



Finance and Rates

Justin Manuel, CAWCD Board Member

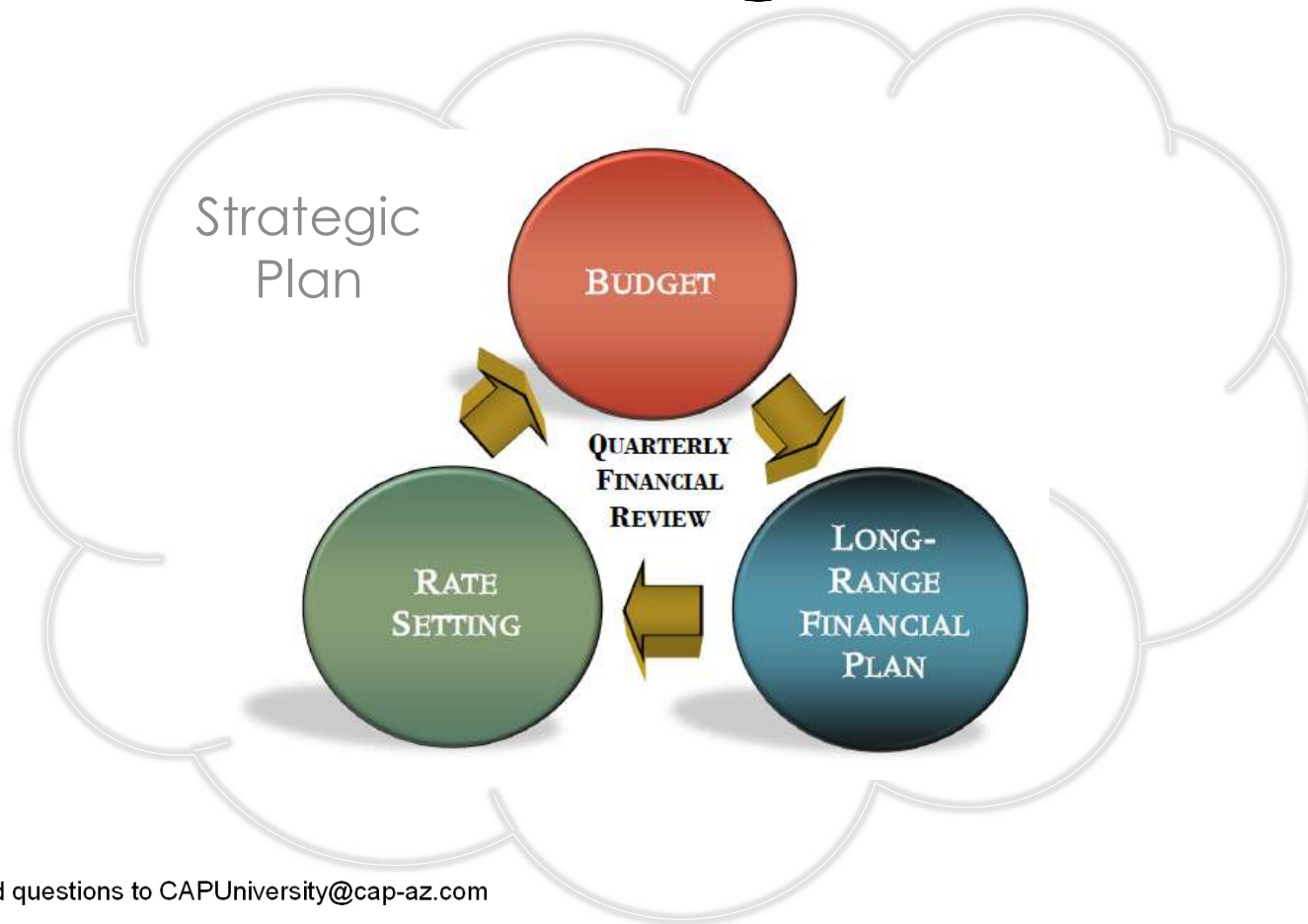
Chris Hall, Assistant General Manager, Finance and Administration

Key Financial Responsibilities

- Budget
 - Budget management and reporting (quarterly financial review, variance analysis and re-forecasting)
 - Financial reporting (CAFR)
 - Water rates
 - Property taxes
 - Strategic reserves
- Board Oversight
- Financial analysis
 - Cash management
 - Property management/ physical inventory
 - Payroll
 - Accounts payable



