/(Loss) | \$ 72,628 | \$ 68,807 | \$ 77,573 | \$ (8,766) | (11.3%) |
| Nonoperating Revenues/(Expenses) | | | | | |
| Property taxes | 96,612 | \$ 106,543 | \$ 109,181 | \$ (2,638) | (2.4%) |
| Interest income and other | 43,248 | 55,275 | 28,636 | 26,639 | 93.0% |
| Disbursements to AWBA | (11,284) | (8,146) | (8,645) | 499 | 5.8% |
| Interest expense and other | (16,204) | (14,651) | (14,728) | 77 | 0.5% |
| Total Nonoperating Revenues/(Expenses) | 112,372 | 139,021 | 114,444 | 24,577 | 21.5% |
| Change in Net Position | 185,000 | 207,828 | 192,017 | 15,811 | 8.2% |
| Net position at beginning of period | 1,239,817 | 1,424,817 | 1,410,824 | 13,993 | 1.0% |
| Net position at end of period | \$ 1,424,817 | \$ 1,632,645 | \$ 1,602,841 | \$ 29,804 | 1.9% |

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 | \$ 218,873 | \$ (12,525) | 231,398 | \$ - | \$ - | \$ - |
| Water service capital charges | 37,156 | (1,331) | 38,487 | - | - | - |
| Basin Development Fund Revenues | 7,529 | - | 7,529 | - | - | - |
| Other revenues | 64,921 | (13,485) | 2,213 | - | 63,094 | 13,099 |
| Total Operating Revenues | 328,479 | (27,341) | 279,627 | - | 63,094 | 13,099 |
| Operating Expenses | | | | | | |
| Salaries and related costs | (89,188) | - | (87,770) | - | (1,418) | - |
| Energy | (62,109) | - | (62,109) | - | - | - |
| Transmission | (11,473) | - | (11,473) | - | - | - |
| Amortization | (18,125) | - | (18,125) | - | - | - |
| Depreciation | (29,121) | - | (29,060) | - | (61) | - |
| Other operating costs: | | | | | | |
| Outside services | (27,601) | - | (25,820) | - | (1,537) | (244) |
| Materials and supplies | (10,616) | - | (10,616) | - | - | - |
| Water for recharge | (3,554) | 14,242 | - | - | (17,796) | - |
| Overhead | 4,948 | - | 6,423 | - | (1,475) | - |
| Other expenses | (12,833) | 13,099 | (13,192) | - | (179) | (12,561) |
| Subtotal other costs | (49,656) | 27,341 | (43,205) | - | (20,987) | (12,805) |
| Total Operating Expenses | (259,672) | 27,341 | (251,742) | - | (22,466) | (12,805) |
| Operating Income/(Loss) | 68,807 | - | 27,885 | - | 40,628 | 294 |
| Nonoperating Revenues/(Expenses) | | | | | | |
| Property taxes | 106,543 | - | 106,543 | - | - | - |
| Interest income and other | 55,275 | (75) | 48,162 | 561 | 6,028 | 599 |
| Disbursements to AWBA | (8,146) | - | (8,146) | - | - | - |
| Interest expense and other | (14,651) | 75 | (14,651) | - | (75) | - |
| Total Nonoperating Revenues/(Expenses) | 139,021 | - | 131,908 | 561 | 5,953 | 599 |
| Change in Net Position | 207,828 | - | 159,793 | 561 | 46,581 | 893 |
| 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 | \$ 1,632,645 | \$ (2,350) | 1,194,918 | \$ 10,074 | \$ 413,587 | \$ 16,416 |



Statement of Net Position

(Dollars in Thousands)

| | 2024 | 2025 |
|---|---------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 19,429 | \$ 22,748 |
| Short Term Investments | 269,147 | 333,989 |
| Total cash and cash equivalents | 288,576 | 356,737 |
| Receivables | | |
| Due from water customers | 3,585 | 1,594 |
| Due from property taxes, less allowance for doubtful accounts | 49,608 | 52,759 |
| Other Receivables | 22,085 | 3,182 |
| Water inventory | 245,447 | 259,292 |
| Funds held by federal government | 12,852 | 7,697 |
| Other assets | 3,165 | 18,605 |
| Total Current Assets | 625,318 | 699,866 |
| Noncurrent Assets | | |
| Long Term Investments | 605,453 | 688,223 |
| Restricted assets | 131,134 | 147,520 |
| Agriculture water rights | 47,663 | 47,663 |
| Capital assets, less accumulated depreciation | 346,497 | 359,099 |
| Permanent service right, less accumulated amortization | 956,927 | 938,802 |
| Other assets | 1,839 | 1,806 |
| Total Noncurrent Assets | 2,089,513 | 2,183,113 |
| TOTAL ASSETS | 2,714,831 | 2,882,979 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension & OPEB Valuation and Upfront Payments | 16,366 | 20,790 |
| Total Deferred Outflows of Resources | 16,366 | 20,790 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 2,731,197 | \$ 2,903,769 |

Statement of Net Position

(Dollars in Thousands)

| | 2024 | 2025 |
|---|---------------------|---------------------|
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | \$ 83,308 | \$ 93,845 |
| Accrued payroll, payroll taxes and other accrued expenses | 5,387 | 5,919 |
| Water operations, capital charges, and unearned revenue | 47,794 | 49,470 |
| Asset retirement obligation due within one year | 203 | 40 |
| Current liabilities payable from restricted assets, advances to federal government, and other Non-current assets: | | |
| Accrued interest payable | 15,865 | 14,362 |
| Repayment obligation, due within one year | 42,808 | 42,808 |
| Contract revenue bonds, due within one year | 5,910 | 2,120 |
| Non-Indian Agricultural 9(D) Debt, Due Within One Year | - | 2,688 |
| Total Current Liabilities | 201,275 | 211,252 |
| Noncurrent Liabilities: | | |
| Repayment obligation, due after one year | 813,815 | 771,007 |
| Contract revenue bonds, due after one year, net | 32,625 | 30,042 |
| Non-Indian agricultural 9(d) debt | 88,689 | 86,001 |
| Asset retirement obligation due after one year | 21,870 | 22,033 |
| Other non-current liabilities | 98,646 | 104,295 |
| Subtotal Noncurrent Liabilities | 1,055,645 | 1,013,378 |
| Total Liabilities | 1,256,920 | 1,224,630 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Customer Deposits | 36,357 | 36,357 |
| Deferred Inflow OPEB | 7,490 | 4,091 |
| Pension Valuation | 5,613 | 6,046 |
| Total Deferred Inflows of Resources | 49,460 | 46,494 |
| NET POSITION | | |
| Net investment in capital assets | 408,266 | 451,924 |
| Restricted | 115,268 | 133,158 |
| Unrestricted | 901,283 | 1,047,563 |
| Total Net Position | 1,424,817 | 1,632,645 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 2,731,197 | \$ 2,903,769 |

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 | \$ 356,737 | \$ - | \$ 261,076 | \$ - | \$ 77,839 | \$ 17,822 |
| Receivables | 57,535 | (86) | 55,946 | - | 1,579 | 96 |
| Water inventory | 259,292 | - | 23,030 | - | 236,262 | - |
| Funds held by / advanced to federal government | 7,697 | - | 7,697 | - | - | - |
| Other | 18,605 | (810) | 489 | - | 18,926 | - |
| Total Current Assets | 699,866 | (896) | 348,238 | - | 334,606 | 17,918 |
| Noncurrent Assets | | | | | | |
| Long Term Investments and restricted assets | 835,743 | (2,350) | 753,255 | 10,074 | 72,514 | 2,250 |
| Agriculture water rights | 47,663 | - | 47,663 | - | - | - |
| Capital assets, less accumulated depreciation | 359,099 | - | 333,825 | - | 25,274 | - |
| Permanent service right, less accumulated amortization | 938,802 | - | 938,802 | - | - | - |
| Other assets, less accumulated amortization | 1,806 | - | 1,806 | - | - | - |
| Bond issuance costs, net of accumulated amortization | - | - | - | - | - | - |
| Total Noncurrent Assets | 2,183,113 | (2,350) | 2,075,351 | 10,074 | 97,788 | 2,250 |
| TOTAL ASSETS | 2,882,979 | (3,246) | 2,423,589 | 10,074 | 432,394 | 20,168 |
| DEFERRED OUTFLOWS OF RESOURCES | 20,790 | - | 20,790 | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | \$ 2,903,769 | (3,246) | 2,444,379 | 10,074 | 432,394 | 20,168 |

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 | \$ 99,764 | \$ (86) | \$ 80,013 | \$ - | \$ 16,085 | \$ 3,752 |
| Water operations and capital charges deferred revenue | 49,470 | - | 46,748 | - | 2,722 | - |
| Accrued Decommissioning - Current | 40 | | 40 | | | |
| Other current liabilities | 61,978 | (810) | 62,788 | - | - | - |
| Total Current Liabilities | 211,252 | (896) | 189,589 | - | 18,807 | 3,752 |
| Noncurrent Liabilities | | | | | | |
| Asset retirement obligation due after one year | 22,033 | | 22,033 | | | |
| 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 | 86,001 | - | 86,001 | - | - | - |
| Other noncurrent liabilities | 104,295 | - | 104,295 | - | - | - |
| Total Noncurrent Liabilities | 1,013,378 | - | 1,013,378 | - | - | - |
| TOTAL LIABILITIES | 1,224,630 | (896) | 1,202,967 | - | 18,807 | 3,752 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Customer Deposits and Upfront Payments | 36,357 | - | 36,357 | - | - | - |
| Deferred Inflow OPEB | 4,091 | | 4,091 | | | |
| Pension Valuation | 6,046 | - | 6,046 | - | - | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 46,494 | - | 46,494 | - | - | - |
| NET POSITION | | | | | | |
| Net Investment in capital assets | 451,924 | - | 426,650 | - | 25,274 | - |
| Restricted | 133,158 | - | 72,957 | 10,074 | 47,877 | 2,250 |
| Unrestricted | 1,047,563 | (2,350) | 695,311 | - | 340,436 | 14,166 |
| TOTAL NET POSITION | 1,632,645 | (2,350) | 1,194,918 | 10,074 | 413,587 | 16,416 |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION | \$ 2,903,769 | (3,246) | 2,444,379 | 10,074 | 432,394 | 20,168 |

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 | \$ 4,894 | \$ 76 | \$ 260 | \$ 59,439 |
| Additional Spending Authority | | | | | | |
| AWBA Transfer | | 7,913 | | | | |
| Final Spending Authority | \$ 199,648 | \$ 23,297 | \$ 4,894 | \$ 76 | \$ 260 | \$ 59,439 |
| Actual operating expenses | \$ 178,160 | \$ 22,797 | \$ 4,670 | \$ 75 | \$ 244 | \$ 42,013 |
| Variance (\$) Fav/(Unfav) | \$ 21,488 | \$ 500 | \$ 224 | \$ 1 | \$ 16 | \$ 17,426 |
| Variance (%) | 10.8% | 2.1% | 4.6% | 1.3% | 6.2% | 29.3% |

