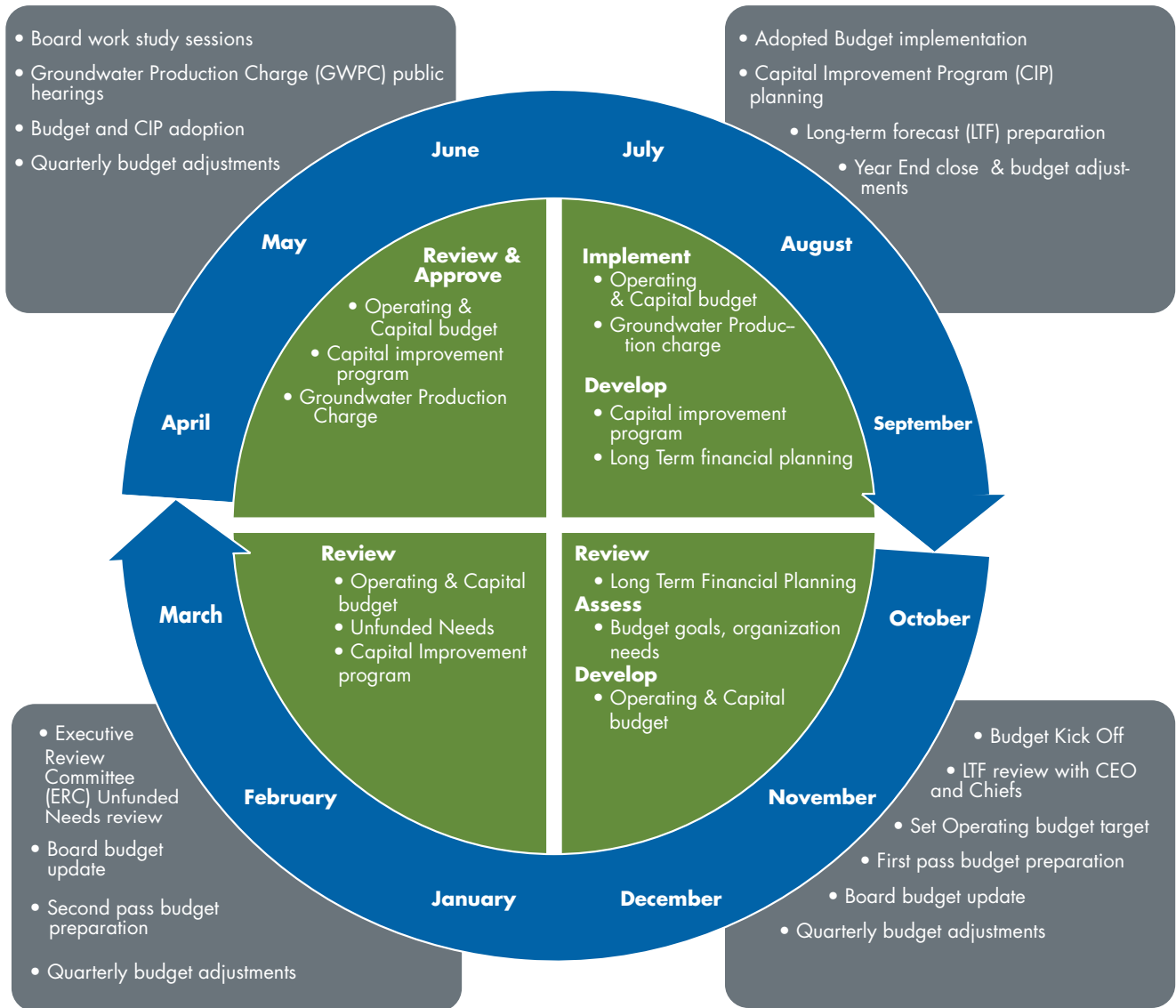


FINANCIAL OVERVIEW

Financial Overview

Budget Process Overview



Financial Overview

Financial Planning and Rate Setting

Every year staff prepare a rolling ten-year expenditure forecast that provides the basis for developing the budget targets and for analyzing the long-term financial sustainability of the various Valley Water funds. For the Water Utility Enterprise funds, Valley Water uses the “revenue requirements” methodology to set the groundwater production charge and other water charges for each zone. In general, costs associated with operations, capital, debt service and reserve requirements are estimated over a 10-year time frame. The amount not funded by property taxes, interest earnings, debt proceeds, and other income is covered by water charges. A water charge projection is calculated for each zone to recover the revenue requirements over a 10-year time period in accordance with the pricing policy (Board Resolution 99-21). The water charge setting process is conducted in accordance with the District Act and Board resolution 12-10, and includes the preparation of an annual report on the Protection and Augmentation of Water Supplies (PAWS). The report provides information on present and future water requirements for the County, water supply available to Valley Water, future capital and operating requirements, benefits and services provided by Valley Water, financing methods and water charges by zone. A series of public hearings and meetings are conducted with advisory committees and stakeholders to ensure that feedback is gathered for the Board to consider in establishing water charges each year.

Capital Improvement Plan

Valley Water prepares a Capital Improvement Program (CIP) annually. It is a 5-year rolling CIP, meaning that it is updated annually and covers the upcoming five-year period. The CIP is approved by the Board each year, and is publicly available for review. The CIP includes project descriptions, schedules and forecasts for capital funding needs. The CIP is the primary means of

coordinating schedules and budgets on capital work.

For detail capital expenditure and impact of capital investments on operating budget, please visit: <https://www.valleywater.org/public-review-documents>.

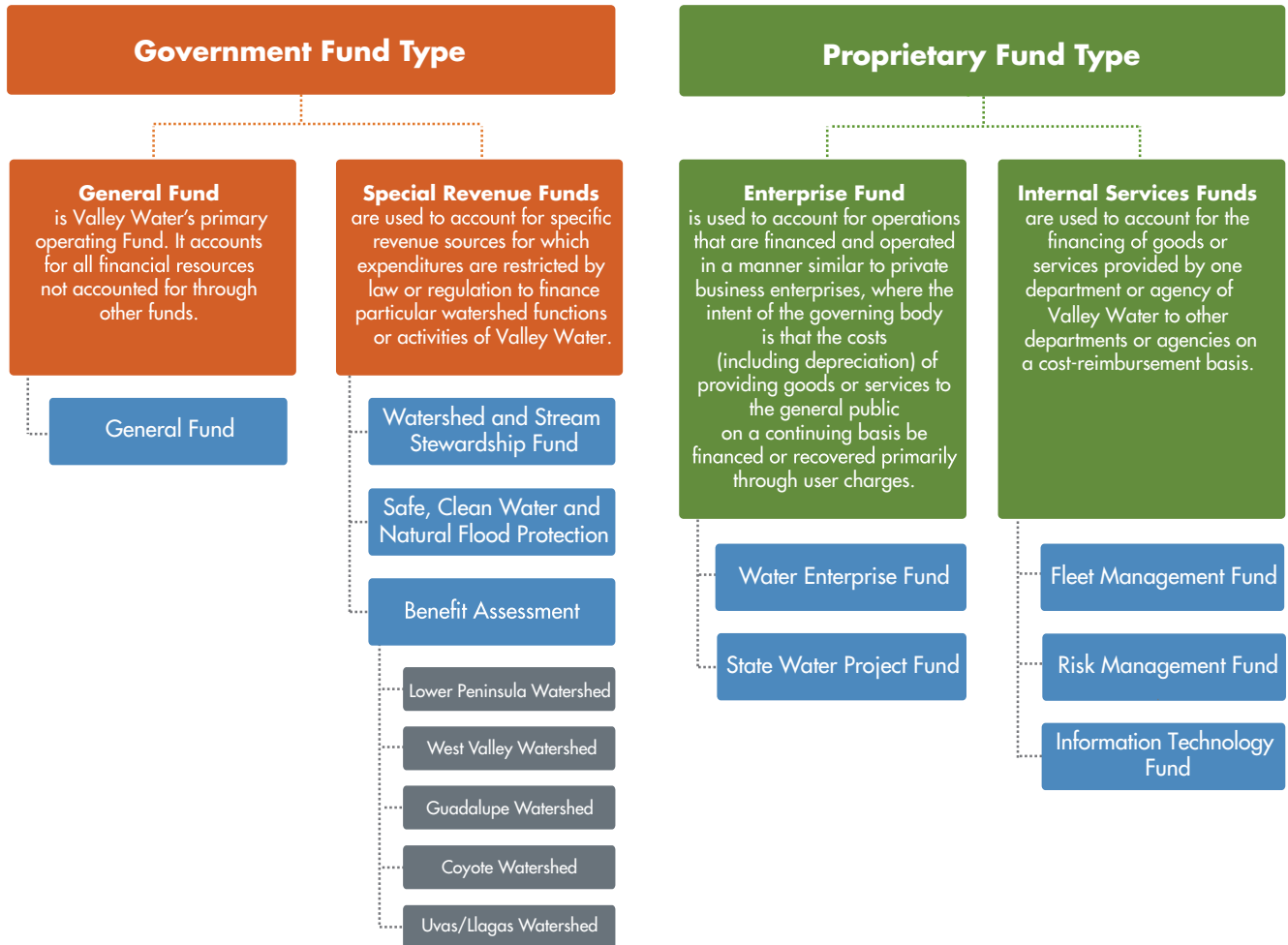
Other Planning Documents

Valley Water’s budget is informed by many planning documents including but not limited to:

- Protection and Augmentation of Water Supplies Report 2020-2021
- Water Utility Water Supply Master Plan
- Water Utility Groundwater Management Plan
- Water Utility Five Year Maintenance Work Plan
- Watersheds Five Year Operations and Maintenance Plan
- Stream Maintenance Program Manual
- Safe, Clean Water and Natural Flood Protection 5-Year Implementation Plan
- Requests of the 116th Congress
- 2020 Environment Stewardship Update
- Diversity and Inclusion Master Plan

Financial Overview

Valley Water Fund Structure



Financial Overview

Basis of Budgeting

The annual budget is prepared using the modified accrual basis. Revenues are recognized only when they become measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the payments are incurred or a commitment is made through an encumbered purchase order.

The accounts of Valley Water are organized based on fund types and account groups. Each fund is an independent accounting entity with a self-balancing set of accounts comprised of its assets, liabilities, fund equity, revenue, and expenditures or expenses, as appropriate. Fund accounting allows government resources to be segregated and accounted for per their intended purposes, aiding management in demonstrating compliance with finance-related legal and contractual provisions.

Revenue

Revenue projections are, in general, taken from Valley Water's long-range planning documents. These planning tools are updated annually based on the best information available. They are documented annually as part of the Annual Report on the Protection and Augmentation of Water Supplies (PAWS), the Flood Control Benefit Assessments Report, and the Safe, Clean Water and Natural Flood Protection Report.

The FY 2020-21 Budget includes projected revenues of approximately \$506.6 million. These revenues are a net increase of 1.0% from the \$501.8 million included in the FY 2019-20 Adopted Budget. The net \$4.8 million increase is primarily derived from the increase in the 1% ad valorem property taxes (\$9.0 million), capital reimbursements (\$11.0 million), as well as interest and other operating and non-operating revenues (\$2.2 million), offset by a decrease of water charges revenue (-\$16.3 million), Benefit Assessment revenues (-\$1.1 million). The specific categories of

revenue include:

Water Revenue

The main source of Valley Water revenue is from water charges projected at \$261.1 million for FY 2020-21. Revenues from treated water continue to be the largest source with an estimated amount of \$137.4 million. Groundwater production charges are budgeted at \$121.1 million, and surface/recycled water sales are projected at \$2.6 million. As instructed by the Board of Directors, this budget maintains water rates at the FY 2019-20 level in light of the unprecedented level of economic uncertainty. As FY 2020-21 will begin with no rate increase, staff will return to the Board at midyear with an updated assessment of the local economy, its impact on Valley Water, and any potential rate adjustments if appropriate. Further discussion on groundwater production charges, including the changes to the groundwater benefit zones, is provided in the Water Utility Enterprise Fund Summary section of this budget and also in the FY 2020-21 PAWS Report.

Property Tax

Property tax revenues are estimated at \$128.9 million for FY 2020-21, an increase of 7.5% from the FY 2019-20 Adopted Budget. Valley Water benefits from two types of property taxes - 1% ad valorem (\$110.9 million) and levies for State Water Project (SWP) indebtedness (\$18.0 million). More information is included in the Major Sources of Revenue section later in this chapter.

Special Parcel Tax

The The Safe, Clean Water Program special parcel tax was approved by the voters in November 2012. The Special Parcel Tax for FY 2020-21 is budgeted at \$45.5 million, and reflects no increase to the Special Parcel Tax rates relative to FY 2019-20.

Financial Overview

Benefit Assessments

Benefit assessment revenue consists of levies approved by voters in 1986 and 1990 to support financing for flood control capital improvements, and are set at 1.25 times the duly authorized annual debt service requirements for assessed parcels in each watershed. Benefit assessment revenue budget is \$12.4 million for FY 2020-21.

Capital Reimbursements

Capital reimbursements are from local, state and federal agencies for specified capital projects that are already completed or would be undertaken during this budget period. District-wide capital reimbursements are budgeted at \$43.6 million for FY 2020-21. More information is included in the Major Sources of Revenue section.

Interest

Interest earnings are estimated to be \$10.1 million in FY 2020-21, an increase of \$2.2 million compared to FY 2019-20 Adopted Budget.

Intergovernmental Services

Intergovernmental Services revenue are reimbursements from cost sharing agreements with local cities and agencies. The FY 2020-21 totals \$1.2 million in this category and is primarily comprised of reimbursements from the San Benito Water District (\$528,000) for O&M San Felipe Reach 1 projects, Solano County (\$305,000) for the IRWM Round 2 - Water Conservation Grant projects, and the State of California (\$236,000) for the Proposition 1 – Water Conservation projects.

Other Revenue

Other Operating and Non-Operating Revenues comprised of receipts from minor sources such as rental income and the sale of vehicles totals \$3.8 million.

