

South Huron Valley Operating and Capital Replacement Reserve Fund

Existing Operating and Replacement Fund Reserves

The Authority established a replacement reserve in March 1999. The total amount reserved for capital replacement is \$800,000. The Authority considers this amount to be adequate for the existing facilities and no additional replacement costs are being allocated to the fund. Because annual capital replacement is provided for in the budgets, the Authority deems the replacement reserve to be an emergency replacement reserve fund that is fully funded. The capital replacement reserve is maintained in a separate account.

The Authority also maintains an operating reserve of \$400,000, which is also fully funded and maintained in the reserve account with the capital replacement fund, bringing total reserve funds to \$1,200,000.

Proposed NEW Operating and Replacement Fund Reserves

The total amount reserved for capital replacement is increased to \$1,300,000. The Authority considers this amount to be adequate for the existing facilities and no additional replacement costs are being allocated to the fund. Because annual capital replacement is provided for in the budgets, the Authority deems the replacement reserve to be an emergency replacement reserve fund that is fully funded. The capital replacement reserve is maintained in a separate account.

The Authority also maintains an operating reserve, which is increased to \$700,000, and is also fully funded and maintained in the reserve account with the capital replacement fund, bringing total revised reserve fund amounts to \$2,000,000.