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 | Actual | Budget | Variance | |
| Sources of Funds | | | | | |
| Net Line Rental Revenue | 4,371 | 2,463 | 2,785 | (322) | |
| Hoover 4.5 mil Surcharge | 2,847 | 2,720 | 2,056 | 664 | A |
| Parker-Davis | 2,673 | 2,719 | 1,854 | 865 | A |
| Net CAP Transmission Revenues (including line losses) | 2,085 | (2,006) | (695) | (1,311) | B |
| Land-related Revenues: | | | | | |
| Land Use | 524 | 1,248 | 725 | 523 | C |
| Land Sales | - | 419 | - | 419 | D |
| Interest on Deposits | 353 | 134 | 150 | (16) | |
| Total Credits Toward Repayment | \$ 12,852 | \$ 7,697 | \$ 6,875 | \$ 822 | |
| 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) | \$ (48,720) | \$ (49,542) | \$ 822 | |
| CAP NGS Energy & Navajo Transmission Reconciliation | \$ (659) | \$ (34) | \$ - | \$ (34) | |
| Net Funds Due to/from Federal Government | \$ (45,640) | \$ (48,754) | \$ (49,542) | \$ 788 | |

Notes:

- A Hoover and Parker-Davis surcharge revenues over budget due to higher than projected kilowatt hour usage
- B Negative variance due to WAPA's billing for "CAP Transmission O&M" greatly exceeding their stated budget
- C Land use fees much higher than in recent years
- D Positive variance is the result of an unexpected land sale

Staffing - Average Full Time Equivalent (FTE)

| | 2024 | 2025 | | Variance | | Notes |
|--|--------------|--------------|--------------|------------|-------------|-------|
| | | Actual | Budget | FTEs | % (*) | |
| Management Council | 11.0 | 11.0 | 13.0 | 2.0 | 15.4% | |
| AGM - Finance & Admin Group | | | | | | |
| Finance & Administration | | | | | | |
| Finance & Accounting | 20.7 | 20.7 | 21.0 | 0.3 | 1.4% | |
| Supply Chain & Facilities | 26.2 | 26.6 | 27.0 | 0.4 | 1.5% | |
| Total Finance and Administration | 46.9 | 47.3 | 48.0 | 0.7 | 1.5% | |
| Technology & Governance | | | | | | |
| Analytics | 9.0 | 9.0 | 9.0 | - | 0.0% | |
| Information Technology | 28.5 | 27.4 | 29.0 | 1.6 | 5.5% | |
| Enterprise Security | 11.7 | 11.3 | 12.0 | 0.7 | 5.8% | |
| Total Technology & Governance | 49.2 | 47.7 | 50.0 | 2.3 | 4.6% | |
| Employee Services | | | | | | |
| Cent Learning & Development | 5.8 | 6.2 | 6.0 | (0.2) | (3.3%) | |
| Safety, Health & Environmental | 10.9 | 11.0 | 11.0 | - | 0.0% | |
| Human Resources | 7.5 | 7.5 | 7.5 | - | 0.0% | |
| Total Employee Services | 24.2 | 24.7 | 24.5 | (0.2) | (0.8%) | |
| AGM - Water Policy Group | | | | | | |
| Water Policy | | | | | | |
| CAGR | 8.2 | 8.1 | 9.0 | 0.9 | 10.0% | |
| Water Policy | 9.0 | 9.0 | 10.0 | 1.0 | 10.0% | |
| Total Water Policy | 17.2 | 17.1 | 19.0 | 1.9 | 10.0% | |
| Legal | 6.0 | 6.0 | 6.0 | - | 0.0% | |
| AGM - Public & Intergov't Affairs | 16.7 | 16.7 | 17.0 | 0.3 | 1.8% | |
| AGM - Ops & Engineering Group | | | | | | |
| Centralized Maint & Reliability | | | | | | |
| Centralized Maintenance | 67.2 | 65.0 | 71.0 | 6.0 | 8.5% | |
| Maintenance Control | 41.4 | 42.7 | 43.0 | 0.3 | 0.7% | |
| Total Centralized Maint & Reliability | 108.6 | 107.7 | 114.0 | 6.3 | 5.5% | |
| Field Maintenance | | | | | | |
| Operational Technology | 37.5 | 35.6 | 38.0 | 2.4 | 6.3% | |
| South Area Maintenance | 42.4 | 44.7 | 45.0 | 0.3 | 0.7% | |
| West Area Maintenance | 45.5 | 44.9 | 46.0 | 1.1 | 2.4% | |
| Total Field Maintenance | 125.4 | 125.2 | 129.0 | 3.8 | 2.9% | |
| Operations and Engineering | | | | | | |
| Engineering | 65.6 | 65.8 | 65.0 | (0.8) | (1.2%) | |
| Power Program Admin | 2.0 | 2.0 | 2.0 | - | 0.0% | |
| Water Operations | 22.5 | 23.0 | 23.0 | - | 0.0% | |
| Total Operations and Engineering | 90.1 | 90.8 | 90.0 | (0.8) | (0.9%) | |
| Vacancy/Salary Savings Equivalent | - | - | (15.0) | (15.0) | 100.0% | |
| Total FTE | 495.3 | 494.2 | 495.5 | 1.3 | 0.3% | |

General Fund

In 2025, General Fund net position increased \$160 million compared to a budgeted increase of \$142 million. Revenues were \$24 million lower than budget; expenses were \$42 million lower than budget.

The discussion on pages 20-21 summarizes the General Fund's 2025 budget performance and 2025 vs. 2024.

GENERAL FUND Budget Performance - Full Year 2025

| <i>(Dollars in thousands)</i> | Actual | Budget | Variance | |
|-------------------------------|---------------------|---------------------|------------------|--------|
| Revenues | \$ 434,332 | \$ 458,258 | \$ (23,926) | (5.2%) |
| Expenses | (274,539) | (316,710) | 42,171 | 13.3% |
| Change in Net Position | 159,793 | 141,548 | 18,245 | |
| Beginning Net Position | 1,035,125 | 1,012,196 | 22,929 | |
| Ending Net Position | <u>\$ 1,194,918</u> | <u>\$ 1,153,744</u> | <u>\$ 41,174</u> | |

GENERAL FUND 2024 vs. 2025

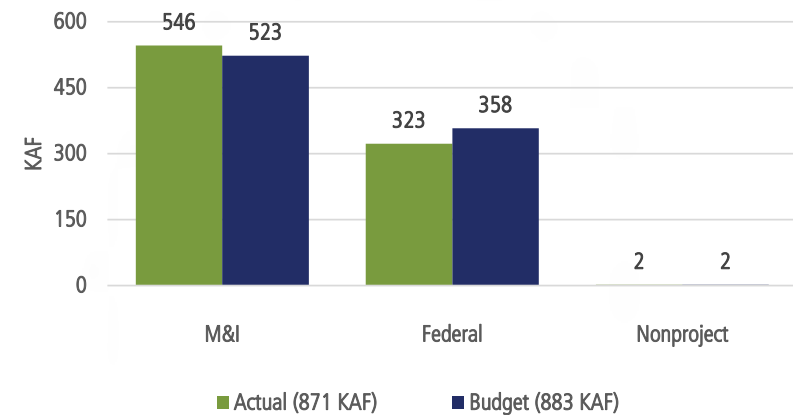
| <i>(Dollars in thousands)</i> | 2024 | 2025 | Variance | |
|-------------------------------|---------------------|---------------------|---------------------|--------|
| Revenues | \$ 407,176 | \$ 434,332 | \$ (27,156) | (6.3%) |
| Expenses | (260,560) | (274,539) | \$ 13,979 | 5.1% |
| Change in Net Position | 146,616 | 159,793 | \$ (13,177) | |
| Beginning Net Position | 888,509 | 1,035,125 | \$ (146,616) | |
| Ending Net Position | <u>\$ 1,035,125</u> | <u>\$ 1,194,918</u> | <u>\$ (159,793)</u> | |

Water Deliveries

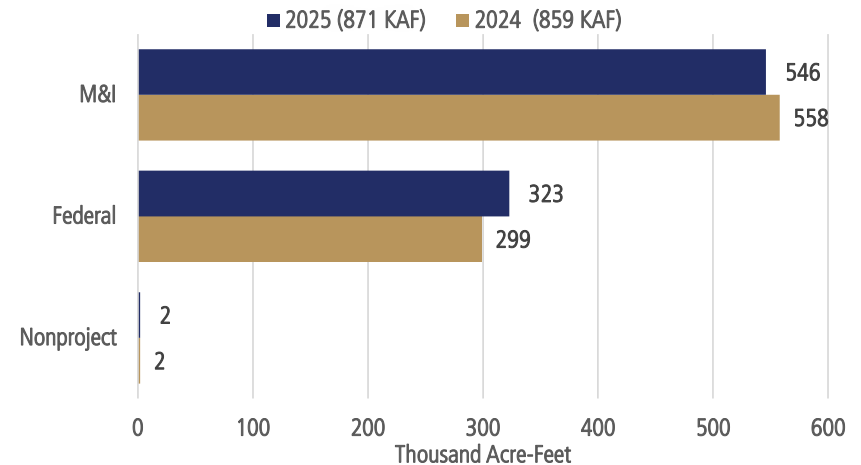
Total 2025 water deliveries were 871 thousand acre-feet, 12 thousand acre-feet lower than budget because of a change in conservation agreements between both M&I and Federal deliveries.

Total 2025 water deliveries were 12 thousand acre-feet higher than 2024 water deliveries. M&I deliveries were 12 thousand acre-feet lower than 2024; federal deliveries were 24 thousand acre-feet higher than 2024 due to less conservation. Nonproject deliveries were unchanged.

Water Deliveries 2025



Water Deliveries - 2025 vs. 2024



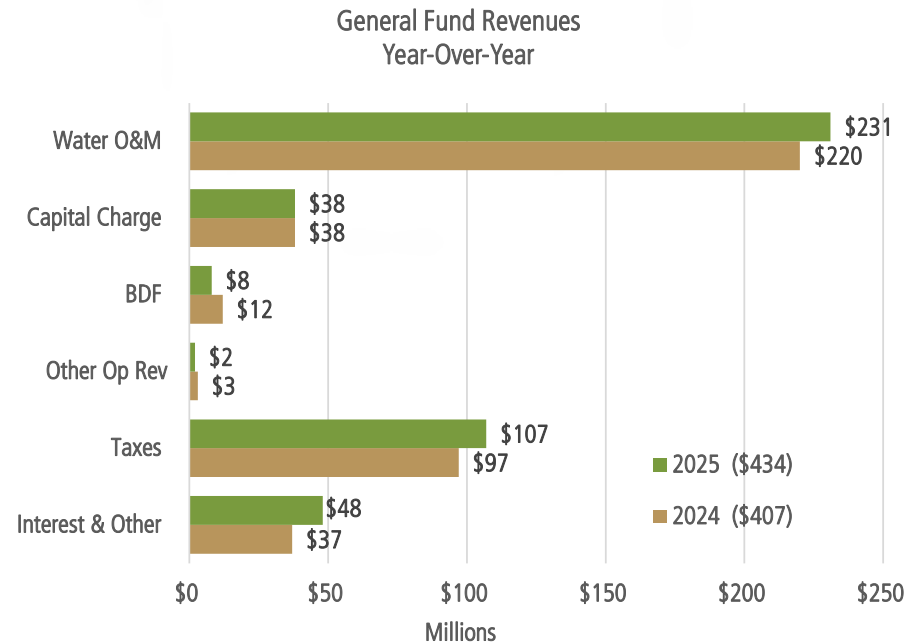
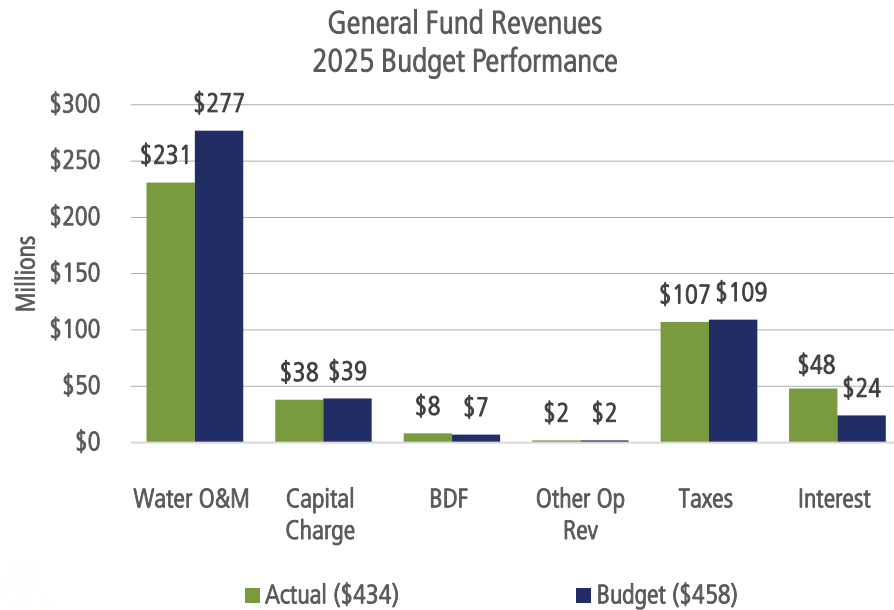
General Fund Revenues