Appropriations/Outlays

Net total operating and capital outlays for the FY 2020-21 Budget are \$609.5 million. This figure does not include capital carry forward (\$64.4 million) appropriated by the Board in prior years and is net of General Fund intra-district reimbursements and Internal Service Funds charges (\$91.1 million). Total operating and capital outlays total \$700.6 million, which includes intra-district reimbursements of \$91.1 million and are discussed in the following section, in more detail.

FY 2020-21 net operating outlays are \$311.9 million, an increase of approximately \$26.1 million compared to the FY 2019-20 Adopted Budget of \$285.8 million.

The increase in net outlays reflects continued efforts to maintain service levels that support key strategic objectives. Objectives and issues facing Valley Water include but are not limited to:

- Infrastructure maintenance and construction needs (ensuring dam safety, managing infrastructure for reliability, care of Valley Water facilities and assets)
- Advancing Valley Water's interests in countywide storm water resource planning
- Active participation in decisions regarding California Delta Conveyance
- Leading efforts to advanced recycled and purified water efforts within Santa Clara County
- Pursuing efforts to increase water storage opportunities
- Attaining net positive impact on the environment when completing projects
- Advancing diversity and inclusion efforts

Valley Water is responding to these challenges in several ways as discussed in the Fund Summaries chapter.

Intra-district Reimbursements

The primary funding sources for the General Fund and Service Funds are intra-district reimbursements. For FY 2020-21, the total is \$91.1 million. Intra-district charges reimburse the General Fund and Service Funds

Financial Overview

for functions such as finance, accounting, payroll, human resources, information technology, facilities, organizational leadership, and fleet management.

Approximately, 60% of intra-district charges is paid by the Water Utility Enterprise, 40% by Watersheds Funds.

Capital Outlays

FY 2020-21 net capital project outlays total \$235.8 million, an increase of \$51.3 million as compared to the FY2019-20 Adopted Budget of \$184.5 million. It is anticipated that \$64.4 million of the FY 2019-20 adjusted budget for capital projects will be carried forward to FY 2020-21 as most capital projects require multiple years to complete. The capital budget represents the projects that have been identified and prioritized in the Five- Year Capital Improvement Program (CIP).

Other Financing Sources/Uses

Other financing sources and uses include proceeds from debt issuance. For FY 2020-21, Valley Water anticipates issuing bonds or commercial paper for approximately \$135.5 million to finance various Water Utility capital improvement projects.

Reserves

Overall, budgeted reserves for FY 2020-21 are estimated at \$349.2 million, an increase of \$6.3 million compared to the FY 2019-20 Adopted Budget level. The increase is primarily due to increases in the operating and capital reserves (\$23.6 million), the Water Utility rate stabilization reserve (\$2.4 million), and the Guiding Principal #5 Reserve (\$3.6 million), offset by decreases in the currently authorized projects reserves (-\$11.0 million), the Water Utility public-private partnership reserves (-\$8.0 million), and the State Water Project Tax Reserve (-\$4.8 million).

Staffing

The FY 2020-21 Budget includes 859 authorized positions, 8 limited-term positions and 4 management fellows, maintaining the adjusted FY 2019-20 staffing level. For a comprehensive schedule of district-wide salaries and benefits, please refer to the salaries & benefits section in this chapter.

Financial Overview

Combined Fund Summary - All Funds

	Budgetary	Adopted	Projected	Adopted	Change from	
	Basis Actual	Budget	Year End	Budget	2019-20 Adopted	
	2018-19	2019-20	2019-20	2020-21	\$ Diff	% Diff
REVENUE						
Groundwater Production Charges	\$ 81,922,689	\$ 105,036,000	\$ 98,050,000	\$ 121,105,000	\$ 16,069,000	15.3%
Treated Water Charges	143,998,219	169,519,000	156,495,000	137,399,000	(32,120,000)	(18.9)%
Surface & Recycled Water Charges	1,757,563	2,821,000	2,820,000	2,562,000	(259,000)	(9.2)%
Benefit Assessment	14,746,505	13,444,678	13,444,678	12,369,217	(1,075,461)	(8.0)%
Property Tax	130,189,099	119,951,653	126,223,887	128,902,000	8,950,347	7.5%
Parcel Tax	44,127,352	45,537,000	45,537,000	45,537,000	—	—
Intergovernmental Services	4,104,067	1,237,000	1,162,000	1,242,326	5,326	0.4%
Operating Other	674,431	872,000	947,000	954,410	82,410	9.5%
Capital Reimbursements	26,673,149	32,618,000	50,721,000	43,608,000	10,990,000	33.7%
Interest Income *	12,997,494	7,850,000	12,950,000	10,050,000	2,200,000	28.0%
Non-Operating Other	4,146,534	2,958,000	2,958,565	2,887,975	(70,025)	(2.4)%
TOTAL REVENUE	\$ 465,337,102	\$ 501,844,331	\$ 511,309,130	\$ 506,616,928	\$ 4,772,597	1.0%
OUTLAYS						
Operating Outlays						
Operations **	\$ 303,977,897	\$ 340,279,199	\$ 347,382,805	\$ 372,955,560	\$ 32,676,361	9.6%
Operating Project	6,689,020	6,406,323	13,456,323	6,169,013	(237,310)	(3.7)%
Debt Service	42,599,874	58,607,155	58,607,155	61,811,513	3,204,358	5.5%
Total Operating Outlays	\$ 353,266,791	\$ 405,292,677	\$ 419,446,283	\$ 440,936,086	\$ 35,643,409	8.8%
Capital Outlays						
Capital Projects	\$ 175,455,273	\$ 204,451,305	\$ 332,491,017	\$ 259,703,817	\$ 55,252,512	27.0%
Carry Forward Capital Projects	—	71,151,000	—	64,362,188	(6,788,812)	(9.5)%
Total Capital Outlays	\$ 175,455,273	\$ 275,602,305	\$ 332,491,017	\$ 324,066,005	\$ 48,463,700	17.6%
TOTAL OUTLAYS****	\$ 528,722,064	\$ 680,894,982	\$ 751,937,300	\$ 765,002,091	\$ 84,107,109	12.4%
Less Intra-District Reimb	(72,042,287)	(80,846,963)	(80,846,963)	(91,131,585)	(10,284,622)	12.7%
NET OUTLAYS	\$ 456,679,777	\$ 600,048,019	\$ 671,090,337	\$ 673,870,506	\$ 73,822,487	12.3%
OTHER FINANCING SOURCES/(USES)						
Debt Proceeds	\$ 45,121,546	\$ 59,559,000	\$ 72,934,459	\$ 135,500,000	\$ 75,941,000	127.5%
Transfers In	13,584,754	26,941,830	27,661,043	26,996,926	55,096	0.2%
Transfers Out	(13,584,754)	(26,941,830)	(27,661,043)	(26,996,926)	(55,096)	0.2%
TOTAL OTHER SOURCES/(USES)	\$ 45,121,546	\$ 59,559,000	\$ 72,934,459	\$ 135,500,000	\$ 75,941,000	127.5%
BALANCE AVAILABLE	\$ 53,778,871	\$ (38,644,688)	\$ (86,846,748)	\$ (31,753,578)	\$ 6,891,110	(17.8)%

Financial Overview

Combined Fund Summary - All Funds (Continued)

	Budgetary Basis Actual 2018-19	Adopted Budget 2019-20	Projected Year End 2019-20	Adopted Budget 2020-21	Change from 2019-20 Adopted	
					\$ Diff	% Diff
YEAR-END RESERVES						
Restricted Reserves						
WUE Rate Stabilization	\$ 26,090,186	\$ 23,467,000	\$ 23,466,551	\$ 25,878,053	\$ 2,411,053	10.3%
WUE San Felipe Emergency	3,150,102	3,103,000	3,199,972	3,249,972	146,972	4.7%
WUE State Water Project Tax Reserve	15,355,069	4,815,690	9,287,487	—	(4,815,690)	(100.0)%
CP Debt Service	287,226	—	—	—	—	—
WUE Public-Private Partnership (P3)	4,000,000	8,000,000	8,000,000	—	(8,000,000)	(100.0)%
WUE Water Supply	14,677,000	15,077,000	15,077,000	15,477,000	400,000	2.7%
WUE SVAWPC	1,066,000	1,066,000	1,298,138	908,138	(157,862)	(14.8)%
WUE Drought Reserve	7,000,000	10,000,000	10,000,000	10,000,000	—	—
GP5 Reserve	—	—	3,613,000	3,613,000	3,613,000	—
SCW Currently Authorized Projects	109,087,781	25,418,000	55,566,655	22,477,299	(2,940,701)	(11.6)%
SCW Operating and Capital Reserve	48,558,698	90,654,986	64,059,172	57,903,219	(32,751,767)	(36.1)%
Total Restricted Reserves	\$ 229,272,062	\$ 181,601,676	\$ 193,567,975	\$ 139,506,681	\$ (42,094,995)	(23.2)%
Committed Reserves						
Currently Authorized Projects ***	\$ 113,133,663	\$ 29,807,000	\$ 52,971,077	\$ 21,698,185	\$ (8,108,815)	(27.2)%
Benefit Assessment Reserve	1,097,604	—	—	—	—	—
Operating and Capital Reserve	109,934,575	118,325,138	121,020,494	174,680,591	56,355,453	47.6%
Workers Compensation Liability	7,085,600	7,034,000	7,085,600	7,085,600	51,600	0.7%
Catastrophy - Property Self-Insurance	7,244,312	6,113,912	6,275,922	6,196,433	82,521	1.4%
Total Committed Reserves	\$ 238,495,754	\$ 161,280,050	\$ 187,353,093	\$ 209,660,809	\$ 48,380,759	30.0%
TOTAL YEAR-END RESERVES	\$ 467,767,816	\$ 342,881,726	\$ 380,921,068	\$ 349,167,490	\$ 6,285,764	1.8%

Financial Overview

Combined Fund Summary - All Funds (Continued)

	Budgetary	Adopted	Projected	Adopted	Change from	
	Basis Actual	Budget	Year End	Budget	2019-20 Adopted	
	2018-19	2019-20	2019-20	2020-21	\$ Diff	% Diff
Outlay Summary by Account Type						
OPERATING OUTLAY						
Salaries and Benefits	\$ 122,322,972	\$ 137,366,403	\$ 137,366,403	\$ 145,837,315	\$ 8,470,913	6.2%
Salary Savings Factor	—	(3,718,721)	(3,718,721)	(3,776,645)	(57,924)	1.6%
Services & Supplies	127,673,308	152,126,574	166,280,180	169,845,234	17,718,660	11.6%
Intra-District Charges	60,670,637	60,911,267	60,911,267	67,218,668	6,307,401	10.4%
OPERATING OUTLAY TOTAL	\$ 310,666,917	\$ 346,685,523	\$ 360,839,129	\$ 379,124,572	\$ 32,439,050	9.4%
DEBT SERVICE						
Services & Supplies	\$ 884,622	\$ 4,394,440	\$ 4,394,440	\$ 3,014,438	\$ (1,380,002)	(31.4)%
Debt Service	41,715,253	54,212,715	54,212,715	58,797,075	4,584,360	8.5%
DEBT SERVICE TOTAL	\$ 42,599,875	\$ 58,607,155	\$ 58,607,155	\$ 61,811,513	\$ 3,204,358	5.5%
CAPITAL PROJECTS						
Salaries and Benefits	\$ 29,729,076	\$ 37,359,111	\$ 37,359,111	\$ 42,588,015	\$ 5,228,904	14.0%
Salary Savings Factor	—	(1,021,387)	(1,021,387)	(1,142,476)	(121,089)	11.9%
Services & Supplies	127,272,927	148,177,884	276,217,596	194,345,362	46,167,478	31.2%
Carry Forward Capital Projects	—	71,151,000	—	64,362,188	(6,788,812)	(9.5)%
Intra-District Charges	18,453,271	19,935,697	19,935,697	23,912,916	3,977,219	20.0%
CAPITAL PROJECTS TOTAL	\$ 175,455,274	\$ 275,602,305	\$ 332,491,017	\$ 324,066,005	\$ 48,463,700	17.6%
TOTAL OUTLAYS****	\$ 528,722,066	\$ 680,894,983	\$ 751,937,301	\$ 765,002,090	\$ 84,107,108	12.4%

(*) Interest revenue does not include GASB31 market value adjustment

(**) Operations outlay does not include OPEB Expense-unfunded liability

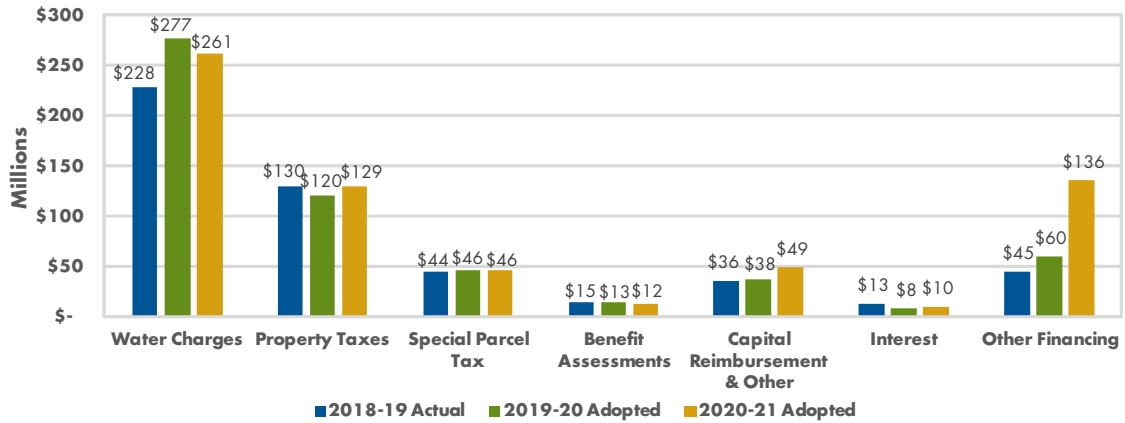
(***) Currently Authorized Projects Reserve is unspent budget for authorized capital projects

