

## **SOUTH HURON VALLEY UTILITY AUTHORITY CUSTODIAL CREDIT RISK STATEMENT**

### **South Huron Valley Utility Authority Disclosure and Policy Re: Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority's deposits may not be recovered. Deposits are exposed to custodial credit risk if they are not covered by depository insurance, if the deposits exceed the FDIC insurance cap, or if they are uncollateralized.

The South Huron Valley Utility Authority does not have a deposit policy for custodial credit risk. The Authority as a whole believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution, and only those institutions with an acceptable estimated risk level are used as depositories.