2025 BUDGET PERFORMANCE: General Fund revenues were \$434 million, \$24 million lower than budget.

- Water O&M revenues were \$46 million lower than budget because the “Big R” rate was lower than budgeted and lower energy costs.
- Interest & other revenues were \$24 million higher than budget due to favorable fair value adjustments.
- All other General Fund operating and nonoperating revenues were at or near budget.

YEAR-OVER-YEAR COMPARISON: 2025 General Fund revenues were \$434 million, \$27 million less than 2024. The key factors contributing to the variance are:

- Water O&M revenues were \$11 million higher due to increased water delivery costs and higher energy expenses to deliver the water.
- BDF revenues were \$4 million lower primarily due to a refund in 2024 for transmission losses and line rental revenue adjusting downwards due to less usage.
- Property taxes were \$10 million higher because of the Qasimyar class action lawsuit in Maricopa County resulted in the recoupment of prior year tax revenues in 2024. Property tax revenues returned to normal in 2025.
- Interest & other revenues were \$11 million higher due to favorable fair value adjustment.



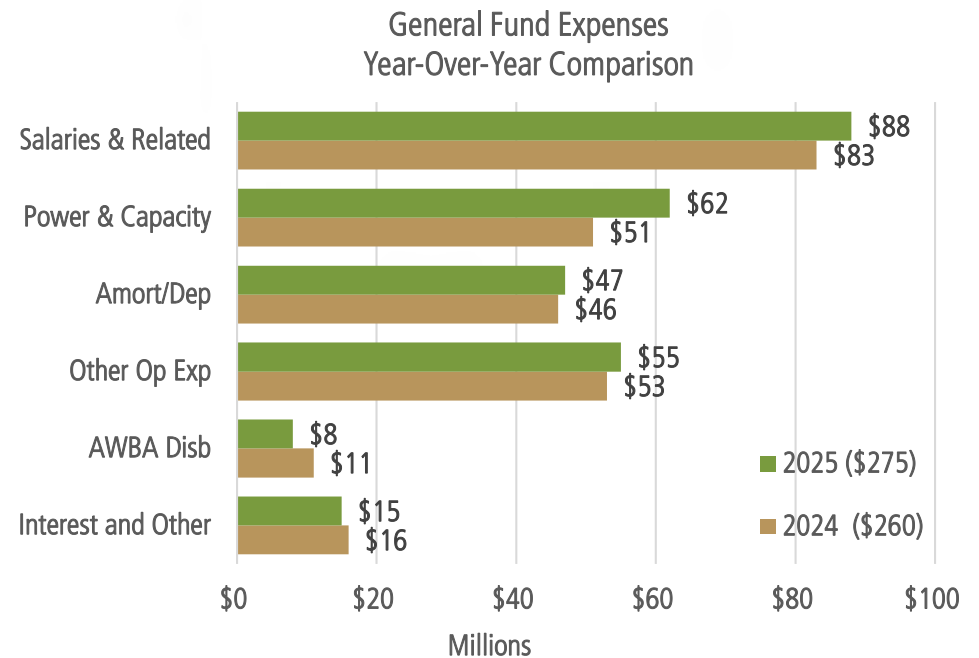
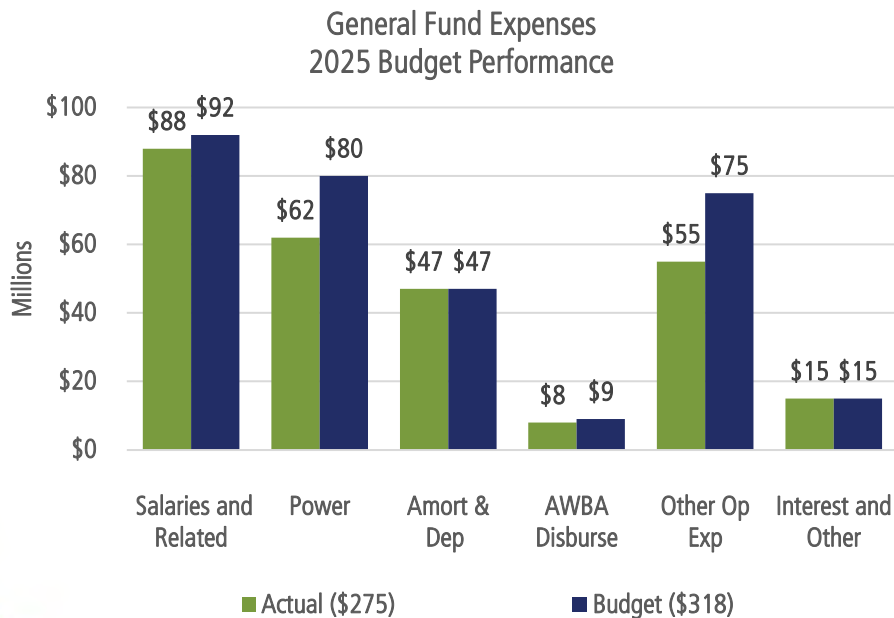
General Fund Expenses

2025 BUDGET PERFORMANCE: Total General Fund expenses were \$275 million, \$43 million lower than budget. Key factors contributing to the variance were:

- Salaries and related expenses were \$4 million lower than budget because more labor charged to capital projects.
- Power and capacity charges were \$18 million lower than budget, primarily because natural gas prices were lower than anticipated when the budget was developed.
- Other expenses were \$20 million lower than budget, primarily because of lower-than-expected conservation program costs, recovery expenses, and transmission expenses due to the One Transmission Rate.
- All other expense categories were at or near budget.

YEAR-OVER-YEAR COMPARISON: 2025 General Fund expenses were \$275 million, \$15 million higher than 2024.

- Salaries and related expenses were \$5 million higher primarily because of salary increases.
- Energy expenses were \$11 million higher than 2024 because the price per megawatt hour was higher.
- Other expenses were \$2 million higher than 2024 because the El Paso Electric Settlement refund and WAPA completed a reconciliation that both reduced 2024 expenses, which did not occur in 2025.
- The AWBA disbursements were \$3 million lower than 2024 due to lower long-term storage credit purchases.
- All other operating and nonoperating expenses were at or near prior year levels.



General Fund Reserves

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

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

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

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

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

RESERVE MANAGEMENT GUIDELINES

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

END OF YEAR BALANCE PROJECTIONS

Strategic Reserves and Working Capital were at target at year-end. Extraordinary Cost Reserve (ECR) exceeded the 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 |
| Total Working Capital Target | \$91 |

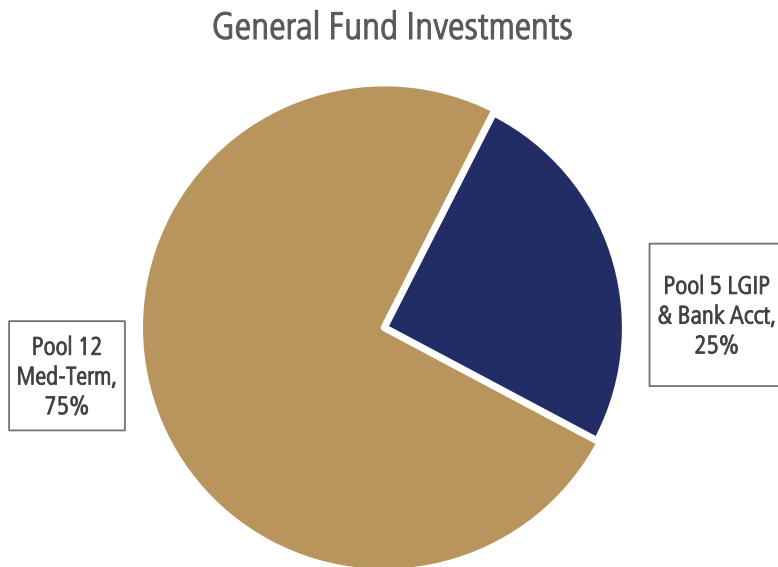
General Fund Cash and Investments

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 December 2025 was 3.77% for pool 12 and 3.96% for pool 5.

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



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

| <i>(Dollars in millions)</i> | Market Value as of | |
|------------------------------------|--------------------|---------------|
| | 12/31/25 | 12/31/24 |
| Strategic Reserves | | |
| Assigned Reserves | | |
| Capital Reserve | 73 | 73 |
| Operating Reserve | 85 | 85 |
| Contingency Reserve | 8 | 8 |
| Total Strategic Reserves | 166 | 166 |
| Working Capital | \$ 91 | \$ 91 |
| Extraordinary Cost Reserves | \$ 454 | \$ 326 |
| Other Reserves | | |
| Navajo Decommissioning | \$ 19 | \$ 18 |
| Repayment Reserve | 40 | 39 |
| Emergency OM&R Reserve | 7 | 7 |
| System Use Reserve | 4 | 4 |
| Tribal ICS Reserve | 38 | 36 |
| Bond Reserve | 7 | 7 |
| 9(d) Debt Reserve | 33 | 27 |
| Recovery Reserve | 6 | 6 |
| Recharge O & M | 9 | 9 |
| Total Other Reserves | 163 | 153 |
| Total Reserves | \$ 874 | \$ 736 |