(****) Total Outlays amounts may have a slight variance due to rounding

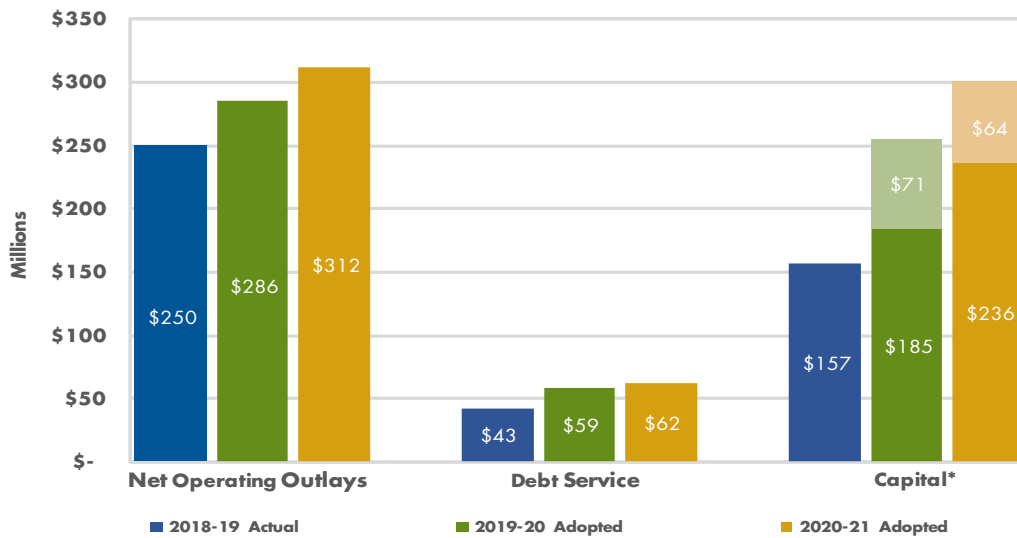
Financial Overview

Revenue and Outlays

Revenue and Financing by Fiscal Year and Type



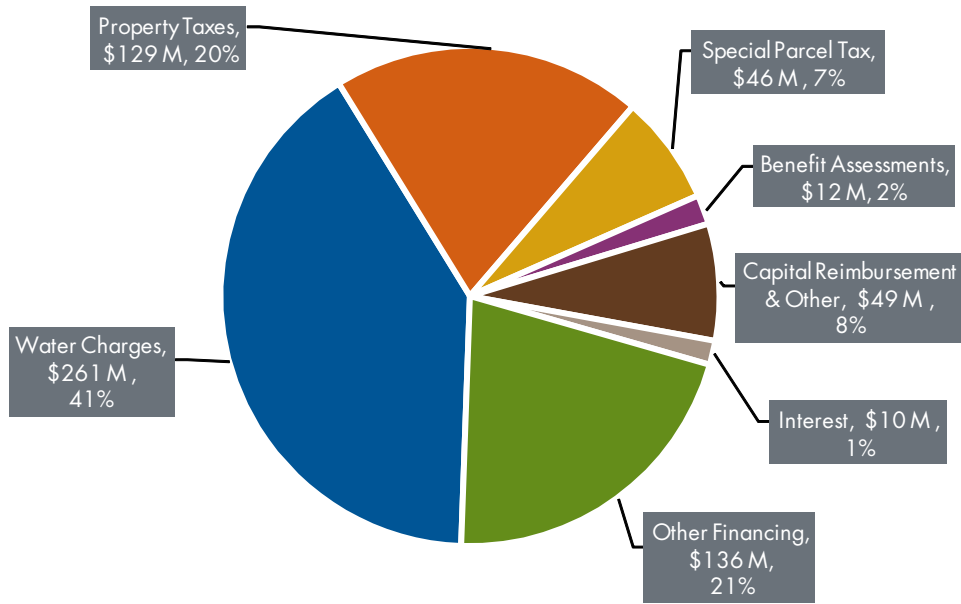
Net Outlays by Fiscal Year & Category



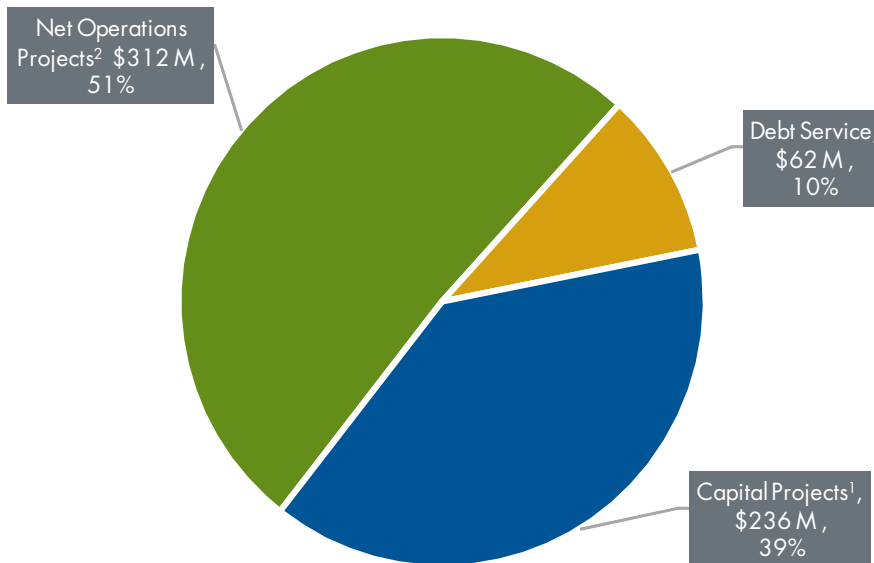
* Capital budget includes current year budget and prior year capital budget carry forward in the lighter shade

Financial Overview

FY 2020-21 Revenue and Debt Financing, \$642 Million



FY 2020-21 Net Outlays By Category, \$610 Million



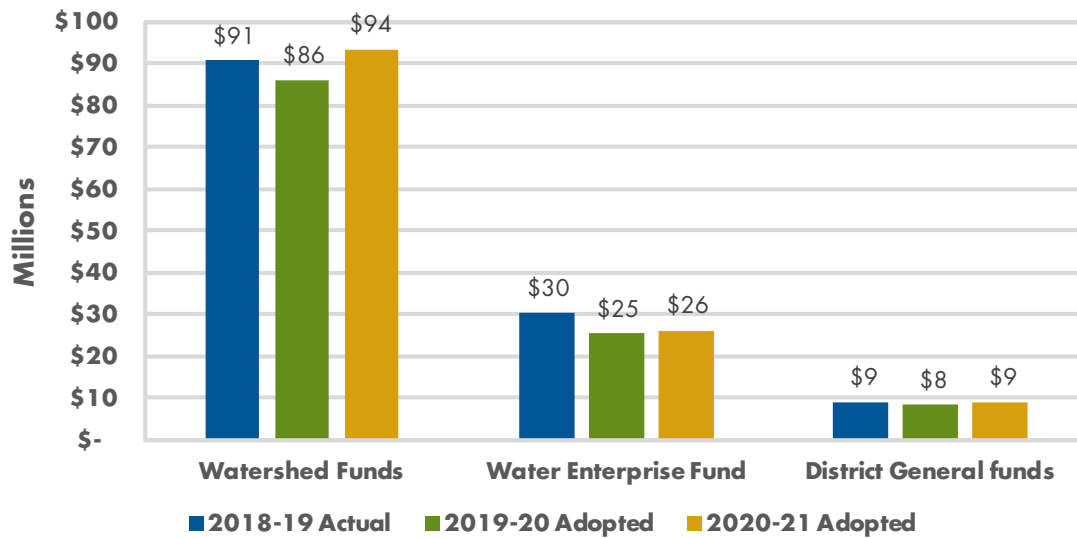
¹Capital Projects Outlay does not include capital budget estimated to be carried forward from prior year
²Operations are net of intra-district reimbursements.

MAJOR SOURCES OF REVENUES

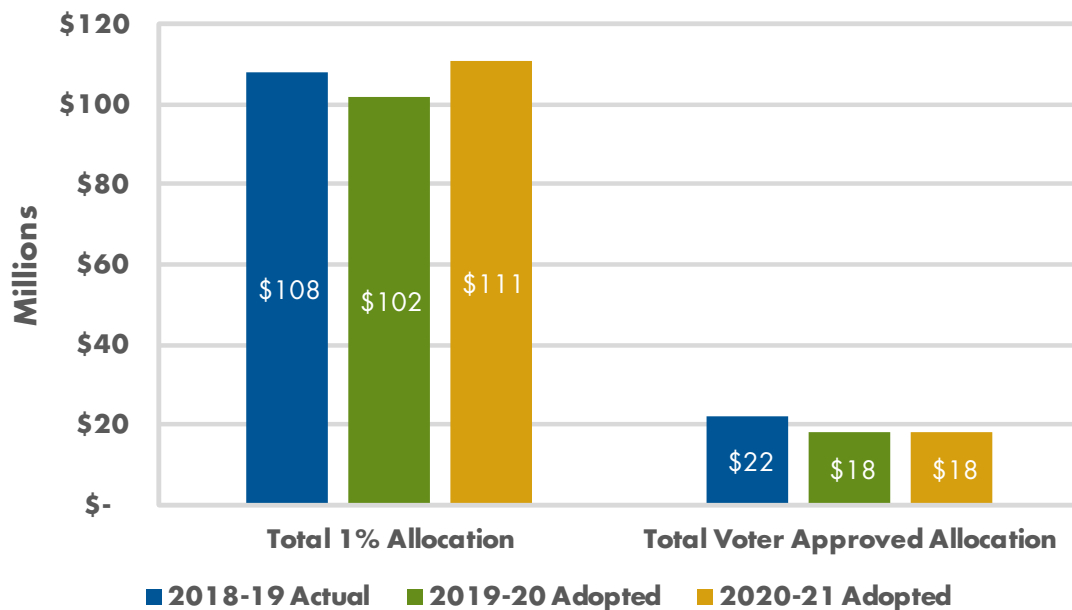
Financial Overview

Property Taxes

Property Taxes by Fiscal Year and Fund Group



Property Taxes by Fiscal Year and Taxing Authority Type



Financial Overview

Property Taxes

Valley Water’s property tax revenues are comprised of two distinct categories: an allocated share of countywide 1% Ad Valorem property tax receipts and a voter-approved levy for State Water Project (SWP) contract obligations.

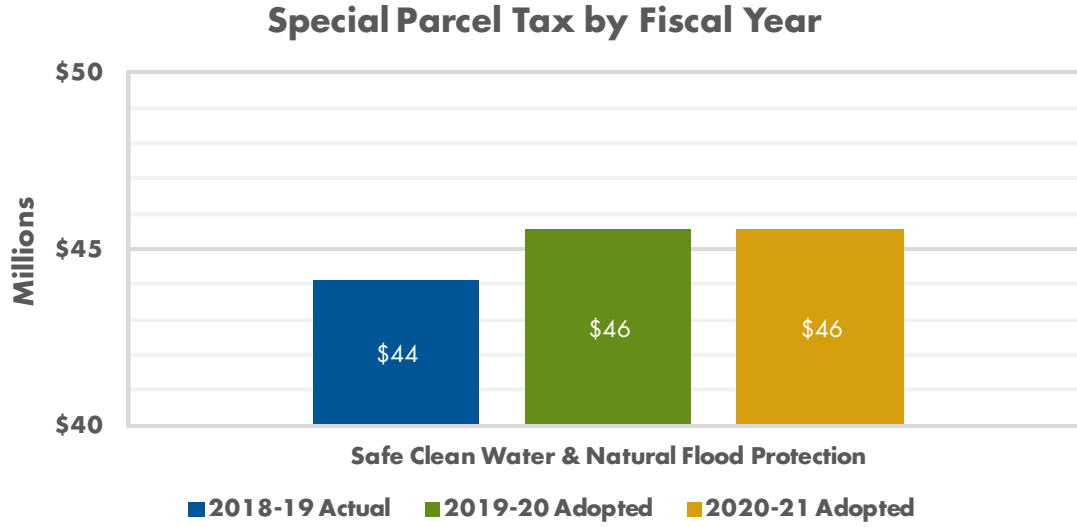
For FY 2020-21, Valley Water is projecting \$110.9 million in 1% Ad Valorem tax revenues, an 8.8% increase over the FY 2019-20 Adopted Budget. The increase is based on the assessed value of all property in Santa Clara County. Property sales and new construction were principal contributors to assessment roll growth in FY 2020-21.

Valley Water also levies a State Water Project property

tax based on its annual indebtedness to the State pursuant to its water supply contract dated November 20, 1961. This indebtedness is part of Valley Water’s SWP water purchase costs and pays for construction, maintenance and operation of SWP infrastructure and facilities. In FY 2020-21, total Valley Water expects to collect \$18.0 million, the same amount as the prior fiscal year.

	Budgetary Basis Actual 2018-19	Adopted Budget 2019-20	Projected Year End 2019-20	Adopted Budget 2020-21	Change from 2019-20 Adopted	
					\$ Diff	% Diff
Property Tax						
1 % Ad Valorem Property Tax						
Watershed Funds	\$ 90,726,811	\$ 86,087,955	\$ 91,119,811	\$ 93,520,000	\$ 7,432,045	8.6%
Water Enterprise Fund	8,124,104	7,451,232	8,087,232	8,217,000	765,768	10.3%
District General Fund	8,993,866	8,412,466	9,016,844	9,165,000	752,534	8.9%
Total 1% Allocation	\$ 107,844,781	\$ 101,951,653	\$ 108,223,887	\$ 110,902,000	\$ 8,950,347	8.8%
State Water Project Debt Service	\$ 22,344,318	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000	\$ —	—
Total Property Tax	\$ 130,189,099	\$ 119,951,653	\$ 126,223,887	\$ 128,902,000	\$ 8,950,347	7.5%

Special Parcel Tax



Financial Overview

Special Parcel Tax

In November 2000, over two-thirds of Santa Clara County voters approved the original 15-year special parcel tax to fund the Valley Water’s countywide Clean, Safe Creeks and Natural Flood Protection Program (Clean, Safe Creeks). In November 2012, two-thirds of the voters approved the Safe, Clean Water and Natural Flood Protection program that built upon the success of its predecessor Clean, Safe Creeks program and extended the special parcel tax another 15 years. The special parcel tax levy is based on the proportionate distribution of storm water runoff per parcel, and may be increased annually by either the prior year’s San Francisco-Oakland-San Jose Consumer Price Index for all Urban Consumers (CPI) or 3%, whichever is greater.

