

Reserves Profile - Fiscal Year 2011-12

Reserves defined

Reserves are funds that have been set aside for specific purposes or to fund unspecified future needs of an organization.

Purpose of reserves

Reserves are critical for effective response to natural catastrophes, pay-as-you-go financing for some capital projects, and other emergencies. Both the Water Utility Enterprise and Watersheds have set aside separate reserve funds for emergencies, future maintenance requirements and unforeseen needs, per District Reserve Policy. For Watersheds, about half of the designated reserves will fund the pay-as-you-go projects from the voter-approved Clean, Safe Creeks and Natural Flood Protection program.

Types of reserves

“Restricted” reserves have legal, regulatory or contractual limitations, and may be spent for specific purposes only. These include contract obligations and debt financing requirements, such as bond covenants.

“Unrestricted” reserves do not have externally-imposed restrictions, but are designated for specific uses, such as capital construction, operations and maintenance activities, or to meet uninsured catastrophic losses.

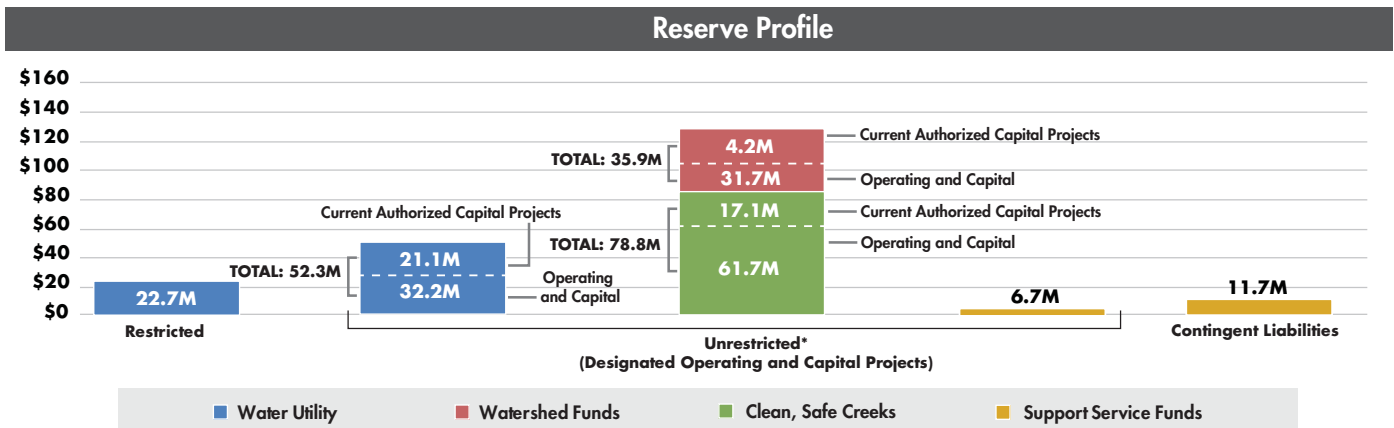
“Contingent Liabilities” are reserves designated to cover future costs of current liabilities from insurance and workers compensation claims, and for uninsured property losses.

District reserves

The District has a Reserve Policy in place to ensure that the District’s reserves are used for their intended purposes. The policy is reviewed annually in public session with our Board of Directors. Use of reserves requires a budget adjustment to be approved by the Board in a public meeting.

Budgeted total reserves balance | Fiscal Year ending June 30, 2012

TOTAL: \$209 million



Contact us

For more information, contact the **District’s Chief Financial Officer Najon Chu** at **(408) 265-2607, ext. 2208**, or visit our website at www.valleywater.org, where you can sign up for our **eNewsletter** and use our **Access Valley Water** customer request and information system. With three easy steps, you can use this service to submit questions, complaints or compliments directly to a district staff person.