Statement of Revenues, Expenses and Change in Net Position General Fund

(Dollars in Thousands)

| | Full Year 2025 | | | | | Notes |
|--|----------------|-----------|--------------------------------|-------------|---------|-------|
| | 2024 Actual | Actual | Total Spending Authority | Variance | | |
| | | | | (\$) | (%) | |
| Water Deliveries (acre-feet in thousands) | 859 | 872 | 882 | (10) | (1.1%) | A |
| Operating Revenues | | | | | | |
| Water O&M charges | \$ 220,325 | 231,398 | \$ 277,233 | \$ (45,835) | (16.5%) | A |
| Water service capital charges | 38,606 | 38,487 | 39,362 | (875) | (2.2%) | |
| Basin Development Fund Revenues | 11,841 | 7,529 | 6,725 | 804 | 12.0% | C |
| Other revenues | 2,984 | 2,213 | 1,553 | 660 | 42.5% | D |
| Total Operating Revenues | 273,756 | 279,627 | 324,873 | (45,246) | (13.9%) | |
| Operating Expenses | | | | | | |
| Salaries and related costs | (83,050) | (87,770) | (91,534) | 3,764 | 4.1% | |
| Energy | (52,469) | (62,109) | (80,370) | 18,261 | 22.7% | E |
| Transmission | (7,145) | (11,473) | (13,395) | 1,922 | 14.3% | F |
| Amortization of Permanent Service Right | (18,126) | (18,125) | (18,125) | - | 0.0% | |
| Depreciation and Amortization | (27,985) | (29,060) | (28,422) | (638) | (2.2%) | G |
| Other operating costs: | | | | | | |
| Outside services | (28,487) | (25,820) | (44,246) | 18,426 | 41.6% | H |
| Materials and supplies | (11,053) | (10,616) | (9,626) | (990) | (10.3%) | |
| Overhead | 6,900 | 6,423 | 4,781 | 1,642 | 34.3% | |
| Other expenses | (11,752) | (13,192) | (12,476) | (716) | (5.7%) | |
| Total other operating expenses | (44,392) | (43,205) | (61,567) | 18,362 | 29.8% | |
| Total Operating Expenses | (233,167) | (251,742) | (293,413) | 41,671 | 14.2% | |
| Operating Income/(Loss) | 40,589 | 27,885 | 31,460 | (3,575) | (11.4%) | |
| Nonoperating Revenues/(Expenses) | | | | | | |
| Property taxes | 96,612 | 106,543 | 109,181 | (2,638) | (2.4%) | |
| Interest income and other | 36,808 | 48,162 | 24,204 | 23,958 | 99.0% | I |
| Disbursements to AWBA | (11,284) | (8,146) | (8,645) | 499 | 5.8% | J |
| Interest expense and other | (16,109) | (14,651) | (14,652) | 1 | 0.0% | |
| Net Nonoperating Income/(Loss) | 106,027 | 131,908 | 110,088 | 21,820 | 19.8% | |
| Change in Net Position | 146,616 | 159,793 | 141,548 | 18,245 | 12.9% | |
| Net Position at beginning of period | 888,509 | 1,035,125 | 1,012,196 | 22,929 | 2.3% | |
| Net Position at end of period | \$ 1,035,125 | 1,194,918 | \$ 1,153,744 | \$ 41,174 | 3.6% | |

Statement of Revenues, Expenses and Change in Net Position

General Fund

Notes

- A **Water O&M Revenues:** Water deliveries were slightly higher than budget due to adjustments to system conservation agreements. Energy costs were lower than budget, which results in lower water delivery revenues.
- C **Basin Development Fund Revenues:** 2025 full year positive variance is primarily due to Hoover and Parker-Davis exceeding budget as a result of higher than anticipated kilowatt hour usage, land use fees were higher than in previous years, and an unexpected land sale; conversely, these positive gains were somewhat tempered by WAPA's high billing for "CAP Transmission O&M."
- 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 were lower diversions and deliveries projected, creating the opportunity for greater shaping. These actuals include favorable summer sales, and CAP continues to explore price stability in part by utilizing forward energy auctions.
- F **Transmission:** Transmission costs generally follow 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 were \$18 million lower than budget, mostly because some conservation programs were ultimately federally funded.
- I **Interest Income and Other:** Full-year higher than budget because of a favorable fair value adjustment.
- J **Disbursements to AWBA:** Includes a transfer of \$6.3 million for LTSC purchases in Phoenix AMA and a \$1.5 million transfer in Tucson AMA.

Water Volumes

(in Acre-Feet)

| | Full Year 2025 | | | | | Notes |
|--|----------------|----------------|----------------|-----------------|---------------|-------|
| | 2024 Actual | Actual | Budget | Variance | | |
| | | | | (A/F) | (%) | |
| PROJECT WATER DELIVERIES | | | | - | | |
| Municipal & Industrial Water Subcontract | 557,725 | 546,322 | 522,674 | 23,648 | 4.5% | |
| Federal Contract | 298,940 | 323,492 | 357,639 | (34,147) | (9.5%) | |
| Subtotal Project Water Deliveries | 856,665 | 869,814 | 880,313 | (10,499) | (1.2%) | A |
| NONPROJECT WATER DELIVERIES | | | | | | |
| Firming - Federal | 1,040 | 1,040 | 1,040 | - | 0.0% | |
| Firming - CAWCD | - | - | - | - | - | |
| Other Wheeled Water-Federal | 943 | 943 | 943 | - | 0.0% | |
| Other Wheeled Water - CAWCD | - | - | - | - | - | |
| Subtotal Nonproject Water | 1,983 | 1,983 | 1,983 | - | 0.0% | |
| Total Water Deliveries | 858,648 | 871,797 | 882,296 | (10,499) | (1.2%) | |
| Transfer of credits to CAGR | 10,261 | 35 | 15,509 | (15,474) | (99.8%) | B |
| Take or Pay/Adjustment | 15,028 | 13,718 | - | 13,718 | - | |
| Billed Fixed OM&R Water Volumes | 883,937 | 885,550 | 897,805 | (12,255) | (1.4%) | |

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

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

Water Revenues and Capital Charges

(Dollars in Thousands)

| | Full Year 2025 | | | | | Notes |
|---|----------------|------------|------------|-------------|----------|-------|
| | 2024 Actual | Actual | Budget | Variance | | |
| | | | | (\$) | (%) | |
| PROJECT WATER REVENUES | | | | | | |
| Municipal & Industrial Water Subcontract | \$ 139,570 | \$ 143,328 | \$ 161,397 | \$ (18,069) | (11.2%) | |
| Federal Contract | 74,803 | 84,836 | 110,435 | (25,599) | (23.2%) | |
| Subtotal Project Water Deliveries | 214,373 | 228,164 | 271,832 | (43,668) | (16.1%) | A |
| NONPROJECT WATER REVENUES | | | | | | |
| Firming - Federal | 281 | 252 | 321 | (69) | (21.5%) | |
| Firming - CAWCD | - | - | - | - | - | |
| Other Wheeled Water-Federal | 255 | 229 | 291 | (62) | (21.3%) | |
| Other Wheeled Water - CAWCD | - | - | - | - | - | |
| Subtotal Nonproject Water Revenues | 536 | 481 | 612 | (131) | (21.4%) | |
| Water O&M Charges before adjustments | 214,909 | 228,645 | 272,444 | (43,799) | (16.1%) | |
| Misc. Adjustments | - | - | - | - | - | |
| Transfer of credits to CAGR | 2,576 | 9 | 4,789 | (4,780) | (99.8%) | |
| Take/Pay Adj. | 2,840 | 2,744 | - | 2,744 | - | |
| Total Water O&M Charges | \$ 220,325 | \$ 231,398 | \$ 277,233 | \$ (45,835) | (16.5%) | |
| CAPITAL & FACILITY USE CHARGES | | | | | | |
| M&I subcontractors | 37,787 | 38,258 | 38,474 | (216) | (0.6%) | |
| M&I nonsubcontract | 544 | 2 | 837 | (835) | (99.8%) | |
| Facility Use Charges - Pima & Maricopa (interstate) | - | 227 | - | 227 | - | |
| Facility Use Charges - Nonproject Water | 25 | - | 51 | (51) | (100.0%) | |
| Underground storage facilities | 250 | - | - | - | - | |
| Total Capital & Facility Use Charges | \$ 38,606 | \$ 38,487 | \$ 39,362 | \$ (875) | (2.2%) | |

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

Energy & Transmission Adjustment

| | Full Year 2025 | | | | | Notes |
|---|------------------|------------------|------------------|------------------|--------------|-------|
| | 2024 Actuals | Actual | Budget | Variance | | |
| | | | | (Amount) | (%) | |
| ENERGY (MWH) | | | | | | |
| Waddell | 28,911 | 36,511 | 31,111 | (5,400) | (17.4%) | |
| Hoover | 123,433 | 112,035 | 116,247 | 4,212 | 3.6% | |
| Long-term contracts | 375,816 | 402,650 | 157,874 | (244,776) | (155.0%) | |
| Market Purchases | 1,071,863 | 1,098,423 | 1,413,916 | 315,493 | 22.3% | |
| Total MWH | 1,600,023 | 1,649,619 | 1,719,148 | 69,529 | 4.0% | |
| ENERGY RATE (\$/MWH) | | | | | | |
| Waddell | \$ - | \$ - | \$ - | \$ - | 0.0% | |
| Hoover | 45.37 | 49.80 | 52.58 | 2.78 | 5.3% | |
| Long-term contracts | 31.98 | 48.63 | 38.60 | (10.03) | (26.0%) | A |
| Market Purchases | 30.19 | 33.45 | 51.79 | 18.33 | 35.4% | B |
| Weighted Average (\$/MWH) | \$ 31.81 | \$ 38.38 | \$ 50.61 | \$ 12.23 | 24.2% | |
| ENERGY COSTS (\$000) | | | | | | |
| Waddell | \$ - | \$ - | \$ - | \$ - | 0.0% | |
| Hoover | 5,600 | 5,579 | 6,112 | 533 | 8.7% | E |
| Long-term contracts | 12,018 | 19,580 | 6,094 | (13,486) | (221.3%) | A, E |
| Market Purchases | 32,357 | 36,746 | 73,222 | 36,476 | 49.8% | B |
| Gross Energy Costs (\$000) | \$ 49,975 | \$ 61,905 | \$ 85,428 | \$ 23,523 | 27.5% | |
| Energy Scheduling Services | \$ 803 | \$ 926 | \$ 936 | \$ 11 | 1.2% | |
| MWD Agreement Expense | 101 | 113 | 80 | (33) | (41.9%) | |
| Lake Pleasant Adjustment | 971 | (828) | (6,075) | (5,246) | 86.4% | C |
| Lake Roosevelt Adjustment | 619 | (7) | - | 7 | 0.0% | C |
| Total Energy (\$000) | \$ 52,469 | \$ 62,109 | \$ 80,369 | \$ 18,260 | 22.7% | |
| TRANSMISSION ADJUSTMENT | | | | | | |
| Elec Trans-Losses | \$ 2,207 | \$ 2,226 | \$ 4,091 | \$ 1,865 | 45.6% | D |
| Elec Trans-SRP SALT GILA | 66 | 278 | 259 | (19) | -7.3% | D |
| Elec Trans-Brady/Pichacho/RR | - | - | - | - | 0.0% | D |
| Elec Trans-WECC Trans | 191 | 50 | 185 | 135 | 73.0% | D |
| Total Transmission Adjustment (\$000) | \$ 2,464 | \$ 2,554 | \$ 4,535 | \$ 1,981 | 43.7% | |
| OTHER ADJUSTMENT | | | | | | |
| Other Income | \$ (956) | (178) | - | 178 | 0.0% | E |
| Total Energy, Transmission & Other Adjustments (\$000) | \$ 53,977 | \$ 64,485 | \$ 84,904 | \$ 20,419 | 24.0% | |