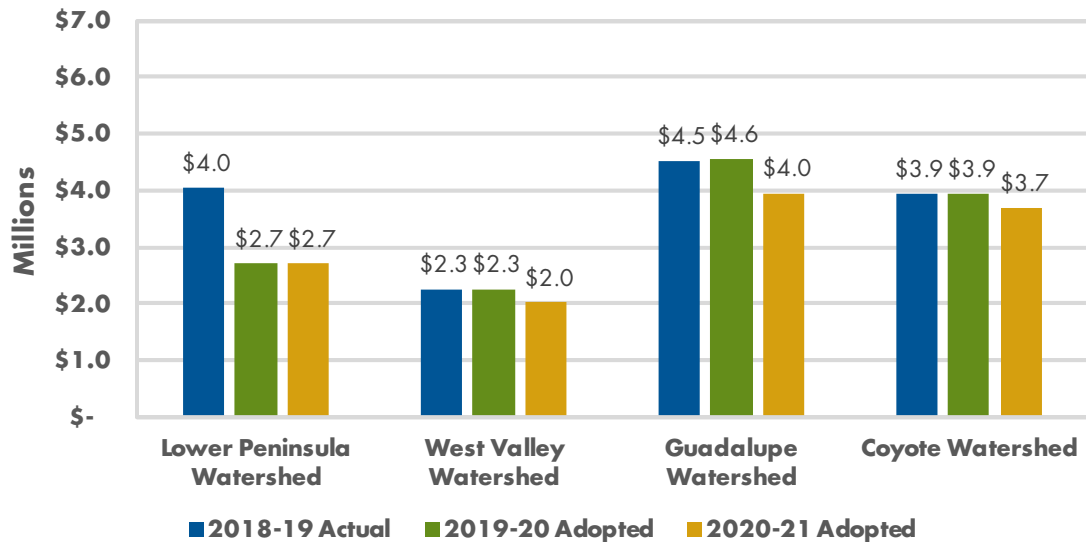
A report released by the Bureau of Labor Statistics indicates that the change in CPI from February 2019 to February 2020 is 2.91 percent. However for FY 2020-21, special parcel tax revenues are expected to be set flat to FY 2019-20, which would reflect a 0 percent increase. Although current financial projections show there will be a funding deficit at program-end primarily due to increased capital costs of the program, the expected rates are consistent with Board direction in response to the COVID19 Pandemic and intended to minimize impacts to the community during these unprecedented and uncertain times.

	Budgetary Basis Actual 2018-19	Adopted Budget 2019-20	Projected Year End 2019-20	Adopted Budget 2020-21	Change from 2019-20 Adopted	
					\$ Diff	% Diff
Special Parcel Tax						
Safe Clean Water & Natural Flood Protection	\$ 44,127,352	\$ 45,537,000	\$ 45,537,000	\$ 45,537,000	\$ —	—
Total Special Parcel Tax	\$ 44,127,352	\$ 45,537,000	\$ 45,537,000	\$ 45,537,000	\$ —	—

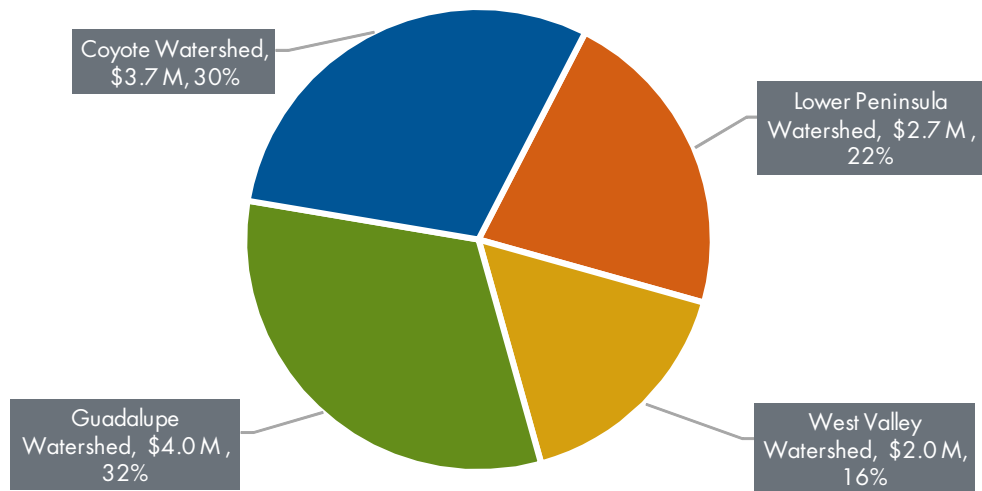
Financial Overview

Benefit Assessment

Benefit Assessment by Fiscal Year and Watershed Fund



FY 2020-21 Benefit Assessments, \$12.4 Million



Financial Overview

Benefit Assessment

The Flood Control Benefit Assessment was first authorized by the Valley Water Board of Directors in 1981, and later by the ballot measures in 1982, 1986, and 1990. The program had a sunset date of 2000 but the assessment will continue until 2030, when the Valley Water would pay-off the bonds associated with this program.

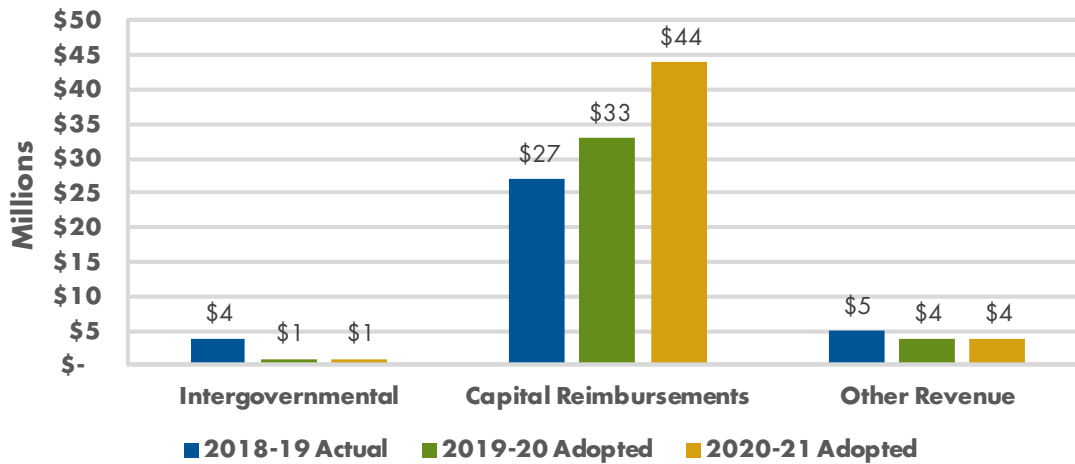
FY 2020-21 continues under this debt repayment phase of the benefit assessment program with benefit assessments levied at 1.25 times the annual debt service. For FY 2020-21, the Benefit Assessment revenue receipts are anticipated to come in at \$12.4

million, which includes a \$1.1 million one-time reduction across the West Valley, Guadalupe and Coyote Watershed zones resulting from decreased reserve requirements identified in FY 2018-19. As Valley Water continues to pay down principal, the amount collected will decrease.

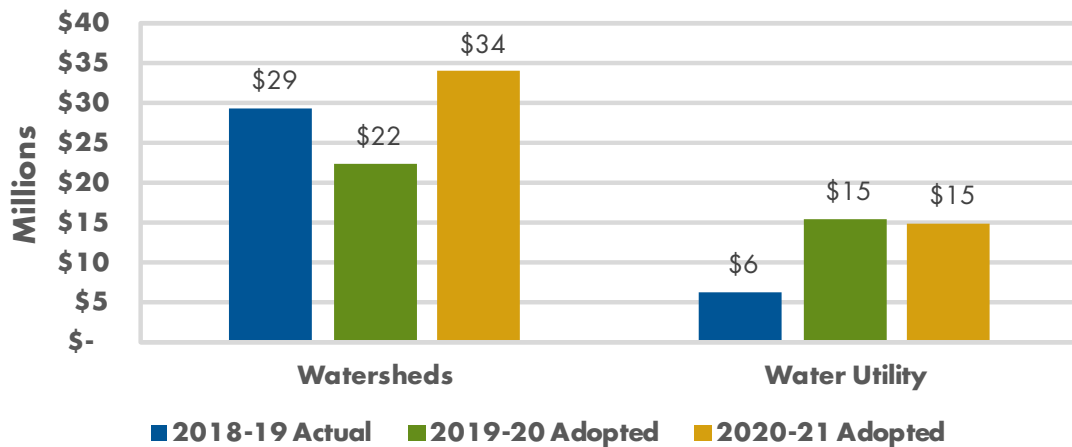
	Budgetary Basis Actual 2018-19	Adopted Budget 2019-20	Projected Year End 2019-20	Adopted Budget 2020-21	Change from 2019-20 Adopted	
					\$ Diff	% Diff
Benefit Assessment						
Lower Peninsula Watershed	\$ 4,038,797	\$ 2,704,524	\$ 2,704,524	\$ 2,707,674	\$ 3,150	0.1%
West Valley Watershed	2,253,446	2,254,819	2,254,819	2,017,606	(237,213)	(10.5)%
Guadalupe Watershed	4,522,569	4,552,774	4,552,774	3,955,671	(597,103)	(13.1)%
Coyote Watershed	3,931,693	3,932,561	3,932,561	3,688,266	(244,295)	(6.2)%
Total Benefit Assessments	\$ 14,746,505	\$ 13,444,678	\$ 13,444,678	\$ 12,369,217	\$ (1,075,461)	(8.0)%

Intergovernmental, Capital Reimbursements and Other Revenue

Intergovernmental, Capital Reimbursements and Other Revenue by Fiscal Year & Type



Intergovernmental, Capital Reimbursements and Other Revenue by Fiscal Year & Fund Group



Intergovernmental, Capital Reimbursements and Other Revenue

Intergovernmental Services

Valley Water anticipates receiving intergovernmental services revenue of \$1.2 million for the Water Utility. These funds are primarily for reimbursement from the San Benito County Water District (SBCWD) for operating maintenance of the San Felipe Division Reach 1, and for conservation rebate programs funded by state grants and local cost sharing agreements.

Capital Reimbursement Revenue

Valley Water anticipates capital reimbursement revenue of \$43.6 million.

Water Utility Enterprise receipts are budgeted at \$11.4 million comprised of \$1.3 million from SBCWD for small capital improvements on the San Felipe pipeline, \$8.1 million from the California Water Commission for the Pacheco Reservoir Expansion project, \$2.0 million of USBR Title 16 funding for the recycled water pipeline efforts in South County.

Total Watersheds capital reimbursements are budgeted at \$32.3 million. Of this, \$20.1 million is budgeted in the Watershed and Stream Stewardship Fund and \$12.2 million is budgeted in the Safe, Clean Water Fund.

Watershed and Stream Stewardship reimbursements are comprised primarily of \$2.8 million for Berryessa Creek, Lower Penitencia Creek to Calaveras Blvd., \$1.6 million for Cunningham Flood Detention Certification, \$3.4 million for Lower Silver Creek, I-680 to Cunningham, \$1.0 million for Lower Llagas Creek, Buena Vista Road to Pajaro Road, \$10.8 million for the San Francisco Bay Shoreline, and \$0.5 million for Guadalupe River, I-880 to I-280.

Safe, Clean Water reimbursements are comprised of State Subventions for Berryessa Creek, Calaveras Blvd. to I-680 (\$0.8 million), Llagas Creek - Upper, Buena Vista Rd. to Wright Ave. (\$9.2 million), and another for San Francisco Bay Shoreline (\$2.2 million).

Other Revenue

The Other Operating and Non-Operating Revenue category totals \$3.8 million for FY 2020-21. Approximately \$1.7 million is budgeted for the Watersheds, \$2.1 million for Water Utility and \$0.1 million for the Internal Service Funds.

