


# CAP Reserves and Obligations

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## CAP Reserves

- **Restricted Reserves** – These reserves have been established pursuant to contractual or statutory requirements, and will be maintained indefinitely as long as those requirements are in place. In general, if any of these funds are consumed, they will need to be replenished.
- **Committed Reserves** – These reserves have been established by the CAWCD Board for specific uses. The expectation is that these reserves will be fully consumed for the specified purposes.
- **Assigned Reserves** – These reserves have been established by the CAWCD Board in various categories as a temporary funding source for unanticipated or emergency uses. These funds are intended to operate as “revolving funds,” and, if used, are to be replenished.
- **Unassigned Reserves** – This is CAWCD’s general cash reserve, and the balance is available for day-to-day expenditures, also referred to as Working Capital Reserves, and will fluctuate up and down throughout the year.



## CAP Reserves

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- **Restricted Reserves** – established pursuant to contractual or statutory requirements
- **Unrestricted Reserves** – the only constraints on these reserves are imposed by CAWCD itself, including:
  - ***Committed Reserves***
  - ***Assigned Reserves***
  - ***Unassigned Reserves***
- *CAP Restricted Reserves follow the provisions of the relevant contract or statute*
- *CAP Unrestricted Reserves follow the Fund Balance Guidelines for the General Fund Best Practice of the Government Finance Officers Association of the United States and Canada (“GFOA”)*



## CAP Reserves

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- **Strategic Reserves** – All Assigned Reserves and a portion of the Restricted Reserves. These reserves are in place because they are required by contract or statute, or have been designated by the CAWCD Board as reserves for unanticipated or emergency uses and *are intended to remain in place indefinitely*, e.g., “never used,” or, if used, replenished.
- All other reserves differ from the Strategic Reserves in that they are *expected to be fully consumed* for the designated purpose.



CAWCD RESERVES						
	Restricted	Committed	Assigned	Unassigned	\$ Millions	
					Balance 6-30-2017	Target 12-31 Annually
<b>STRATEGIC RESERVES</b>						
Master Contract Reserves - required under the Repayment Contract with the United States	X				46	46
Major Repair & Replacement Reserve - required under the Repayment Settlement Stipulation with the United States * Managed in conjunction with the Capital Reserve	X				24	*
Operating Reserve - established by the CAWCD Board of Directors for funding unforeseen or emergency operating expenditures			X		45	66
Capital Reserve - established by the CAWCD Board of Directors for funding unforeseen or emergency capital expenditures			X		-	65
Contingency Reserve - established by the CAWCD Board of Directors for extraordinary legal, medical, property or liability claims			X		10	10
Working Capital Reserves - general funds available for daily use; depleted and replenished throughout the year				X	10	35
					135	222
<b>OTHER RESERVES</b>						
Supplemental Water Reserve - established under the Ak-Chin Indian Water Rights Settlement legislation	X				8	
CAGRD Replenishment Reserves - governed by ARS 448-3772	X				2	
CAGRD Water Rights & Infrastructure Reserves - governed by ARS 448-3772(7)(d) and ARS 448-3779(H)	X	X			48	
Captive Insurance Reserves - reserves of the CAWCD Insurance Company, Inc., a wholly-owned property and casualty self-insurance company formed under the laws of the State of Hawaii; required under Hawaii state law	X				6	
Revenue Bond Reserves - required under the bond indentures for CAWCD revenue bonds for infrastructure	X				20	
Extraordinary Cost Reserve - established by the CAWCD Board to address extraordinary costs associated with Navajo Generating Station (pollutions controls and decommissioning)		X			66	
Water Storage Reserves - (4-cent tax reserves) established under ARS 48-53715.02 and ARS 448-3715.03 for repayment, operations and maintenance and water deliveries for underground storage		X			131	
Rate Stabilization Reserves - established to stabilize O&M rates, including rate shock from shortage on the Colorado River		X			39	
Navajo Decommissioning Reserves - established to collect a portion of the funds necessary for decommissioning of the Navajo Generating Station through O&M rates		X			3	
Recharge O&M Reserve - funds to stabilize CAP rates for Recharge Operations & Maintenance		X			5	
Ag Forbearance Reserve - funds earned by Ag Forbearance programs to be applied to future years' rates		X			3	
CAGRD Reserves - established to fund CAGRD replenishment obligations and administrative costs and funds for water rights and infrastructure supplemental to the restricted WR&I reserve		X			2	
					333	
					468	

## CAP Unfunded Obligations

- Strategic Reserves below target \$ 87 million <sup>(1)</sup>
- NGS Decommissioning \$ 50 million
- Ag Settlement 9(d) debt \$ 25 million <sup>(2)</sup>
- 2018 Repayment \$ 9 million <sup>(3)</sup>
- CAP Canal Capacity Improvements for Wheeling/ System Use Agreement \$100 million +
- Water rate support
- CAP Recovery infrastructure
- CAP non-Project water treatment
- CAP Recharge Project capital improvements
- System conservation
- Shortage mitigation/ rate stabilization