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) expired 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 contributed approximately 41 thousand acre-feet of water, decreasing inventory, and there were no adjustments 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)

| | 2024 Actual | Full Year 2025 | | | | Notes |
|-------------------------------------|----------------|----------------|----------|----------|-----------|-------|
| | | Actual | Budget | Variance | | |
| | | | | (\$) | (%) | |
| Water Deliveries (KAF) | 97 | 89 | 55 | 34 | 61.8% | A |
| Revenues | | | | | | |
| Other revenues | \$ 1,381 | \$ 1,274 | \$ 793 | \$ 481 | 60.7% | A |
| Total Revenues | \$ 1,381 | \$ 1,274 | \$ 793 | \$ 481 | 60.7% | |
| Expenses | | | | | | |
| Salaries and related costs | \$ (185) | \$ (298) | \$ (28) | \$ (270) | (964.3%) | B |
| Other operating costs: | | | | | | |
| Outside services | (76) | (389) | (65) | (324) | (498.5%) | |
| Materials and supplies | (68) | (103) | (17) | (86) | (505.9%) | |
| Other expenses | (632) | (444) | (218) | (226) | (103.7%) | C |
| Total other operating costs | (776) | (936) | (300) | (636) | (212.0%) | |
| Total Expenses | \$ (961) | \$ (1,234) | \$ (328) | \$ (906) | (276.2%) | |
| Change in Net Position | \$ 420 | \$ 40 | \$ 465 | \$ (425) | (91.4%) | |
| Net position at beginning of period | 8,363 | 8,783 | 8,437 | 346 | 4.1% | |
| Net position at end of period | \$ 8,783 | \$ 8,823 | \$ 8,902 | \$ (79) | (0.9%) | |
| Expense Summary | | | | | | |
| Aqua Fria | \$ (66) | \$ (84) | \$ (17) | \$ (67) | (394.1%) | |
| Hieroglyphic Mountains | (333) | (300) | (40) | (260) | (650.0%) | D |
| Lower Santa Cruz | (207) | (230) | (78) | (152) | (194.9%) | E |
| Pima Mine Road | (104) | (221) | (60) | (161) | (268.3%) | |
| Superstition Mountain | (205) | (260) | (130) | (130) | (100.0%) | |
| Tonopah Desert | (46) | (139) | (3) | (136) | (4533.3%) | F |
| Total Expenses | \$ (961) | \$ (1,234) | \$ (328) | \$ (906) | (276.2%) | |

Notes explaining the variances are shown on the following page.

Underground Storage Operations and Maintenance

Notes

- A **Water Deliveries and Total Revenues:** Total deliveries were 34 KAF higher than budget. As a result, revenue is \$481 thousand higher than budget.
- B **Salaries and Related Costs:** Full-year expenses were \$270 thousand higher than budget due to an increase in deliveries and unplanned maintenance which requires more FTEs.
- C **Other Expenses:** Full-year expenses were \$226 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 were \$260 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 were \$152 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 were \$136 thousand higher than budget because of increased engineering services to support a permit renewal.



Underground Storage—Recovery

(Dollars in Thousands)

| | 2024 Actual | Full Year 2025 | | | Notes | |
|-------------------------------------|----------------|----------------|--------|----------|-------|---|
| | | Actual | Budget | Variance | | |
| | | | | (\$) | (%) | |
| Revenues | | | | | | |
| Other revenues | \$ 32 | \$ 32 | \$ - | \$ 32 | | A |
| Total Revenues | \$ 32 | \$ 32 | \$ - | \$ 32 | - | |
| Expenses | | | | | | |
| Salaries and related costs | | | | | | |
| Other operating costs: | | | | | | |
| Outside services | (260) | (80) | - | (80) | | |
| Materials and supplies | | | | | | |
| Other expenses | (1) | (1) | - | (1) | | |
| Total other operating costs | (261) | (81) | - | (81) | | |
| Total Expenses | \$ (261) | \$ (81) | \$ - | \$ (81) | | A |
| Change in Net Position | (229) | (49) | - | (49) | | |
| Net position at beginning of period | (273) | (502) | - | (502) | | |
| Net position at end of period | \$ (502) | \$ (551) | \$ - | \$ (551) | | |

Notes

A The revenue and expenses are amortization of Recovery Agreements

2025 Rate Reconciliation

(Dollars in Thousands)

| | Actual | Published | Budget |
|---|-------------------|-------------------|-------------------|
| General Fund Operating Expenses | \$ 251,742 | \$ 296,679 | \$ 293,413 |
| Adjustments for O&M Expenses | | | |
| Depreciation & Amortization | (47,185) | (48,737) | (46,547) |
| Energy | (62,109) | (80,292) | (80,370) |
| Transmission & Other Adjustments | (2,376) | (4,481) | (4,535) |
| Underground storage site O&M | (1,234) | (600) | (328) |
| Extraordinary Maintenance (when part of "Big R") | (3,088) | (2,525) | (2,525) |
| Other income | (728) | (760) | (760) |
| Compensated Mitigation (Funded by 'Big R') | (384) | (2,817) | (2,817) |
| Programs Funded by Water Storage Tax Reserve | (1,423) | (2,000) | (2,000) |
| Programs Funded by Recovery Reserve | (81) | - | - |
| Programs Funded by Extraordinary Cost Reserve | (2,892) | (11,480) | (11,480) |
| Total Adjustments | (121,500) | (153,692) | (151,362) |
| Fixed O&M Expenses | \$ 130,242 | \$ 142,987 | \$ 142,051 |
| Energy, Transmission & Other Adjustments | | | |
| Energy | \$ 62,109 | \$ 80,292 | \$ 80,370 |
| Transmission & Other Adjustments | 2,376 | 4,481 | 4,535 |
| Total Energy, Transmission & Other Adjustments | \$ 64,485 | \$ 84,773 | \$ 84,905 |

2025 Rate Reconciliation

(Dollars in Thousands)

Subcontract / Federal Rates

| | Actual | Published | Budget | Variance Publ vs Proj | Variance Bdgt vs Proj |
|---|------------------|------------------|------------------|--------------------------|--------------------------|
| Water Delivery Costs (Thousands) | | | | | |
| Fixed O&M Expenses | \$ 130,242 | \$ 142,987 | \$ 142,051 | \$ 12,745 | \$ 11,809 |
| Total Energy & Transmission Adjustment Expenses | 64,485 | 84,773 | 84,905 | 20,288 | 20,420 |
| Water Delivery (Acre-Feet) | | | | | |
| Billed Fixed OM&R Water Volume | 885,550 | 900,000 | 897,805 | 14,450 | 12,255 |
| Pumping Energy Rate Water Volume | 871,832 | 900,000 | 897,805 | 28,168 | 25,973 |
| Water Delivery Rate (\$/AF) | | | | | |
| Calculated Fixed O&M Rate | \$ 147.08 | \$ 160.00 | \$ 158.22 | \$ 12.92 | \$ 11.14 |
| Capital Replacement Component ("Big R") | 40.65 | 40.00 | 56.00 | (0.65) | 15.35 |
| Total Fixed OM&R | 187.73 | 200.00 | 214.22 | 12.27 | 26.49 |
| Calculated Pumping Energy Rate | 73.96 | 95.00 | 94.57 | 21.04 | 20.61 |
| Total Pumping Energy Rate 1 | 73.96 | 95.00 | 94.57 | 21.04 | 20.61 |
| Total Delivery Rate | \$ 261.69 | \$ 295.00 | \$ 308.79 | \$ 33.31 | \$ 47.10 |

| | |
|---|-------------|
| Long Term Contract reconciliation-Fixed OM&R (\$000)- (refund)/bill | \$ (10,863) |
| Long Term Contract reconciliation-Energy (\$000)- (refund)/bill | \$ (18,343) |
| Total Long Term Contract reconciliation (\$000)- (refund)/bill | \$ (29,206) |



Extraordinary Maintenance Projects

(Dollars in Thousands)

| | Full Year 2025 | | | | | |
|----------------------------|-------------------|------------------|------------------|--------------------------|-----------------|----------------|
| | 2024 Actual | Actuals | Budget | Total Spending Authority | (\$) | (%) |
| Expenses | | | | | | |
| Salaries and related costs | \$ (306) | \$ (587) | \$ (226) | \$ (226) | \$ (361) | (159.7%) |
| Other operating costs: | | | | | | |
| Outside services | (1,775) | (1,845) | (2,060) | (2,060) | 215 | 10.4% |
| Materials and supplies | (17) | (48) | (2) | (2) | (46) | (2300.0%) |
| Other expenses/overhead | (315) | (608) | (237) | (237) | (371) | (156.5%) |
| Subtotal | (2,107) | (2,501) | (2,299) | (2,299) | (202) | (8.8%) |
| Total Expenses | \$ (2,413) | \$(3,088) | \$(2,525) | \$ (2,525) | \$ (563) | (22.3%) |

A,C

| | Total Project Costs | | | | | | | Notes |
|--|---------------------|------------------|--------------------|---------------------------|--------------------------|-------------------|--------------|-------|
| | Through 2024 | 2025 Actual | Balance Remaining | Total Spending Projection | Total Spending Authority | Variance (\$) | Variance (%) | |
| EM-Reline Discharge Lines & Manifolds at Salt Gila | \$ (2,413) | \$ (2,597) | \$ (45) | \$ (4,666) | \$ (5,028) | \$ 362 | 7.2% | B |
| EM-Agua Fria Siphon Lining Repairs | - | \$ (491) | \$ (15,309) | \$ (15,824) | \$ - | \$(15,824) | - | C |
| EM-Waterline Installation PFO | - | \$ - | \$ (2,296) | \$ (2,302) | \$ - | \$ (2,302) | - | D |
| Total | \$ (2,413) | \$(3,088) | \$ (17,650) | \$ (22,792) | \$ (5,028) | \$(17,764) | 7.2% | |

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 (CAGRDR)

BUDGET PERFORMANCE - Full Year 2025

| <i>(Dollars in Thousands)</i> | Actual | Budget | Change | |
|-------------------------------|------------|------------|-------------|-------|
| Revenues | \$ 69,122 | \$ 77,474 | \$ (8,352) | (11%) |
| Expenses | (22,541) | (28,246) | 5,705 | 20% |
| Change in Net Position | 46,581 | 49,228 | (2,647) | (5%) |
| Beginning Net Position | 367,006 | 378,147 | (11,141) | |
| Ending Net Position | \$ 413,587 | \$ 427,375 | \$ (13,788) | |

Total Revenues

Total 2025 CAGRDR revenues were \$8.4 million lower than budget.

The full-year operating revenue were 10.2 million lower than budget.

- Rate is \$8.2 million lower than budget because of lower obligation than estimated in the budget.
- Fees were \$1.2 million lower than budget due to higher activations than expected.
- Dues is \$0.8 million lower than budget because of lower infrastructure and water rights revenues.

Nonoperating income were \$1.9 million higher than budget because of a favorable fair value adjustment.

Total Expenses

Total CAGRDR expenses were \$22.4 million for the year, \$5.7 million lower than budget, primarily because water expenses were \$5.5 million lower because of lower obligation than expected. This expense represents an estimate of 2025 pumping and any 2025 long-term storage credit purchases from CAWCD.