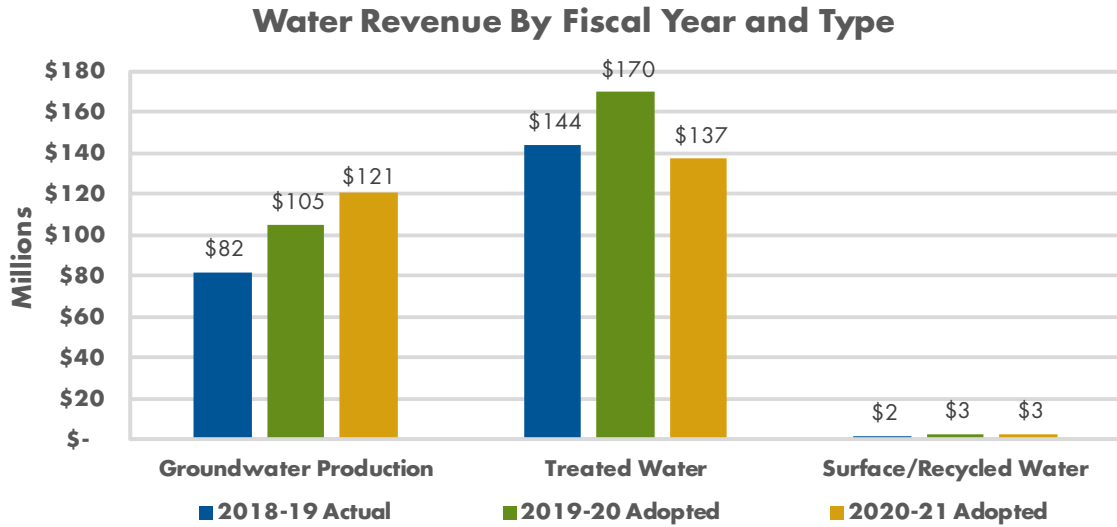
Financial Overview

Intergovernmental, Capital Reimbursements and Other Revenue

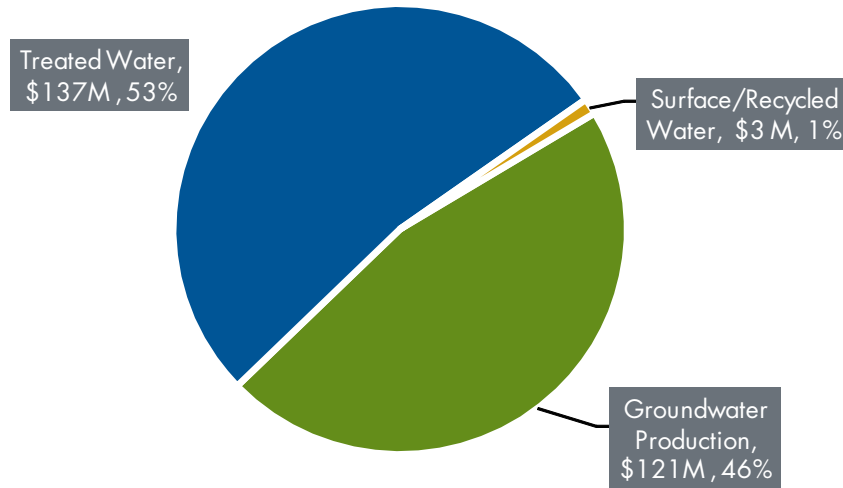
	Budgetary	Adopted	Projected	Adopted	Change from	
	Basis Actual	Budget	Year End	Budget	2019-20 Adopted	
	2018-19	2019-20	2019-20	2020-21	\$ Diff	% Diff
Intergovernmental Services						
Watershed Funds	\$ 1,217,555	\$ —	\$ —	\$ —	\$ —	—
Safe Clean Water & Natural Flood Protection	125,368	—	—	—	—	—
Water Enterprise Fund	2,754,161	1,237,000	1,162,000	1,242,326	5,326	0.4%
Internal Service Funds	6,984	—	—	—	—	—
Total Intergovernmental Services	\$ 4,104,068	\$ 1,237,000	\$ 1,162,000	\$ 1,242,326	\$ 5,326	0.4%
Capital Reimbursements						
Watershed Funds	\$ 1,567,679	\$ 7,286,000	\$ 25,461,000	\$ 20,072,000	\$ 12,786,000	175.5%
Safe Clean Water & Natural Flood Protection	23,956,804	13,476,000	14,344,000	12,178,000	(1,298,000)	(9.6)%
Water Enterprise Fund	1,148,667	11,856,000	10,916,000	11,358,000	(498,000)	(4.2)%
Total Capital Reimbursements	\$ 26,673,150	\$ 32,618,000	\$ 50,721,000	\$ 43,608,000	\$ 10,990,000	33.7%
Other						
Watershed Funds	\$ 2,180,175	\$ 1,613,000	\$ 1,613,374	\$ 1,661,831	\$ 48,831	3.0%
Safe Clean Water & Natural Flood Protection	416,915	—	—	—	—	—
Water Enterprise Fund	781,332	1,017,000	1,092,191	1,100,554	83,554	8.2%
State Water Project Fund	1,124,943	1,000,000	1,000,000	1,000,000	—	—
District General Fund	144,809	—	—	—	—	—
Internal Service Funds	172,792	200,000	200,000	80,000	(120,000)	(60.0)%
Total Other	\$ 4,820,966	\$ 3,830,000	\$ 3,905,565	\$ 3,842,385	\$ 12,385	0.3%
Total Intergov'l & Other Revenues	\$ 35,598,184	\$ 37,685,000	\$ 55,788,565	\$ 48,692,711	\$ 11,007,711	29.2%

Financial Overview

Water Revenue



FY 2020-21 Water Revenue \$261 Million



Financial Overview

Water Revenue

Valley Water’s water revenue is comprised of charges for the following types of water usage:

- **Groundwater Production**- Water produced by pumping from the underground water basins
- **Treated Water**- Water which has been processed through a Valley Water treatment plant
- **Surface Water**- Water diverted from streams, creeks, reservoirs, or raw water distribution lines
- **Recycled Water**- Wastewater which has been treated for use in crop irrigation, landscaping and industrial uses.

On April 28, 2020, the Board of Directors adopted new groundwater production charge benefit zones to be implemented July 1, 2020, and provided direction to staff to maintain water rates for FY2020-21 flat, with no increase. Staff will return to the Board at mid-year with updated assessment of the local economy and its impact on Valley Water in light of the unprecedented level of economic uncertainty caused by the COVID-19 pandemic. Water revenues budgeted for FY 2020-21 are based on staff’s recommendations to the Board regarding the outcome of implementing both directives.

Revenue estimates reflect no change in groundwater production charges for the North County (modified Zone W-2) and for the Coyote Valley (new Zone W-7) from FY 2019-20. In the Llagas Subbasin (modified

Zone W-5), revenue estimates reflect a decrease of 2.9% in the groundwater production charge when compared to FY 2019-20. In the Foothills below the Uvas and Chesbro reservoirs (new Zone W-8), revenue estimates reflect a decrease of 32.0% to the groundwater production charge relative to FY 2019-20. The charge reductions reflect adjustments to cost allocations based on the modified groundwater benefit zone, and also lower reliance on Valley Water services in these new zones than had been allocated to the single larger zone W-5 used for comparison in the prior year.

The FY 2020-21 revenue projection assumes water sales of roughly 230,000 acre-feet. Additionally, other sources such as Hetch Hetchy and local retail water supplies like San Jose Water Company, Stanford, and South Bay Water Recycling provide approximately 70,000 acre-feet of water to the Santa Clara County. Valley Water does not receive revenue for these sources of supply.

Water charges are necessary to pay for critical investments in water system infrastructure rehabilitation and upgrades, expanded storage capacity, and the development of future supplies including purified water. The water charges are shown in the accompanying Water Enterprise Fund schedules.

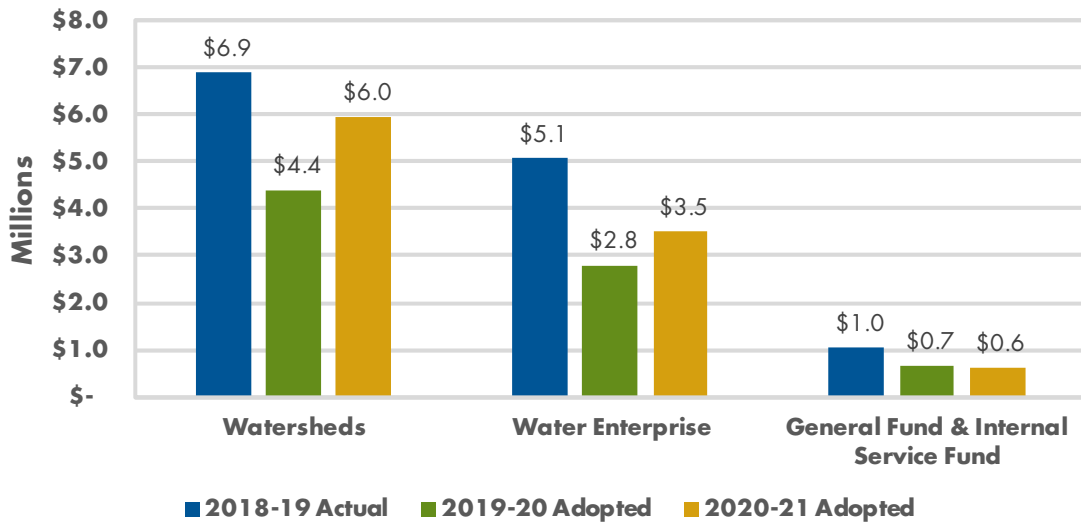
Water Revenue

	Budgetary	Adopted	Projected	Adopted	Change from	
	Basis Actual	Budget	Year End	Budget	2019-20 Adopted	
	2018-19	2019-20	2019-20	2020-21	\$ Diff	% Diff
Water Revenue						
Groundwater Production Charges	\$ 81,922,689	\$ 105,036,000	\$ 98,050,000	\$ 121,105,000	\$ 16,069,000	15.3%
Treated Water Charges	143,998,219	169,519,000	156,495,000	137,399,000	(32,120,000)	(18.9)%
Surface and Recycled Water Charges	1,757,563	2,821,000	2,820,000	2,562,000	(259,000)	(9.2)%
Total Water Revenue	\$ 227,678,471	\$ 277,376,000	\$ 257,365,000	\$ 261,066,000	\$ (16,310,000)	(5.9)%

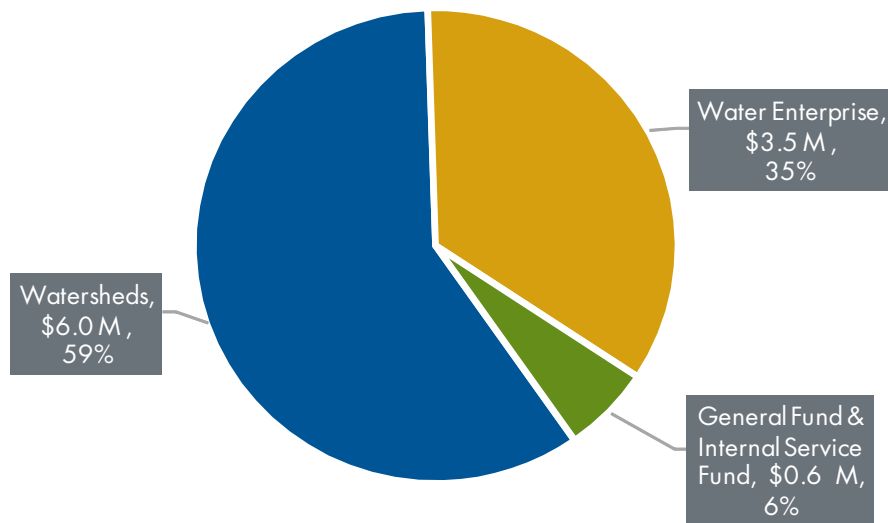
Financial Overview

Interest Income

Interest Income by Fiscal Year



FY 2020-21 Interest Earnings, \$10.1 Million



Financial Overview

Interest Income

Valley Water invests funds not immediately required for daily operations in various securities as authorized by California Government Code 53600 et.al. Valley Water's investment policy limits portfolio holdings to obligations of the U.S. Treasury, U.S. federal agencies, the state of California's Local Agency Investment Fund, bankers acceptances, negotiable and time certificates of deposit, commercial paper, corporate notes and bonds, repurchase agreements, municipal obligations, mutual funds, and supranational obligations. Prohibited investments include securities not listed above, as well as fossil fuel companies, inverse floaters, range notes, interest-only strips derived from a pool of mortgages and any security that could result in zero interest

accrual if held to maturity, as specified in Section 53601.6 of the California Government Code. For additional information regarding the Valley Water's investment policy, please visit: <https://www.valleywater.org/how-we-operate/financebudget/investor-relations> and select District Debt and Investment Management.

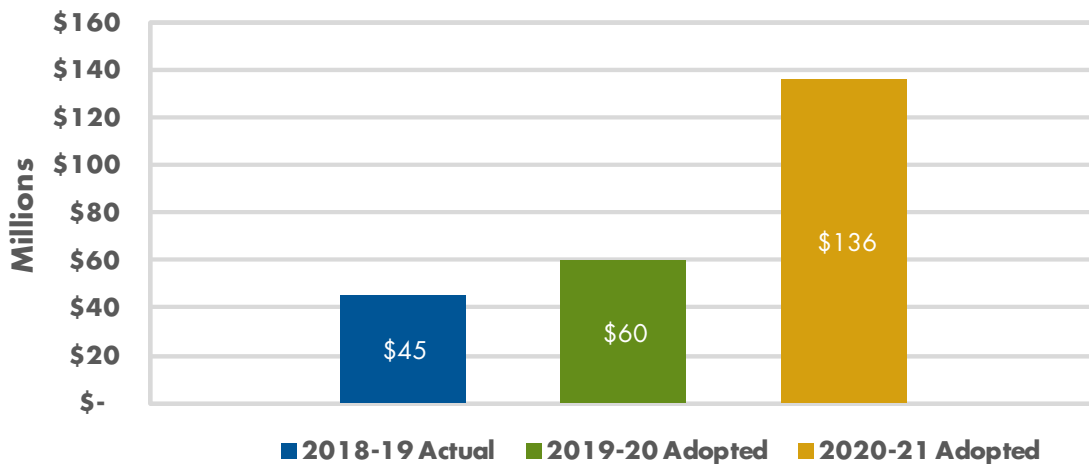
The FY 2020-21 interest earnings revenue are estimated to be \$10.1 million, an increase of \$2.2 million versus FY 2019-20 Adopted Budget due to higher than assumed interest rates and cash balances. The estimates are using an average portfolio yield of less than 2.0% which is a reflection of the overall market environment.

	Budgetary Basis Actual 2018-19	Adopted Budget 2019-20	Projected Year End 2019-20	Adopted Budget 2020-21	Change from 2019-20 Adopted		
					\$ Diff	% Diff	
Interest Income							
Watershed Funds	\$ 2,916,838	\$ 1,990,000	\$ 3,000,000	\$ 2,550,000	\$ 560,000	28.1%	
Safe Clean Water & Natural Flood Protection	3,976,306	2,400,000	3,850,000	3,400,000	1,000,000	41.7%	
Water Enterprise Fund	5,066,270	2,800,000	5,300,000	3,500,000	700,000	25.0%	
General Fund	287,894	150,000	200,000	200,000	50,000	33.3%	
Service Funds	750,187	510,000	600,000	400,000	(110,000)	(21.6)%	
Total Interest Income	\$ 12,997,495	\$ 7,850,000	\$ 12,950,000	\$ 10,050,000	\$ 2,200,000	28.0%	

Financial Overview

Other Financing

Other Financing by Fiscal Year



The Other Financing Sources and Uses category typically includes one-time or ongoing non-revenue financial transactions. Debt financing instruments in this category include commercial paper, revenue bonds, and certificates of participation (COPs). These financing instruments may be issued to assist in refunding and financing the costs of acquisition, design, construction, improvement, and installation of certain flood control facilities, Safe, Clean Water projects and Water Utility projects.