2-Year Financial Planning Process

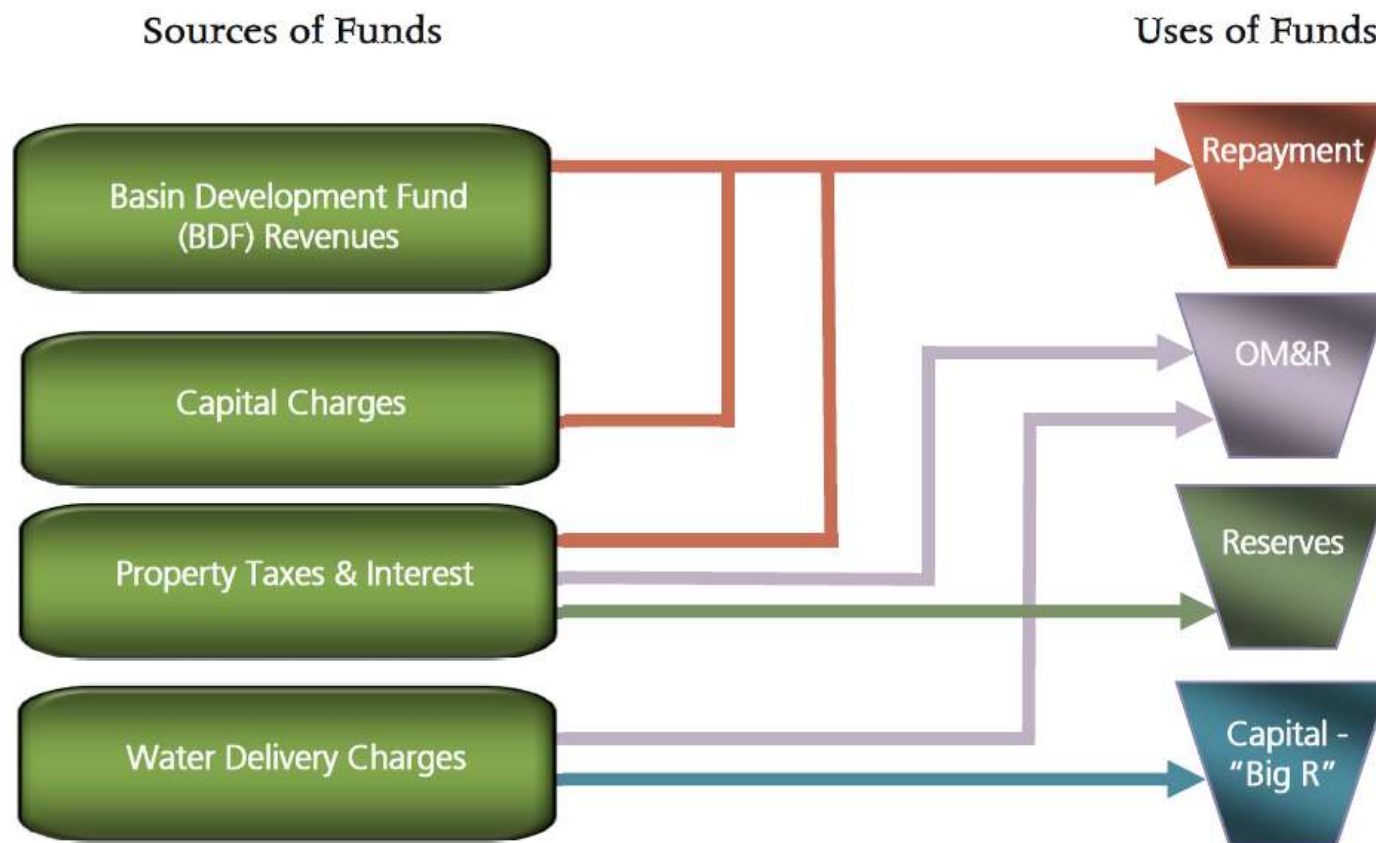


CAWCD Fund Structure

FUND	DESCRIPTION	% OF ASSETS
General Fund	Represents CAWCD's core business, the delivery of Colorado River water to central Arizona through the Central Arizona Project (CAP) and repayment of reimbursable construction costs.	88.2%
Central Arizona Groundwater Replenishment District Account (CAGRDR)	Represents the activities of the CAGRDR as authorized by Arizona Revised Statutes (ARS) § 48-3771 et. seq.	11.0%
Supplemental Water Account	Represents the activities related to a trust fund established by Section 7 of Public Law 98-530 and ARS § 45-3715.01 to acquire or conserve water to supplement Colorado River supplies.	0.4%
Captive Insurance Fund	Represents the activities related to the CAWCD Captive Insurance Company, Inc., to provide a self-insurance mechanism for health, property and casualty insurance.	0.4%