Reserves

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

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

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

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

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

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



Statement of Revenues, Expenses and Change in Net Position

CAGR

(Dollars in Thousands)

| | 2024 Actual | Full Year 2025 | | | | Notes |
|---|----------------|----------------|-----------|------------|---------|-------|
| | | Actual | Budget | Variance | | |
| | | | | (\$) | (%) | |
| Operating Revenues | | | | | | |
| Other operating revenue | | | | | | |
| Revenue-Rates | \$ 26,752 | \$ 33,452 | \$ 41,697 | \$ (8,245) | (19.8%) | |
| Revenue-Fees | 15,644 | 18,488 | 19,670 | (1,182) | (6.0%) | |
| Revenue-Dues | 9,951 | 11,154 | 11,982 | (828) | (6.9%) | |
| Total Operating Revenues | 52,347 | 63,094 | 73,349 | (10,255) | (14.0%) | A |
| Operating Expenses | | | | | | |
| Salaries and related costs | (1,346) | (1,418) | (1,451) | 33 | 2.3% | |
| Depreciation | (61) | (61) | (61) | - | 0.0% | |
| Other operating costs: | | | | | | |
| Outside services | (1,026) | (1,537) | (1,674) | 137 | 8.2% | |
| Water for underground storage | (18,035) | (17,796) | (23,276) | 5,480 | 23.5% | B |
| Overhead | (1,398) | (1,475) | (1,520) | 45 | 3.0% | |
| Other expenses | (186) | (179) | (188) | 9 | 4.8% | |
| Total other operating costs | (20,645) | (20,987) | (26,658) | 5,671 | 21.3% | |
| Total Operating Expenses | (22,052) | (22,466) | (28,170) | 5,704 | 20.2% | |
| Net Operating Income/(loss) | 30,295 | 40,628 | 45,179 | (4,551) | (10.1%) | |
| Nonoperating Revenues/(Expenses) | | | | | | |
| Interest income and other | 5,767 | 6,028 | 4,125 | 1,903 | 46.1% | C |
| Interest expense and other | (333) | (75) | (76) | 1 | 1.3% | |
| Net Nonoperating Income/(Loss) | 5,434 | 5,953 | 4,049 | 1,904 | 47.0% | |
| Change in Net assets | \$ 35,729 | \$ 46,581 | \$ 49,228 | \$ (2,647) | (5.4%) | |

See page 39 for significant variance explanations.

CAGR D 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 | Phoenix AMA | Pinal AMA | Tucson AMA | Total AMAs |
| Outstanding obligation - 2024 year-end | 35,507 | (3,126) | 2,998 | 35,379 |
| Adjustment for official 2024 CDAR submission | (2,458) | 417 | 492 | (1,549) |
| Adjustment for 2022 MWD rollover credit | (1,242) | - | - | (1,242) |
| Updated 2025 obligation | 31,807 | (2,709) | 3,490 | 32,588 |
| Less: Obligation met - water deliveries | (33,049) | - | (3,255) | (36,304) |
| Less: Obligation met - CAP LTSCs | - | - | - | - |
| Less: Obligation met - CAGR D I&WR LTSCs | - | - | (235) | (235) |
| Remaining obligation for current and prior years | (1,242) | (2,709) | - | (3,951) |
| Estimated obligation from 2025 groundwater pumping | 36,825 | 556 | 3,500 | 40,881 |
| Total obligation - 2025 year-end | 35,583 | (2,153) | 3,500 | 36,930 |

CAGR Fund Balances

(Dollars in Thousands)

| | 2024 Actual | 2025 Actual |
|-------------------------------------|-----------------|-----------------|
| Administrative: | | |
| Beginning Fund Balance | \$ 1,661 | \$ 1,639 |
| Administrative Revenue | 1,990 | 2,466 |
| Administrative (Operating) Expenses | (2,086) | (2,706) |
| Interest Income / Expense | 74 | 90 |
| Ending Fund Balance | \$ 1,639 | \$ 1,489 |
| Conservation: | | |
| Beginning Fund Balance | \$ 863 | \$ 777 |
| Administrative Component Revenue | 69 | 58 |
| Administrative (Operating) Expenses | (204) | (190) |
| Interest Income / Expense | 49 | 32 |
| Ending Fund Balance | \$ 777 | \$ 677 |

CAGRD Fund Balances

(Dollars in Thousands)

| | 2025 Actual | | |
|---------------------------------|-----------------|---------------|---------------|
| | Phoenix AMA | Pinal AMA | Tucson AMA |
| Water and Replenishment: | | | |
| Beginning Fund Balance | \$ 7,558 | \$ 214 | \$ 1,016 |
| Revenue | 10,481 | 7 | 1,137 |
| Water Purchased | (13,638) | - | (1,317) |
| Interest Income (Expense) | 337 | 10 | 50 |
| Ending Balance | <u>\$ 4,738</u> | <u>\$ 231</u> | <u>\$ 886</u> |
| Replenishment Reserve: | | | |
| Beginning Fund Balance | \$ 4,267 | \$ 11 | \$ 211 |
| Replenishment Reserve Revenue | 4,037 | 2 | 396 |
| CAWCD Credits Purchased | - | (12) | - |
| Interest Income / Expense | 239 | 1 | 13 |
| Ending Balance | <u>\$ 8,543</u> | <u>\$ 2</u> | <u>\$ 620</u> |

CAGR Fund Balances

(Dollars in Thousands)

| | 2024 Actual | 2025 Actual |
|--|-------------------|-------------------|
| Infrastructure and Water Rights: | | |
| Beginning Fund Balance | \$ 92,530 | \$ 113,343 |
| Revenue | 40,937 | 40,181 |
| Proceeds from LTSC internal transfers | 333 | - |
| Reimbursement from Obligation fund | 8,962 | 14,702 |
| NIA Reallocation and 9(d) Debt | (7,430) | (7,430) |
| GRIC and other Lease Considerations | (16,427) | (16,180) |
| Water Costs for LTSC | (1,373) | (1,836) |
| LTSC purchases | (4,101) | (12,833) |
| Technical Studies & Other Operating Expens | (1,264) | (1,431) |
| Interest Income / Expense | 4,817 | 4,983 |
| Ending Fund Balance | \$ 113,343 | \$ 133,499 |

CAGRD Enrollment and Activation Summary

Figure 1: Member Land Enrollment

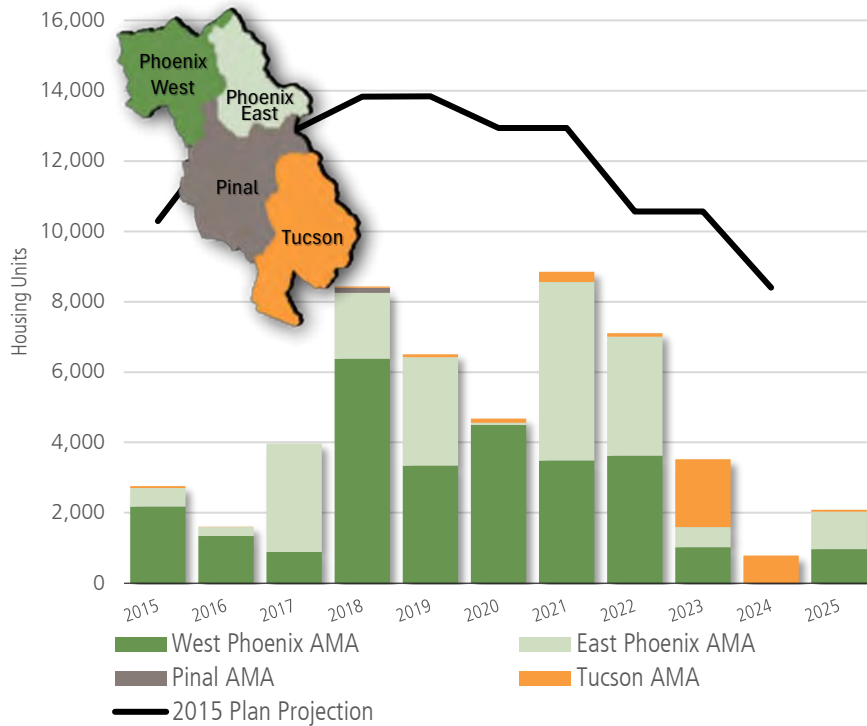


Figure 2: Activation Units

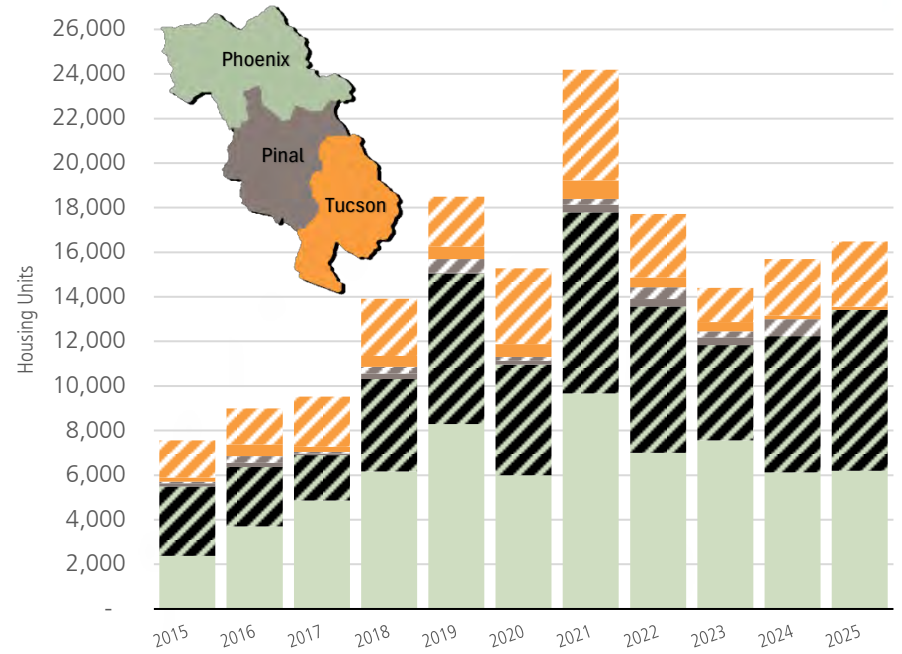


Table 1: Enrollment Units In 2025

| AMA | ML Lots | Projected Demand (AF/year) |
|--------------|--------------|----------------------------|
| West Phoenix | 964 | 485 |
| East Phoenix | 1,070 | 685 |
| Pinal | - | 686 |
| Tucson | 52 | 17 |
| TOTAL | 2,086 | 1,874 |

Table 2: Activation Units In 2025

| AMA | ML Lots | MSA Lots | Total Lots |
|--------------|--------------|---------------|---------------|
| Phoenix | 6,198 | 7,220 | 13,418 |
| Pinal | - | - | - |
| Tucson | 142 | 2,927 | 3,069 |
| TOTAL | 6,340 | 10,147 | 16,487 |

CAGR D Enrollment and Activation Summary

Enrollment In 2025

An individual subdivision enrolls as a Member Land (ML) of CAGR D 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 CAGR D 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 CAGR D. Individual parcels within a CAGR D 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 CAGR D'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 CAGR D member land enrollment from 2015 through 2025. Table 1 provides a breakdown by AMA of Member Land enrollment activity in 2025. In 2025, the Phoenix AMA had 4 new enrollments with a total of 2,034 lots and a projected demand of 1,170 AF/yr. One subdivision enrolled in the Tucson AMA with 52 lots and a projected demand of 17 AF/yr. No new subdivisions enrolled within the Pinal AMA in 2025.

One new Member Service Area enrolled in the Phoenix AMA. EPCOR - West Valley became the first water provider to become Designated under the Alternate Path to Designation of Assured Water Supply (ADAWS) program.