Valley Water anticipates issuing approximately \$135.5

million in debt proceeds from the bonds or commercial paper in FY 2020-21 for the Water Utility Enterprise fund.

All planned debt financing is factored in the Valley Water’s long-term financial forecast models to ensure that pledged revenues are sufficient to meet or exceed the targeted debt service coverage ratio.

Interfund transfers are also included in this category. They are monies transferred internally between Valley Water Funds. They net to zero at the District-wide total, and therefore, are not displayed in the table below.

	Budgetary	Adopted	Projected	Adopted	Change from	
	Basis Actual	Budget	Year End	Budget	\$ Diff	% Diff
	2018-19	2019-20	2019-20	2020-21		
OTHER FINANCING SOURCES/(USES)						
Debt Proceeds	\$ 45,121,547	\$ 59,559,000	\$ 72,934,459	\$ 135,500,000	\$ 75,941,000	127.5%
TOTAL OTHER SOURCES/(USES)	\$ 45,121,547	\$ 59,559,000	\$ 72,934,459	\$ 135,500,000	\$ 75,941,000	127.5%

This page left intentionally blank.

SALARIES AND BENEFITS

Financial Overview

Salaries and Benefits

The FY 2020-21 salaries and benefits budget is based on a total of 871 positions, which includes 859 authorized positions, 8 limited term positions, and 4 management fellows.

The total salaries budget is \$120.4 million, an increase of \$8.9 million from the FY 2019-20 Adopted Budget. The increase is primarily due to a 4% cost of living adjustment, step increases for eligible positions, 17 Board previously approved positions absorbed in the FY 2019-20 adjusted budget, which impact the FY 2020-21 Budget. Total salaries for FY 2020-21 include \$121.2 million in regular salaries, less \$4.9 million in salary savings, plus \$4.1 million in overtime and special pay.

Total benefits are budgeted at \$63.1 million, a \$4.6 million increase over the FY 2019-20 Adopted Budget, which includes a \$3.3 million increase in CalPERS and deferred compensation contributions, a \$1.2 million increase in medical costs for active and retired employees, and \$0.1 million increase in payroll taxes and other benefits.

A comprehensive organizational chart and detail information by division is included in the Division Summaries chapter.

Financial Overview

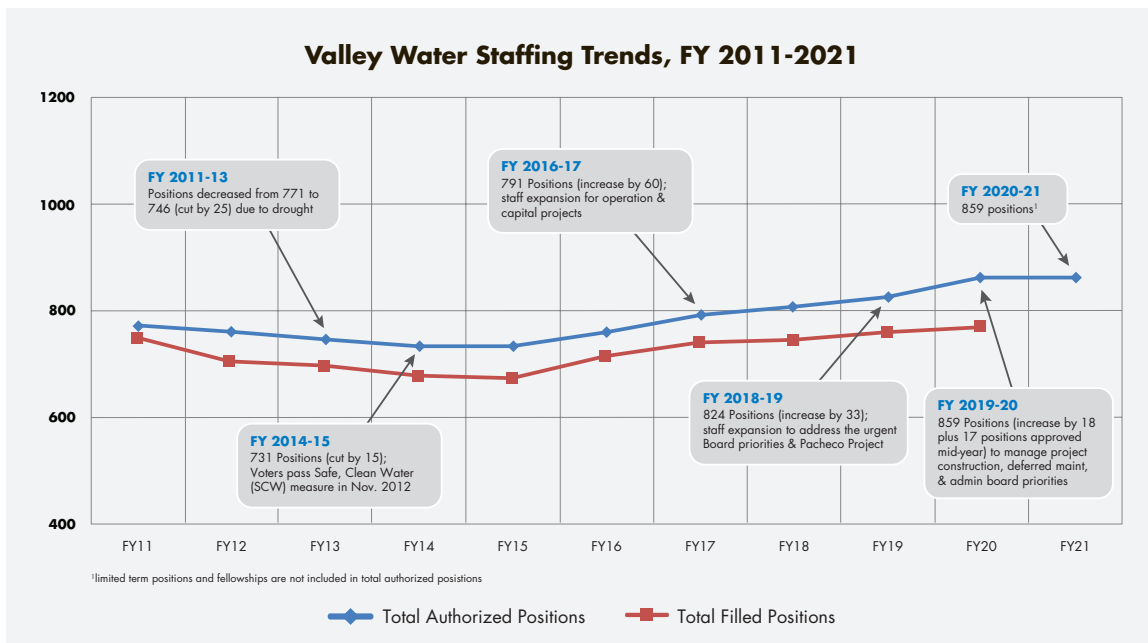
Summary of Positions

	Adopted Budget FY 2018-2019	Adjusted Budget FY 2018-2019 ²	Adopted Budget FY 2019-20	Adjusted Budget FY 2019-20 ³	Adopted Budget FY 2020-21	Position Change
Board Appointed Officers ¹	77	103	104	77	77	—
External Affairs	32	35	36	39	39	—
IT & Administrative Services	149	122	122	160	160	—
Water Utility	334	341	341	309	309	—
Watersheds	221	223	239	274	274	—
Total Authorized Positions	813	824	842	859	859	—
Fellowships	4	4	4	4	4	—
Limited Term Positions	—	—	—	8	8	—
Total	817	828	846	871	871	—

(1) Board Appointed Officers Include: Chief Executive Officer, District Counsel and Clerk of the Board

(2) In FY 18-19, Human Resources Division was transferred from IT & Administrative Services to the Office of CEO; Board approved additional 11 positions for Pacheco Reservoir Expansion Project

(3) In FY 19-20, the Board approved 18 positions in adopted budget and additional 17 positions during the fiscal year to help strengthen critical core business functions. Human Resources Division transferred from Office of CEO to IT & Administrative Services. Water Utility Division transferred positions to Watersheds due to Division and Business unit transfers.



Financial Overview

Salaries and Benefits

	Budgetary	Adopted	Projected	Adopted	Change from	
	Basis Actual	Budget	Year End	Budget	2019-20 Adopted	
	2018-19	2019-20	2019-20	2020-21	\$ Diff	% Diff
Salaries-Regular Employee	\$ 96,812,068	\$ 112,214,277	\$ 112,214,277	\$ 121,216,118	\$ 9,001,841	8.0%
Overtime	2,540,311	3,105,012	3,105,012	3,164,361	59,349	1.9%
Special Pays	720,811	889,231	889,231	923,214	33,983	3.8%
Salary Savings	—	(4,740,108)	(4,740,108)	(4,919,121)	(179,013)	3.8%
Total Salaries	\$ 100,073,190	\$ 111,468,412	\$ 111,468,412	\$ 120,384,572	\$ 8,916,160	8.0%
BENEFITS						
Fed & State Taxes & Benefits	\$ 1,447,163	\$ 1,416,633	\$ 1,416,633	\$ 1,531,985	\$ 115,352	8.1%
Retirement Contributions	26,558,847	29,344,421	29,344,421	32,620,914	3,276,493	11.2%
Group Ins-Active Employees	13,706,779	16,413,092	16,413,092	16,775,938	362,846	2.2%
Group Ins-Retired Employees	10,227,034	11,358,000	11,358,000	12,192,800	834,800	7.3%
Total Benefits	\$ 51,939,823	\$ 58,532,146	\$ 58,532,146	\$ 63,121,637	\$ 4,589,491	7.8%
Net Total Salary & Benefits	\$ 152,013,013	\$ 170,000,558	\$ 170,000,558	\$ 183,506,209	\$ 13,505,651	7.9%

Budget Hours

	Labor Hours	Labor Hours	Labor Hours	Labor Hours	Change from	
	2018-2019	2019-20	2019-20	2020-21	# Diff	% Diff
Salaries-Regular Employee	1,297,194	1,483,340	1,483,340	1,529,140	45,800	3.1%
Overtime	22,251	28,837	28,837	30,637	1,800	6.2%
Compensated Absences	241,662	268,707	268,707	276,111	7,404	2.8%
Total Salaries	1,561,109	1,780,884	1,780,884	1,835,888	55,004	3.1%

DEBT SERVICE

Debt Service Overview

Provisions of the state constitution, laws, and various portions of Sections 14 and 25 of the District Act authorize the Board of Directors (Board) to incur short and long term debt under certain conditions and to issue bonds in a form designated by resolution of the Board, including designation of which participating watersheds are affected by the issuance of new debt. Sections 25.1 and 25.2 of District Act authorize the Board to issue revenue bonds for the Water Enterprise Fund. Valley Water's debt issuance practices are governed under the California Government and Water codes. The District Act authorizes short-term debt (maturity of less than five years) of up to a limit of \$8 million. Other provisions of state law authorize the issuance of short-term debt up to a specified percentage of revenue anticipated within a period of time.

Specifically, Valley Water may issue short term notes under the tax and revenue anticipation note statute included in the California Government Code (Sections 53850-53858). Under the tax and revenue anticipation note statute, Valley Water may issue notes for principal and interest which do not exceed 85% of the uncollected revenues of Valley Water on the date such notes are issued (and subject to certain other limitations including a 15-month maturity provision). Section 53851 provides that the tax and revenue anticipation note statute is separate authority for Valley Water to issue notes and any amount borrowed under the tax and revenue anticipation note statute is not limited by any other provision of law.

Board Policies - Executive Limitations

In addition to statutory requirements, the Board has adopted policies (Executive Limitations) related to debt:

EL-4.7 states that a Board Appointed Officer (BAO) shall:

"Not indebt the organization, except as provided in the

District Act, and in an amount greater than can be repaid by certain, otherwise unencumbered revenues within 90 days, or prior to the close of the fiscal year." Furthermore, the BAO shall:

- 4.7.1. Not issue debt (long or short-term obligations that are sold within the financial marketplace) that conflicts with the District Act or the legal authority of Valley Water, and without Board authorization;
- 4.7.2. Not issue debt without a demonstrated financial need;
- 4.7.3. Meet debt repayment schedules and covenants of bond documents;
- 4.7.4. Establish prudent Valley Water Debt Policies that are consistent with Board policies and provide guidance to Valley Water staff in regards to administering the debt programs and agreements, including consideration for the appropriate level of debt for Valley Water to carry and structuring debt repayment to address intergenerational benefits;
- 4.7.5. Be consistent with Valley Water's Debt Policies and any addendums when issuing debt;
- 4.7.6. Maintain strong credit ratings and good investor relations.

Debt Policy

Valley Water proactively manages its outstanding liabilities to ensure access to the credit markets at the lowest available borrowing cost, to preserve strong credit standing with the municipal rating agencies, to fulfill its fiduciary responsibility to its customers, and to provide high quality water service, stream stewardship and flood protection at the lowest possible cost.

Consistent with these commitments, Valley Water shall periodically review the cost of its outstanding liabilities for opportunities to appropriately reduce these costs through refinancing or restructuring. The CEO shall present the results of these periodic reviews to the Board of Directors.

Covenants and agreements related to outstanding Certificates of Participation and Revenue Bonds are encompassed within the criteria of Senior Master

Financial Overview

Resolutions adopted on June 23, 1994 (as amended from time to time), and the Parity Master Resolution adopted on February 23, 2016 (as amended from time to time). Coverage ratios required for debt service are set at 1.25 times the annual debt service for senior and parity lien debt. Valley Water is in compliance with all coverage ratio requirements for all outstanding debt. For additional information regarding Valley Water's debt policy, please visit: <https://www.valleywater.org/how-we-operate/financebudget/investor-relations>.

Bond Ratings

The bond ratings for Valley Water's outstanding debt reflect high grade investment quality debt. They are based on the Valley Water's positive fiscal policy and financial strengths. The bond ratings are either the highest for a water related governmental entity in the State of California or among the highest. Bonds issued at this credit rating result in lower interest rates and corresponding lower debt service payments.

Outstanding Debt

Total debt includes Certificates of Participation (COPs), Commercial Paper and Revenue Bonds of \$897.2 million as of June 30, 2020. Scheduled annual debt service for FY 2020-21 is approximately \$61.8 million including fees. There are no balloon payments in the future years or significant fluctuations in annual debt service.

Currently outstanding for the Watersheds are Series 2017A COPs, with a final maturity of 2030 and the 2012A COPs, with a final maturity of 2024. Debt service for these COPs is paid via benefit assessments, which are collected based on 125% of the annual debt service. Currently outstanding for the Water Utility are 2006B Water Revenue Refunding Bonds with a final maturity of 2035, the 2007B Revenue Certificates of Participation with a final maturity of 2037, the Water System Refunding Revenue Bonds 2016A/B with a

final maturity of 2046, the Revenue Certificates of Participation 2016C/D with a final maturity of 2029, the Water System Refunding Revenue Bonds 2017A with a final maturity of 2037, the Water System Refunding Revenues Bonds Series 2019A/B with a final maturity of 2049 and 2019 C with a final maturity of 2036, as well as the Commercial Paper Certificates which are secured by Tax and Revenue Anticipation Notes that are subject to annual reauthorization by the Valley Water Board.