General Fund Sources and Uses of Revenue



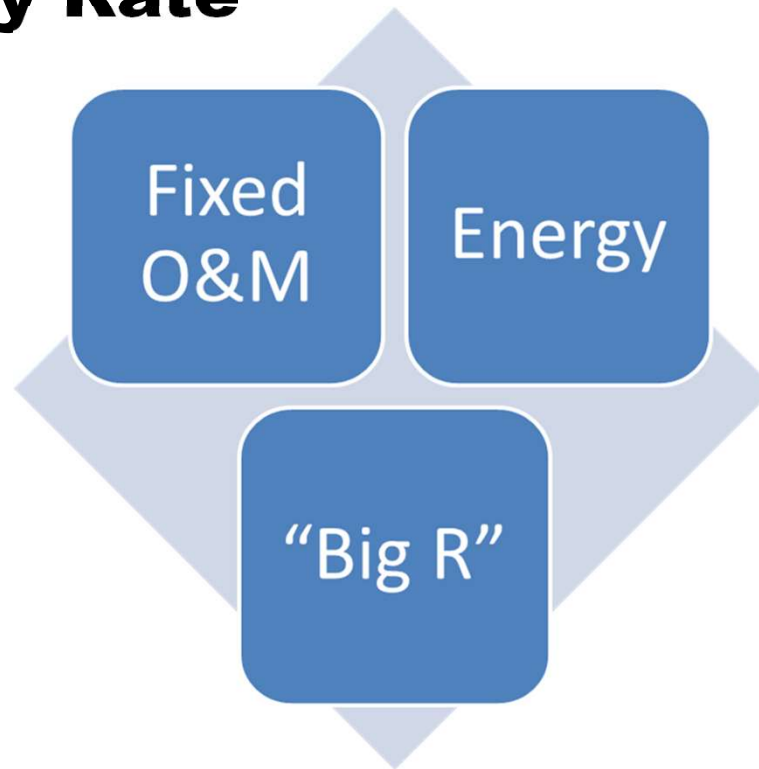
CAP Water Delivery Rate

- Water delivery rates are necessary to recover water delivery costs, on a long-term basis, net of other revenue sources
- Water rates are based on “Cost of Service”
- In general, annual rates = costs ÷ deliveries
- Major rate-setting process in even years, with update (if necessary) in odd years
- Annual rates are published six years in advance:
 - 1 year **FIRM** – e.g., **2025**
 - 1 year **PROVISIONAL** (becomes FIRM with no further action unless modified by the Board) – e.g., **2026**
 - 4 years **ADVISORY** – e.g., **2027-2030**



Water Delivery Rate

Operational costs
(salaries & related,
outside services,
materials and
supplies, etc.)
-calculated on
annual basis



Power costs
calculated on
annual basis
-directly impacted
by changes in
volume

Capital expenditures & major maintenance component.
-smoothed over time

Capital Charge

- Can only be used for Repayment
- Repayment is the reimbursement for the cost to build the CAP system
- Is not part of the water delivery rate or capital projects program ('Big R')
- Paid by M&I contract holders based on allocations (not deliveries)
- In recent years, the Board has begun to set Capital Charge one year ahead of other rates to give customers more predictability

Units = \$/acre-foot	Advisory					
	Firm 2025	Firm 2026	2027	2028	2029	2030
Full rate	\$ 69	\$ 67	\$ 64	\$ 64	\$ 61	\$ 59
Board applied taxes to Repayment	\$ (15)	\$ (11)	\$ (6)	TBD	TBD	TBD
Net Rate	\$ 54	\$ 56	\$ 58	\$ 64	\$ 61	\$ 59



CAWCD Property Taxes

- Authorized under §A.R.S. Title 48, Chapter 22 “Multi/County Water Conservation Districts”
- Two taxes authorized:
 - General Ad Valorem Tax not to exceed 10 cents per \$100 of assessed valuation
 - Tax “for Water Storage” not to exceed 4 cents per \$100 of assessed valuation
- CAWCD property taxes are based on Limited Property Value (LPV) as a result of Proposition 117
- Value of one cent of tax collection to CAWCD:
 - \$7.2 million in 2025
- At a rate of 10 cents, CAP Ad Valorem tax on a \$200,000 home is \$20.00 per year



Example: Federal Repayment

- Taxes
- Fixed O&M Rate
- Energy Rate
- “Big R” Rate
- Capital Charges

Federal repayment (approx. \$55M) to be offset by annual revenues into Basin and Development Fund (approx. \$7M).

Remainder is paid with Capital Charges from M&I customers, less any taxes allocated by Board each June.

Example: Major Capital Project

- Taxes
- Fixed O&M Rate
- Energy Rate
- “Big R” Rate
- Capital Charges

Major capital projects and capital equipment (exceeding \$25K) will be rolled into the “Big R” Rate unless the Board specifically authorizes the use of tax revenues to cover these costs.



Example: HQ Power and Water Bills

- Taxes
- Fixed O&M Rate
- Energy Rate
- “Big R” Rate
- Capital Charges

The Energy Rate only pays for the cost to purchase power to pump water. All other utilities are considered part of operating costs and therefore covered by the Fixed O&M Rate.

Example: Employee Wages

- Taxes
- Fixed O&M Rate
- Energy Rate
- “Big R”
- Capital Charges

All operating costs, including employee salaries, are paid through the Fixed O&M Rate, unless an employee’s time can be directly attributed to a specific capital project.

Finances and Rates: Key Take-Aways

- CAWCD water rates are set in June for the following calendar year.
- CAWCD tax rates are set in June and appear on property tax bills in October of the same year.
- Capital Charges are determined 18 months in advance to help customers have rate certainty.
- Only CAWCD taxes can be used to fund reserves.
- Water rates are reconciled on an annual basis and the final billing/refund reflects the actual cost of delivering water.





Thank you!

Email Questions to:
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