Activation In 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 CAGR D MLs and MSAs, an Activation Fee must be paid to CAGR D per residential unit offered for sale. Figure 2 shows the recent history of activation lots in Member Lands and Member Service Areas by AMA. MSA lots are represented with crosshatching while ML lots are solid colors by AMA. The number of lots activated in 2025 was 16,487 (Member Land lots = 6,340; Member Service Area lots = 10,147). Table 2 provides a breakdown by AMA of lots that were activated in 2025. By comparison, there were 15,689 units activated in 2025.



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

(Dollars in Thousands)

| | Full Year 2025 | | | | | Notes |
|---|------------------|------------------|--------------------------------|-------------------------|--------------|-------|
| | 2024 Actual | Actual | Total Spending Authority | Variance (\$ %) | | |
| Operating Revenues | | | | | | |
| Other revenues | \$ 12,889 | \$ 13,099 | \$ 12,887 | \$ 212 | 1.6% | |
| Total Operating Revenues | 12,889 | 13,099 | 12,887 | 212 | 1.6% | |
| Operating Expenses | | | | | | |
| Other Operating costs: | | | | | | |
| Outside services | (244) | (244) | (260) | 16 | 6.2% | |
| Other expenses | (10,901) | (12,561) | (11,693) | (868) | (7.4%) | |
| Total Operating Expenses | (11,145) | (12,805) | (11,953) | (852) | (7.1%) | |
| Net Operating Income/(Loss) | 1,744 | 294 | 934 | (640) | 69% | |
| Nonoperating Revenues/(Expenses) | | | | | | |
| Interest income and other | 421 | 599 | 4 | 595 | 14,875.0% | A |
| Net Nonoperating Income/(Loss) | 421 | 599 | 4 | 595 | 14,875.0% | |
| Change in Net Position | 2,165 | 893 | 938 | (45) | 4.8% | |
| Net position at beginning of period | 13,358 | 15,523 | 13,665 | 1,858 | 13.6% | |
| Net position at end of period | \$ 15,523 | \$ 16,416 | \$ 14,603 | \$ 1,813 | 12.4% | |

Notes:

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



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

(Dollars in Thousands)

| | 2024 Actual | Full Year 2025 | | | | Notes |
|--|----------------|----------------|----------|----------|-------|-------|
| | | Actual | Budget | Variance | | |
| | | | | (\$) | (%) | |
| Operating Expenses | | | | | | |
| Outside services | - | - | - | - | | |
| Total Operating Expenses | - | - | - | - | | |
| Non-operating Revenues/(Expenses) | | | | | | |
| Interest income / FV Adj | \$ 490 | \$ 561 | \$ 303 | \$ 258 | 85.1% | A |
| Interest expenses and other | - | - | - | - | - | |
| Total Non-operating Revenues/(Expenses) | 490 | 561 | 303 | 258 | 85.1% | |
| Change in Net Position | 490 | 561 | 303 | 258 | 85.1% | |
| Net position at beginning of period | 9,023 | 9,513 | 9,166 | 347 | 3.8% | |
| Net position at end of period | \$ 9,513 | \$ 10,074 | \$ 9,469 | \$ 605 | 6.4% | |

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

2025 CAWCD CAPITAL SPENDING

| (Dollars in Thousands) | 2025 Actual | 2025 Budget | Variance |
|---|------------------|------------------|------------------|
| Capital Equipment | \$ 4,879 | \$ 4,519 | \$ (360) |
| Capital Projects | | | |
| TDRP Recovery Wells* | - | 10,361 | 10,361 |
| SRP-CAP Interconnection Facility* | - | 5,181 | 5,181 |
| Aqueduct Hydrology Improvement* | 4,011 | 9,068 | 5,057 |
| Water Education Center* | 15,112 | 11,357 | (3,756) |
| Generator Replacements PPs | 739 | 4,165 | 3,426 |
| Harcuar Substation Upgrade | - | 1,470 | 1,470 |
| Parking Lot Upgrades Headquarters | 3,158 | 1,873 | (1,285) |
| Air Compressors Brady, Picacho, Red Rock | 1,266 | 13 | (1,253) |
| Sump Pump Water Level Controls at all PPs | (1,180) | - | 1,180 |
| All Other Capital Projects | 14,028 | 11,433 | (2,594) |
| Subtotal - Capital Projects | \$ 37,134 | \$ 54,921 | \$ 17,787 |
| Total CAWCD Capital Spending | \$ 42,013 | \$ 59,440 | \$ 17,427 |

*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* | \$ 210,346 | \$ 153,527 | \$ 56,819 |
| Water Education Center* | 61,399 | 27,121 | 34,278 |
| SRP-CAP Interconnection Facility* | 10,000 | 25,750 | (15,750) |
| Electromechanical Relay Phase 2 | 42,551 | 21,282 | 21,269 |
| SCADA Replacement Control Center | 25,433 | 20,036 | 5,397 |
| TDRP Recovery Wells* | 3,438 | 13,478 | (10,041) |
| Backup Power Systems Replacement at Checks & Turn Outs | 18,464 | 13,223 | 5,242 |
| Condition Based Monitoring | 16,246 | 13,156 | 3,091 |
| Generator Replacements PPs | 25,934 | 12,394 | 13,540 |
| Fire Protection Sys Upgrade Mark Wilmer | 12,661 | 11,595 | 1,066 |

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

Programmable Logic Controller (PLC) Replacements





2025 Capital Spending Variance Summary

(Dollars in Thousands)

| | Full Year 2025 | | | | |
|---|------------------|------------------|--------------------------------|------------------|-----------------|
| | 2024 Actual | Actual | Total Spending Authority | Variance (\$) | Variance (%) |
| SUMMARY | | | | | |
| Capital Spending | | | | | |
| Salaries and related costs | \$ 5,269 | \$ 4,739 | \$ 3,112 | \$ (1,627) | (52.3%) |
| Equipment and Structures | 20,172 | 26,843 | 47,565 | 20,722 | 43.6% |
| Other expenses: | | | | | |
| Outside services | (2,485) | 5,218 | 5,439 | 221 | 4.1% |
| Materials and supplies & other expenses | 356 | 264 | 64 | (200) | (312.5%) |
| Overhead expenses | 5,502 | 4,949 | 3,260 | (1,689) | (51.8%) |
| Subtotal other expenses | 3,373 | 10,431 | 8,763 | (1,668) | (19.0%) |
| Total Capital | \$ 28,814 | \$ 42,013 | \$ 59,440 | \$ 17,427 | 29.3% |

2025 CAWCD Capital Spending Variance Detail

(Dollars in Thousands)

| Projects | Full Year 2025 | | | | Notes |
|---|------------------|--------------------------|------------------|---------------|-------|
| | Actual | Total Spending Authority | Variance (\$) | Variance (%) | |
| CAPITAL EQUIPMENT | | | | | |
| Buildings & Structures | \$ - | - | \$ - | - | |
| Vehicles | 761 | 579 | (182) | (31.5%) | |
| Field & Other Equipment | 4,118 | 3,940 | (178) | (4.5%) | |
| Communication Equipment | - | - | - | - | |
| Capital Equipment Total | \$ 4,879 | 4,519 | \$ (360) | (8.0%) | |
| <u>2025 Budgeted Projects</u> | | | | | |
| Air Compressors Brady, Picacho, Red Rock | \$ 1,266 | 13 | \$ (1,253) | (9712.0%) | A |
| Aqueduct Hydrology Improvement* | 4,011 | 9,068 | 5,057 | 55.8% | B |
| Backup Power Systems Replacement at Checks & Turn Outs | 1,261 | 221 | (1,040) | (470.4%) | C |
| Condition Based Monitoring | 952 | 1,246 | 294 | 23.6% | |
| Electromechanical Relay Phase 2 | 2,577 | 2,940 | 363 | 12.4% | |
| Generator Replacements PPs | 739 | 4,165 | 3,426 | 82.3% | D |
| Harcuvar Substation Upgrade | - | 1,470 | 1,470 | 100.0% | E |
| Isolation Valves Black Mountain/Snyder Hill | 709 | 7 | (702) | (10028.3%) | F |
| Multi Use Buildings Headquarters-Bouse Maintenance Yard | 1,110 | 1,767 | 657 | 37.2% | |
| Network Refresh 2025 | 274 | 275 | 1 | 0.5% | |
| Oracle Cloud Infrastructure 2025 | 510 | 945 | 435 | 46.0% | |
| Parking Lot Upgrades Headquarters | 3,158 | 1,873 | (1,285) | (68.6%) | G |
| Programmable Logic Controller Replacement Waddell | 529 | 263 | (266) | (101.3%) | |
| Roof Fall Protection Headquarters | 1,088 | 737 | (352) | (47.7%) | |
| SCADA Replacement Control Center | 2,319 | 2,210 | (109) | (4.9%) | |
| SRP-CAP Interconnection Facility * | - | 5,181 | 5,181 | 100.0% | H |
| TDRP Recovery Wells* | - | 10,361 | 10,361 | 100.0% | I |
| Water Education Center* | 15,112 | 11,357 | (3,756) | (33.1%) | J |
| West Entrance Gate Phase 2 ROW Headquarters | 520 | 547 | 27 | 4.9% | |
| Windows Server Refresh 2025 | 267 | 275 | 8 | 2.8% | |
| Totals - 2025 Budgeted Projects | \$ 36,403 | 54,921 | \$ 18,518 | 33.7% | |

2025 CAWCD Capital Spending Variance Detail (cont.)

(Dollars in Thousands)

| | Full Year 2025 | | | | Notes |
|---|------------------|--------------------------|------------------|--------------|-------|
| | Actual | Total Spending Authority | (\$) | (%) | |
| <u>Projects Without a Budget in 2025</u> | | | | | |
| Fiber Optic Relocating HDQ | 201 | - | (201) | - | |
| Fire Protection Sys Upgrade Mark Wilmer | 545 | - | (545) | - | |
| Fire Pump Replacement WAD | 46 | - | (46) | - | |
| Heat Exchanger HDQ (Mini Project) | 14 | - | (14) | - | |
| HVAC Replacement HQ B2 | 5 | - | (5) | - | |
| Machine Shop Column Rehab HDQ | - | - | - | - | |
| Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain | 325 | - | (325) | - | |
| Pump Casings/Imprvmnts SND/BLK | 882 | - | (882) | - | |
| Potable Water Line TFO | 227 | - | (227) | - | |
| Potable Water System PFO | (326) | - | 326 | - | K |
| Roof Replacement Black Mountain/Snyder Hill | 142 | - | (142) | - | |
| Sump Pump Water Level Controls at all PPs | (1,180) | - | 1,180 | - | K |
| Switchyard Security Hardening Delaney | (148) | - | 148 | - | |
| Totals - Projects Without a Budget in 2025 | \$ 731 | \$ - | \$ (731) | 0.0% | |
| NET CAPITAL | \$ 42,013 | 59,440 | \$ 17,427 | 29.3% | |

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

2025 CAWCD Capital Spending Variance Detail (cont.)

(Dollars in Thousands)

- 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 Substation Upgrade:** WAPA capital schedule is delayed, and Harcuvar upgrades have been pushed back by at least one year. No prepayment was required in 2025.
- F **Isolation Valves Black Mountain/Snyder Hill:** Initial project phase resulted in a more refined scope for phase two, and included additional administrative costs. Project materials delivered in 2024, however installation pushed into 2025 to better coordinate with planned-outages.
- G **Parking Lot Upgrades Headquarters:** Contractor's proposal exceeded Engineering's original estimate. Project has had minor scope additions, but the majority of the increase results is due to rising asphalt/construction costs.
- H **SRP-CAP Interconnection Facility*:** Project delays pushed planned 2025 design and NEPA studies into future years. No expenses in 2025.
- I **TDRP Recovery Wells*:** The Resource Planning & Analysis group completed an assessment to determine the feasibility of continuing the well recovery field projects at TDRP. The results revealed water quality results far below what was needed to continue the project, and it was cancelled.
- J **Water Education Center:** Increased scope includes boardroom relocation, additional 5,000 ft² in meeting space, and added exterior exhibits. Current forecast anticipates the shortened time-to-complete required of the vendor. Work originally scheduled for 2026, was moved into 2025.
- K **Potable Water PFO & Sump Pump Level Controls:** PSC moved to end these projects, which have been delayed through several budget cycles. Prior expenses of \$326k (PFO), and \$1.18M (Sump Pumps) were written off as capital losses.