Planned Issuances

Valley Water is planning the issuance of debt to finance the Safe, Clean Water program and the Water Utility Enterprise to finance the long-term capital improvement plan. The source of debt service repayment for the Safe, Clean Water program will be the special parcel tax approved by Santa Clara County voters in the November 6, 2012 election. Debt service for the Water Utility Enterprise is paid from water revenues. Bond covenants stipulate that Valley Water must maintain a minimum 1.25 debt service coverage ratio on all senior and parity bonds. Based on the financial models from the Water Utility Enterprise Finance organization, the projected debt service coverage ratios are as follows:

- FY 2020-21: 2.96
- FY 2021-22: 2.47
- FY 2022-23: 2.42
- FY 2023-24: 2.36
- FY 2024-25: 2.26

(Source: FY 2020-21 Annual Report on the Protection and Augmentation of Water Supplies)

Financial Overview

Investment Portfolio

Valley Water’s investment portfolio is invested with the following three priorities in mind: safety, liquidity and yield. Safeguarding taxpayers’ money and ensuring that Valley Water has funds available when needed to meet expenditures are the two most important goals.

Once those goals are satisfied, Valley Water strives to earn a market rate of return on its investments. About 80% of the portfolio is invested in government securities, such as federal agency notes and US treasury notes. The remainder of the portfolio is invested in instruments of the highest credit quality and in highly liquid instruments such as the Local Agency Investment Fund and money market mutual funds.

The investment holdings are reviewed for compliance with Valley Water’s investment policy and California State Government Code by accounting staff on a monthly basis and by the Valley Water’s independent auditor on an annual basis. In addition, Valley Water’s investment committee holds meetings at least quarterly

to review the portfolio performance.

In addition to statutory requirements, the Board has adopted policies (Executive Limitations or EL) related to investment:

EL-4.9 states that a Board Appointed Officer (BAO) shall:

- Not invest or hold funds of Valley Water in accounts or instruments that are inconsistent with the following statement of investment policies:
- 4.9.1. Public funds not needed for the immediate necessities of Valley Water should, to the extent reasonably possible, be prudently invested or deposited to produce revenue for Valley Water consistent with the Board Investment Policy and applicable law.
- 4.9.2. The Treasurer or his or her designee shall submit quarterly investment reports to the Board as specified under Government Code Section 53646.4.9.3. No investments will be made in fossil fuel companies with significant carbon emissions potential.

Bond Rating

	Water Utility		Watershed
	Senior Debt	Parity Debt	Debt
Moody's	Aa1	Aa1	Aa1
Standard & Poor's	AA-	N/A	AAA
Fitch	N/A	AA+	AA+

Financial Overview

Debt Service Payments Schedule

	Principal	Interest	Total ⁽¹⁾
Watersheds Certificates of Participation			
2020/21	\$ 8,485,000	\$ 3,082,450	\$ 11,567,450
2021/22	8,860,000	2,703,500	11,563,500
2022/23	9,250,000	2,307,600	11,557,600
2023/24	9,665,000	1,894,100	11,559,100
2024/25 and thereafter	29,235,000	5,324,000	34,559,000
Total	\$ 65,495,000	\$ 15,311,650	\$ 80,806,650
Water Utility Revenue Bonds / Certificates of Participation ⁽²⁾			
2020/21	\$ 17,790,000	\$ 23,515,602	\$ 41,305,602
2021/22	19,060,000	30,174,022	49,234,022
2022/23	19,770,000	29,460,549	49,230,549
2023/24	20,500,000	28,708,621	49,208,621
2024/25 and thereafter	633,570,000	378,593,664	1,012,163,664
Total	\$ 710,690,000²	\$ 490,452,458	\$ 1,201,142,458
Commercial Paper			
2020/21	\$ —	\$ 3,822,000	\$ 3,822,000
2021/22	—	6,285,000	6,285,000
2022/23	—	7,425,000	7,425,000
2023/24	—	9,834,000	9,834,000
2024/25 and thereafter	90,000,000	40,354,000	130,354,000
Total	\$ 90,000,000	\$ 67,720,000	\$ 157,720,000
Total All Outstanding Debt			
2020/21	\$ 26,275,000	\$ 30,420,052	\$ 56,695,052
2021/22	27,920,000	39,162,522	67,082,522
2022/23	29,020,000	39,193,149	68,213,149
2023/24	30,165,000	40,436,721	70,601,721
2024/25 and thereafter	752,805,000	424,271,664	1,177,076,664
Total	\$ 866,185,000	\$ 573,484,108	\$ 1,439,669,108

(1) Annual debt service payments reflect principal and interest only and exclude fees.

(2) Water Utility projected principal and interest payments include the anticipated issuances of Series 2020A, 2020B, 2021A, & 2021B

Financial Overview

Status of Bonded Indebtedness, Certificates of Participation, and Commercial Paper⁽¹⁾

	Total Amount Sold	Date of Issue	True Interest Rate	Outstanding as of 6/30/20	2020-2021 Debt Service Payments		
					Principal	Interest	Total
Watersheds Indebtedness							
2017A COPs ⁽²⁾	\$ 59,390,000	3/7/2017	2.555%	\$ 46,265,000	\$ 3,955,000	\$ 2,313,250	\$ 6,268,250
2012A COPs	52,955,000	11/20/2012	1.409%	19,230,000	4,530,000	769,200	5,299,200
Safe, Clean Water Commercial Paper -TE ⁽³⁾	30,000,000	various	3.600%	30,000,000	—	1,095,000	1,095,000
Total Watersheds	\$ 142,345,000			\$ 95,495,000	\$ 8,485,000	\$ 4,177,450	\$ 12,662,450
Water Utility Indebtedness							
2006 Water Utility Refunding Revenue Bonds							
Series B - taxable	\$ 25,570,000	12/21/2006	5.356%	\$ 17,340,000	\$ 860,000	\$ 921,101	\$ 1,781,101
Total	\$ 25,570,000			\$ 17,340,000	\$ 860,000	\$ 921,101	\$ 1,781,101
2016 Water Utility Refunding Revenue Bonds							
Series A	\$ 106,315,000	3/30/2016	3.252%	\$ 106,315,000	\$ —	\$ 5,315,750	\$ 5,315,750
Series B - taxable	75,215,000	3/30/2016	4.319%	75,215,000	—	3,229,621	3,229,621
Total	\$ 181,530,000			\$ 181,530,000	\$ —	\$ 8,545,371	\$ 8,545,371
2016 Water Utility Revenue Certificates of Participation							
Series C	\$ 43,075,000	3/30/2016	2.128%	\$ 34,860,000	\$ 3,295,000	\$ 1,743,000	\$ 5,038,000
Series D- taxable	54,970,000	3/30/2016	3.136%	44,295,000	4,275,000	1,375,657	5,650,657
Total	\$ 98,045,000			\$ 79,155,000	\$ 7,570,000	\$ 3,118,657	\$ 10,688,657
2017 Water Utility Revenue Bonds							
Series A	\$ 54,710,000	5/2/2017	3.126%	\$ 49,630,000	\$ 1,880,000	\$ 2,481,500	\$ 4,361,500
2019 Water Utility Refunding Revenue Bonds							
Series A	\$ 15,225,000	4/25/2019	3.750%	\$ 14,995,000	\$ 240,000	\$ 749,750	\$ 989,750
Series B - taxable	80,030,000	4/25/2019	3.810%	78,400,000	1,670,000	2,834,910	4,504,910
Series C - taxable	38,280,000	11/26/2019	2.760%	36,990,000	1,860,000	915,179	2,775,179
Total	\$ 133,535,000			\$ 130,385,000	\$ 3,770,000	\$ 4,499,839	\$ 8,269,839
2020 Water Utility Refunding Revenue Bonds							
Series A	\$ 40,305,000	3/1/2020	4.160%	\$ 40,305,000	\$ 1,225,000	\$ 1,101,670	\$ 2,326,670
Series B - taxable	81,610,000	3/1/2020	4.360%	81,610,000	2,485,000	2,339,487	4,824,487
Total	\$ 121,915,000			\$ 121,915,000	\$ 3,710,000	\$ 3,441,157	\$ 7,151,157
2021 Water Utility Refunding Revenue Bonds							
Series A	\$ 77,570,000	3/1/2021	4.560%	\$ 77,570,000	\$ 1,000,000	\$ 300,000	\$ 1,300,000
Series B - taxable	53,165,000	3/1/2021	4.960%	53,165,000	1,000,000	310,000	1,310,000
Total	\$ 130,735,000			\$ 130,735,000	\$ 2,000,000	\$ 610,000	\$ 2,610,000
WU Commercial Paper - TX ⁽³⁾	90,984,000	various	4.100%	90,984,000	—	2,727,000	2,727,000
Total Water Utility	\$ 837,024,000			\$ 801,674,000	\$ 19,790,000	\$ 26,344,625	\$ 46,134,625
Combined Total	\$ 979,369,000			\$ 897,169,000	\$ 28,275,000	\$ 30,522,075	\$ 58,797,075

(1) Annual debt service payments reflect principal and interest only and exclude fees.

(2) Approximately \$0.5M of the 2017A COPs annual debt service is funded by the general fund.

(3) The interest rates shown for the Commercial Paper reflect the planning rates for variable rate bonds for budgeting purposes. The actual rates are subject to change pending actual market conditions throughout the fiscal year.

RESERVE POLICY AND FUND BALANCES

Financial Overview

Valley Water Reserve Policy

Valley Water Reserve Policy is reviewed annually with the Board of Directors pursuant to Executive Limitation 4.6 - Financial Planning and Budgeting - "At least annually present the Board with information about Valley Water's financial reserves and schedule an opportunity for the public to comment thereon."

The Governmental Accounting Standards Board (GASB) 54 statement, issued in March 2009, required that governmental agencies adopt new standards of reporting fund balance no later than the first fiscal year beginning after June 15, 2010. While the GASB 54 requirement was specifically issued for governmental type funds, Valley Water, under its conservative and prudent fiscal policy, extended the requirement to include the enterprise and internal service funds (Water Utility Enterprise, State Water Project, Fleet Management, Information Technology, and Risk Management).

Key objectives of prudent financial planning are to ensure sufficient resources for current services and obligations, and to prepare for future anticipated funding requirements and unforeseen events. To meet these objectives, Valley Water will strive to have sufficient funding available to meet its operating, capital, and debt service cost obligations. Reserve funds will be accumulated and managed in a manner that allows Valley Water to fund costs consistent with the Capital Improvement Program, Integrated Water Resources Plan, and long range financial plans while avoiding significant water charge fluctuations due to changes in cash flow requirements. Valley Water will also maintain a cash reserve position that may be utilized to fund unexpected fluctuations in revenues and operating/capital expenditures.

The level of reserves maintained and policies behind them are reviewed annually with the Board of Directors during budget deliberations.

Definitions

According to a GASB 54 statement issued in March 2009, there are four categories for reporting of fund balances depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund). NOTE: For the purpose of this reserve policy, only spendable fund balances are considered.
- Restricted fund balance - these are externally imposed legal restrictions or amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - these are self-imposed limitations or amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- Assigned fund balance - these are amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Valley Water reserves are comprised of Restricted Fund Balance reserves, Committed Fund Balance reserves and Assigned Fund Balance reserves. Within these categories are budgeted reserves and special purpose reserves which are defined as follows:

Financial Overview

- Budgeted Reserves - Budgeted reserves may vary from those of the Comprehensive Annual Financial Report (CAFR) where it is appropriate to recognize actual cash transactions that are recorded in the CAFR as liabilities. Such adjustments include recognizing inter-fund loans, debt financing, and certain accruals as funding sources available for appropriation or as funding uses that reduce funds available for other purposes. These adjustments must be annually reconciled to the audited CAFR.
- Special Purpose Reserves, Water Utility Enterprise Fund – These reserves are per the Parity Master Resolution which allows establishment of special purpose reserves by District Board resolution. Amounts in the Special Purpose Reserves may be used to offset extraordinary expenses and to supplement Valley Water revenues to meet debt service coverage requirements. Special purpose reserves are restricted per debt financing agreements which are in accordance with bond covenants.

Restricted Reserves

Debt Service Reserve

These reserves were established for various bond issuances. The funds are not available for general needs of Valley Water and must be maintained as dictated in the bond covenants of the various issuances. Not all bond issuances may have all of the following reserves, but the primary debt reserves are: Debt Service Reserve Fund (to fund payments should Valley Water not be able to make debt service payments due to cash shortfalls), Arbitrage Rebate (to accumulate funds to offset the potential liability from excess earnings) and Debt Service Payment Fund (a pass-through reserve for initiating debt service payments).

Debt Proceeds Reserve

Bond covenants prescribe the use of debt financing proceeds. Debt proceeds typically fund capital projects as described in various bond issues. Debt proceeds, however, are not claimed until project expenses are incurred. Unclaimed debt proceeds are held in trust

and identified in Debt Proceeds Reserves.

Rate Stabilization Reserve for Bond Covenant - Water Utility Enterprise Fund

The Parity Master Resolution for the Water Utility Enterprise requires the provision of a Rate Stabilization Reserve to offset expenses and revenue shortfalls, and to supplement Valley Water revenues to meet debt service coverage requirements. The minimum funding level is 10% of annual debt service due on all senior and parity obligations plus one month of adopted budget operations outlays. The specific level is to be financially prudent and based on reasonably anticipated needs.

Guiding Principal #5 (GP5) Reserve – Water Utility Enterprise Fund

In May 2018, Valley Water Board approved a resolution to establish GP5 – Equity and costs are important, to allow certain communities/agencies to receive Valley Water contributions in the form of additional, incremental, dedicated and segregated funds exclusively for water conservation programs, recycled water, purified water, wastewater treatment plant environment updates, automatic meter infrastructure (AMI) updates, or dedicated environmental focused grants from FY 2019 through FY 2024, subject to 20% matching funds from the communities receiving Valley Water contributions. This funding source is limited to communities/agencies that currently pay State Water Project tax but receive an average of 85% of their water supply from non-District managed supplies. Valley Water's contributions shall not exceed the State Water Project taxes paid by these communities/agencies. Any unspent funds shall be returned to Valley Water by FY 2026. The GP5 reserve was established in FY 2019-20, and will continue through FY 2025-26, as a sub-category of the Rate Stabilization Fund to set aside the unspent/unencumbered balances as approved by the Board in FY 2018-19. The minimum funding level for this reserve is \$0. The specific level is to be financially prudent and

Financial Overview

based on reasonably anticipated needs.