Total CAWCD Capital Projects Variance Detail

(Dollars in Thousands)

| Projects | Through 2024 | 2025 Actual | Remaining Balance | Total Projected | Total Spending Authority | Variance (\$) | (%) | Notes |
|---|------------------|------------------|----------------------|--------------------|-----------------------------|---------------------|----------------|-------|
| <u>2025 Budgeted Projects</u> | | | | | | | | |
| Air Compressors Brady, Picacho, Red Rock | \$ 869 | \$ 1,266 | \$ 165 | \$ 2,300 | \$ 1,359 | \$ (941) | (69.3%) | A |
| Aqueduct Hydrology Improvement* | 1,485 | 4,011 | 204,850 | 210,346 | 153,527 | (56,819) | (37.0%) | B |
| Backup Power Systems Replacement at Checks & Turn Outs | 11,622 | 1,261 | 5,582 | 18,464 | 13,223 | (5,242) | (39.6%) | C |
| Condition Based Monitoring | 11,901 | 952 | 3,393 | 16,246 | 13,156 | (3,091) | (23.5%) | D |
| Electromechanical Relay Phase 2 | 15,460 | 2,577 | 24,514 | 42,551 | 21,282 | (21,269) | (99.9%) | E |
| Generator Replacements PPs | 310 | 739 | 24,885 | 25,934 | 12,394 | (13,540) | (109.2%) | F |
| Harcuvar Substation Upgrade | 400 | - | 3,358 | 3,758 | 3,195 | (563) | (17.6%) | |
| Isolation Valves Black Mountain/Snyder Hill | 3,101 | 709 | 224 | 4,034 | 3,462 | (572) | (16.5%) | |
| Multi Use Buildings Headquarters-Bouse Maintenance Yard | 361 | 1,110 | 3,549 | 5,020 | 2,317 | (2,704) | (116.7%) | G |
| Network Refresh 2025 | - | 274 | - | 274 | 275 | 1 | 0.5% | |
| Oracle Cloud Infrastructure 2025 | - | 510 | - | 510 | 945 | 435 | 46.0% | |
| Parking Lot Upgrades Headquarters | 185 | 3,158 | (0) | 3,342 | 2,304 | (1,039) | (45.1%) | H |
| Programmable Logic Controller Replacement Waddell | 5,776 | 529 | 0 | 6,306 | 6,458 | 152 | 2.4% | |
| Roof Fall Protection Headquarters | 33 | 1,088 | 209 | 1,331 | 763 | (568) | (74.5%) | I |
| SCADA Replacement Control Center | 8,387 | 2,319 | 14,726 | 25,433 | 20,036 | (5,397) | (26.9%) | 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 | 15,112 | 44,136 | 61,399 | 27,121 | (34,278) | (126.4%) | M |
| West Entrance Gate Phase 2 ROW Headquarters | 75 | 520 | (0) | 595 | 637 | 42 | 6.6% | |
| Windows Server Refresh 2025 | - | 267 | - | 267 | 275 | 8 | 2.8% | |
| Totals - 2024-2025 Budgeted Projects | \$ 65,553 | \$ 36,403 | \$ 339,593 | \$ 441,548 | \$ 321,955 | \$ (119,593) | (37.1%) | |

Total CAWCD Capital Projects Variance Detail (cont.)

(Dollars in Thousands)

| | Through 2024 | 2025 Actual | Remaining Balance | Total Projected | Total Spending Authority | Variance (\$) | (%) | Notes |
|---|------------------|------------------|----------------------|--------------------|-----------------------------|---------------------|-----------------|-------|
| <u>Projects Without a Budget in 2025</u> | | | | | | | | |
| Fiber Optic Relocating HDQ | \$ - | \$ 201 | \$ - | \$ 201 | \$ - | (201) | - | |
| Fire Protection Sys Upgrade Mark Wilmer | 12,116 | 545 | (0) | 12,661 | 11,595 | (1,066) | (9.2%) | |
| Fire Pump Replacement WAD | 1,272 | 46 | 0 | 1,318 | 502 | (816) | (162.6%) | |
| Heat Exchanger HDQ (Mini Project) | - | 14 | 283 | 297 | - | (297) | - | |
| HVAC Replacement HQ B2 | 444 | 5 | 13,398 | 13,847 | - | (13,847) | - | |
| Machine Shop Column Rehab HDQ | - | - | 368 | 368 | - | (368) | - | |
| Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain | 1,581 | 325 | 101 | 2,007 | 1,428 | (579) | (40.6%) | |
| Pump Casings/Imprvmnts SND/BLK | 117 | 882 | 5,653 | 6,651 | - | (6,651) | - | |
| Potable Water Line TFO | 2 | 227 | 2,850 | 3,079 | - | (3,079) | - | |
| 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 | \$ 19,565 | \$ 731 | \$ 22,653 | \$ 42,950 | \$ 15,097 | \$ (27,853) | (184.5%) | |
| Totals - Budgeted & Unbudgeted | \$ 85,118 | \$ 37,134 | \$ 362,246 | \$ 484,498 | \$ 337,052 | \$ (147,445) | (43.7%) | |

* These projects are funded with sources other than "Big R"

Total CAWCD Capital Projects Variance Detail (cont.)

(Dollars in Thousands)

- 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 into 2025 due to supply chain issues with Generators. Work on IPSS continues at Turnouts, completion in 2024. Redesign taking place in 2024 and construction in 2025.
- D **Condition Based Monitoring:** Waddell PP pilot phase implemented ahead of full retrofit. Once complete, 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 redesign is underway and project was rebudgeted for FY26/27 to reflect current scope. Currently estimated to be complete in 2030.
- G **Multi Use Buildings Headquarters-Bouse Maintenance Yard:** The project is forecasted to be over budget due to estimated increases in construction costs, and facility redesigns. Final costs are set, and work will begin in 2026.
- 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 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.
- M **Water Education Center:** Increased scope includes boardroom relocation, additional 5,000 ft² 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.



Strategic Plan Update

Q4 2025

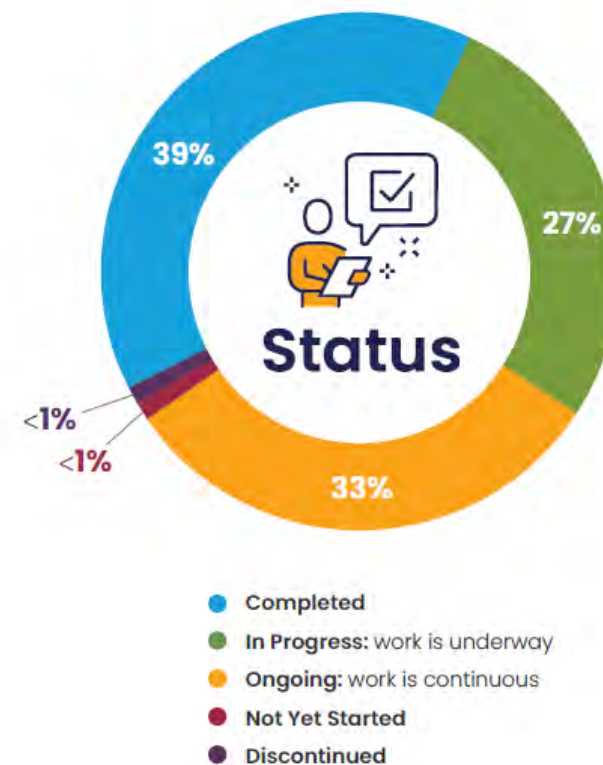
BACKGROUND

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 Q4 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.

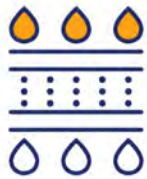


Finance Department staff held individual budget briefings with Board Members in October, and a public Stakeholder Briefing on October 7.

Strategic Issue: Develop risk management and procurement practices to minimize financial exposure and maximize value.



Doug Dunlap presented CAP's Captive Insurance Program at a national conference in October.



KEY RESULT AREA:

GROUNDWATER REPLENISHMENT

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

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



On October 29, 2025, CAGR staff met with CAP Water Operations staff to learn more about the history and operation of CAWCD's Aqua Fria Recharge Project. The site is one of several CAP-owned and operated underground storage facilities that CAGR uses to meet its replenishment responsibilities.

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



On October 7, 2025, Secretary Karen Cesare and CAGR Manager Laura Grignano were invited to participate in a celebration of the first-ever 100-year Designation of Assured Water Supply issued to EPCOR through the ADAWS Program with Governor Katie Hobbs.



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.



On November 18, 2025, the Power Program team participated in an energy auction to secure advance purchases for power needs in 2026 and 2027.



In October and November, 2025, CAP worked with the Western Area Power Administration to replace 31 electrical poles to ensure the strength of CAP's transmission lines.



KEY RESULT AREA:

PROJECT RELIABILITY

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

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



During the fall maintenance outage, General Manager Burman visited Sandario Pumping Plant to view work on large unit discharge valves with Mechanical Maintenance staff, and Brawley Pumping Plant to see guard valve repairs with Plant Mechanics.



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 October 8, Board President Goddard and Board Member Manuel unveiled a new interpretive sign about CAP at the Arizona Sonora Desert Museum.

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



The Board held its annual meeting in Pima County on October 9, 2025.



Board Members and staff attended the Silver and Turquoise Ball fundraiser supporting vital programs at the Phoenix Indian Center on October 17, 2026.



Board Member Fischer presented at the Apache Junction Library Fall Workshop Series on Water on November 12, 2025.

On November 5, 2025, Board Members had the opportunity to tour the Phoenix Union Hills Water Treatment Plant and the Scottsdale Water Campus and discuss how cities are preparing for post-2026 conditions.



KEY RESULT AREA:

STEWARDSHIP AND SUSTAINABILITY

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

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



The Environmental Department completed an update to the Environmental Management System (EMS) to reaffirm CAP's commitment to sustainability and provide clear guidance on how to support sustainability goals.



KEY RESULT AREA:

WATER SUPPLY

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

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



On October 30, CAP University hosted a Deeper Dive on the status of the Colorado River.



At the Colorado River Water Users Association Conference on December 17, 2025, CAP joined the Gila River Indian Community and the Colorado River Indian Tribes in signing a Proclamation committing to protect the Colorado River.



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 staff participated in Vail's Edmond Station K-8 School at their Science, Technology, Engineering, Arts and Math (STEAM) event on November 7, 2025, sharing information with over 200 students and parents.

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



On December 10, 2025, Assistant General Manager Hall and Centralized Learning and Development Manager Leah Minthorn accepted the People and Culture at Work Uptime Award. CAP was honored as the inaugural recipient of this award in celebration of CAP's commitment to its workforce.