San Felipe Emergency Reserve - Water Utility Enterprise Fund

This special purpose reserve is required by Valley Water contractual obligations with the U.S. Bureau of Reclamation for the operation and maintenance of the San Felipe Division of the Central Valley Project. The purpose of the reserve is to provide resources for unusual operation and maintenance costs incurred during periods of special stress caused by damaging droughts, storms, earthquakes, floods, or emergencies threatening or causing interruption of water service.

Use of this reserve requires authorization by the U.S. Department of the Interior. Per contract, the funding level is accumulated in annual deposits of \$200,000 until the reserve totals \$1.75 million after which interest earned on the reserve is deposited annually.

Silicon Valley Advanced Water Purification Center Reserve - Water Utility Enterprise Fund

This special purpose reserve serves as a fund for replacement of micro-filtration modules, reverse osmosis elements, and ultraviolet lamps at the Silicon Valley Advanced Water Purification Center (SVAWPC). Per the Recycled Water Facilities and Programs Integration Agreement between the City of San Jose and the Santa Clara Valley Water District dated March, 2010, the annual contribution to the reserve may be up to \$810,000 starting in FY 2009-10 and adjusted annually by 3% for inflation, thereafter, until such time that the reserve reaches the reserve cap. The reserve cap is set in FY 2013-14 at \$2.6 million and is to be adjusted by 3% for inflation annually thereafter. The reserve cap is based on a five-year replacement schedule for the micro-filtration modules and reverse osmosis elements. The specific level of this reserve is to be set based on reasonably anticipated needs and uses.

Supplemental Water Supply Reserve - Water Utility Enterprise Fund

This special purpose reserve funds water banking activities, transfers, and exchanges necessary to augment supplies during water shortages and to sell or bank unused supplies when water resources are available. The minimum funding level is set at 20% - 50% of the annual imported water purchases budget based on prudent projections of hydrology, Delta conditions, and the water market.

Drought Reserve - Water Utility Enterprise Fund

This special purpose reserve funds drought response costs necessary to protect the residents, industry and riparian ecosystems of Santa Clara County, and to minimize water charge impacts during a drought emergency (as determined by the Board). To minimize water rate impacts, this reserve may be funded by Board direction to allocate actual surplus revenue that may have occurred during the prior year. Surplus revenue is defined as the positive difference between actual Water Utility operating revenue and budgeted Water Utility operating revenue. This reserve may also be funded by planned appropriations, which would be paid for by water rates and approved by the Board during annual water rate adoption. Drought response costs may include but not be limited to: water purchases and exchanges; special studies or system improvements related to delivery of water purchases; incremental conservation activities; and accelerated or opportunistic operations and maintenance activities spurred by the drought. The maximum funding level is set at 10% of adopted budget operating outlays.

Public-Private Partnership (P3) Reserve – Water Utility Enterprise Fund

This special purpose reserve provides a funding source for costs associated with Valley Water's Public-Private Partnership (P3) to design, build, finance, operate and maintain the Expedited Purified Water Program. The

Financial Overview

minimum funding level for this reserve is \$0, and the maximum is \$20 million. The specific level is to be financially prudent and based on reasonably anticipated needs.

State Water Project Tax Reserve - Water Utility Enterprise Fund

The purpose of the State Water Project Tax Reserve is to accumulate unspent funds for voter-approved State Water Project contract obligations. Funds accumulated in this reserve will be available to fund State Water Project contract obligations in subsequent years.

Currently Authorized Projects Reserve - Voter Approved Safe, Clean Water Fund

This reserve is designated to fund those capital projects that are included in the annually adopted 5-Year Capital Improvement Program (CIP) and which have had funding appropriated by the Board in prior years. The amount of this reserve for each fund at the end of a given fiscal year shall be based on the accumulated unexpended and unencumbered balances of Board-approved capital project appropriations remaining at the end of each fiscal year.

A portion of this reserve is automatically re-appropriated at the beginning of the following fiscal year consistent with those projects that have been identified in the 5-Year CIP for funding in that year. All remaining amounts shall stay in these reserves during the fiscal year unless a budget adjustment requiring the use of these reserves is approved by the Board. At the end of each fiscal year, these reserves shall also be adjusted for any capital projects that are closed out consistent with the 5-Year CIP.

Encumbrance Reserves - Voter Approved Safe, Clean Water Fund and State Water Project Fund

This reserve represents the balance of outstanding encumbrances (contractual commitments) at year end, for which the goods or services have not been

received. The reserved balance is available for subsequent year expenditures based on the encumbered appropriation authority carried over to the next fiscal year. The funding level of this reserve will be adjusted annually, at year-end, based on the remaining balance of encumbrances still outstanding as of the end of the fiscal year.

Operating and Capital Reserve - Voter Approved Safe, Clean Water Fund

The purposes of this reserve are to ensure adequate working capital for cash flow needs and to provide a funding source for operating and capital needs that arise during the year. The funding level is a minimum of 50% of adopted budget operations outlays. The minimum level includes remaining available resources after the needs of all other reserves have been met. The specific level of this reserve is to be set based on reasonably anticipated needs.

Committed Reserves

Liability/Workers' Compensation Self-Insurance Reserve - Risk Management Fund

The Liability/Workers' Compensation Self-Insurance Reserve is to ensure that Valley Water's self-insurance programs have adequate resources for general liability and workers' compensation ultimate payouts for both known and incurred but not reported claims.

Additionally, because of Valley Water's high self-insured retention, and low claims volume, it also provides for reserve funds to cover one large liability loss which would otherwise virtually deplete existing reserves. The reserve is based on an independent actuarial evaluations conducted bi-annually for general liability and workers compensation programs. The reserve level is set each year based on the actuarially determined confidence level for total claims liabilities discounted to present value. The reserve is intended to be used for claim payouts that are greater than those budgeted.

Financial Overview

The Board of Directors approved funding of Workers' Compensation Reserve at 90 percent actuarial confidence level and funding of General Liability Reserve at 90 percent confidence level at the April 28, 2009 board meeting.

Property Self-Insurance/Catastrophic Reserve - Risk Management Fund

The Property Self-Insurance/Catastrophic Reserve purposes are to provide for uninsured property losses to Valley Water facilities such as pipelines and levees and to provide sufficient funds to initiate repair and recovery of damage to Valley Water facilities in advance of FEMA activation and reimbursement. The reserve may be used to pay for uninsured/uninsurable property losses which would adversely impact Valley Water operations and/or to cover all or a portion of District-paid expenses necessary to initiate immediate service restoration efforts. It is anticipated that in most cases, the reserves would be replenished from later reimbursement by FEMA for costs initially paid from this reserve. The reserve funding level is a minimum of 5 million adjusted for outstanding reimbursements.

When this reserve is used, the corresponding reimbursements received are deposited in the Risk Management Fund to replenish the reserve directly or through subsequent adjustments to intra-district Risk Management Fund charges.

Floating Rate Debt Payment Stabilization Reserve - Water Utility Enterprise Fund

This reserve is intended to stabilize the debt service payments on floating rate debt which by its nature fluctuates constantly. This reserve will be for long-term floating rate debt and not short-term floating rate debt (i.e., commercial paper). The reserve may be funded at 10% of the floating rate debt service interest payment. The maximum amount is no more than 20% of total floating rate debt service interest payments for a fiscal year. Excess funds over 20% will be used to pay down floating rate debt when advisable (i.e., based on

market conditions, future issuance plans, etc.). The minimum amount is \$0. Should payments for floating rate interest in a given fiscal year exceed budgeted amounts, this reserve will be drawn down to provide stabilization of debt service interest payments.

Operating & Capital Reserve - except for Safe, Clean Water Fund

These reserves serve several purposes: to ensure adequate working capital for cash flow needs; to provide a funding source for operating and capital needs that arise during the year and, in the case of the water utility, to protect against revenue shortage caused by unusually wet years. The funding level for the Water Utility is a minimum of 15% of adopted budget operations outlays and a minimum of 50% for the Watershed Funds. For the General Fund and Internal Service Funds, the funding level is a minimum of 5% of total adopted budget operations outlays. The minimum level for each fund includes remaining available resources after the needs of all other reserves within those funds have been met. The specific level of this reserve is to be set based on reasonably anticipated needs.

Currently Authorized Projects Reserve - except for Safe, Clean Water Fund

These reserves are designated to fund those capital projects that are included in the annually adopted 5-Year Capital Improvement Program (CIP) and which have had funding appropriated by the Board in prior years. The amount of these reserves for each fund at the end of a given fiscal year shall be based on the accumulated unexpended and unencumbered balances of Board approved capital project appropriations remaining at the end of each fiscal year.

A portion of these reserves are automatically re-appropriated to projects at the beginning of the following fiscal year consistent with those projects that have been identified in the 5-Year CIP for funding in that year. All remaining amounts shall stay in these

Financial Overview

reserves during the fiscal year unless a budget adjustment requiring the use of these reserves is approved by the Board. At the end of each fiscal year, these reserves shall also be adjusted for any capital projects that are closed out consistent with the 5-Year CIP.

securities to their maturity, thereby not incurring any loss or gain that could impact the size and yield of the investment portfolio. These reserves do not represent cash available for appropriation and were established to ensure that the increase in the investment value does not result in an overstatement of funding available for expenditure.

Assigned Reserves

Encumbrance Reserves - except for Safe, Clean Water Fund and State Water Project Fund

These reserves represent the balance of outstanding encumbrances (contractual commitments) at year end, for which the goods or services have not been received. The reserved balance is available for subsequent year expenditures based on the encumbered appropriation authority carried over to the next fiscal year. The funding level of these reserves will be adjusted annually, at year-end, based on the remaining balance of encumbrances still outstanding as of the end of the fiscal year.

Market Valuation Reserves

The reserves for market valuation represent the increase/gain (only) in the market value of Valley Water's pooled investments as of the end of the fiscal year as a result of its compliance with the provisions of Government Accounting Standard Board Statement No. 31 (GASB 31), Accounting and Financial Reporting for Certain Investments and for External Investment Pools. GASB 31 requires Valley Water to report investments at fair market value in the Statement of Net Assets, the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Due to this requirement, investment income must be adjusted to reflect the fair value change from one fiscal year to the next fiscal year. However, Valley Water's investment policy dictates a buy-and-hold strategy in which, with very few exceptions, Valley Water holds all

Financial Overview

Reserves Schedule

	Estimated Balances				Change from 2019-20 Adopted	
	Year-End 2018-19	Adopted 2019-20	Projected YE 2019-20	Adopted Budget 2020-21	\$ Diff	% Diff
GENERAL FUND						
Committed Reserves						
Operating & Capital Reserve	\$ 7,124,591	\$ 4,318,026	\$ 8,965,102	\$ 5,732,805	\$ 1,414,779	32.8%
Total General Fund Reserves	\$ 7,124,591	\$ 4,318,026	\$ 8,965,102	\$ 5,732,805	\$ 1,414,779	32.8%
SPECIAL REVENUE FUNDS (WATERSHEDS)						
Restricted Reserves						
CP Debt Service	\$ 98,384	\$ —	\$ —	\$ —	\$ —	—
Operating & Capital Reserve	48,558,698	90,654,986	64,059,172	57,903,219	(32,751,767)	(36.1)%
Currently Authorized Projects	109,087,781	25,418,000	55,566,655	22,477,299	(2,940,701)	(11.6)%
Total Restricted Reserves	\$ 157,744,863	\$ 116,072,986	\$ 119,625,827	\$ 80,380,518	\$ (35,692,468)	(30.8)%
Committed Reserves						
Benefit Reserve	\$ 1,097,604	\$ —	\$ —	\$ —	\$ —	—
Operating & Capital Reserve	85,295,706	70,522,113	91,078,182	103,370,091	32,847,978	46.6%
Currently Authorized Projects	46,911,936	11,673,000	17,040,972	12,142,988	469,988	4.0%
Total Committed Reserves	\$ 133,305,246	\$ 82,195,113	\$ 108,119,154	\$ 115,513,079	\$ 33,317,966	40.5%
Total Special Revenue Funds Reserves	\$ 291,050,109	\$ 198,268,099	\$ 227,744,981	\$ 195,893,597	\$ (2,374,502)	(1.2)%
Total Governmental Funds	\$ 298,174,700	\$ 202,586,125	\$ 236,710,083	\$ 201,626,402	\$ (959,723)	(0.5)%
WATER ENTERPRISE & STATE WATER PROJECT FUNDS						
Restricted Reserves						
WUE- Rate Stabilization Reserve for Bond Covenant	\$ 26,090,186	\$ 23,467,000	\$ 23,466,551	\$ 25,878,053	\$ 2,411,053	10.3%
San Felipe Emergency Reserve	3,150,102	3,103,000	3,199,972	3,249,972	146,972	4.7%
State Water Project Tax Reserve	15,355,069	4,815,690	9,287,487	—	(4,815,690)	(100.0)%
CP Debt Service	188,842	—	—	—	—	—
WUE Public-Private Partnership (P3) Reserve	4,000,000	8,000,000	8,000,000	—	(8,000,000)	(100.0)%
WUE- Supplemental Water Supply	14,677,000	15,077,000	15,077,000	15,477,000	400,000	2.7%
SV Advanced Water Purification Center	1,066,000	1,066,000	1,298,138	908,138	(157,862)	(14.8)%
Drought Reserve	7,000,000	10,000,000	10,000,000	10,000,000	—	—
GP5	—	—	3,613,000	3,613,000	3,613,000	—
Total Restricted Reserves	\$ 71,527,199	\$ 65,528,690	\$ 73,942,148	\$ 59,126,163	\$ (6,402,527)	(9.8)%
Committed Reserves						
Operating & Capital Reserve	\$ 12,951,918	\$ 41,436,874	\$ 18,691,647	\$ 61,994,081	\$ 20,557,207	49.6%
Currently Authorized Projects	52,251,978	15,830,000	31,597,099	9,385,922	(6,444,078)	(40.7)%
Total Committed Reserves	\$ 65,203,896	\$ 57,266,874	\$ 50,288,746	\$ 71,380,003	\$ 14,113,129	24.6%
Total Water Enterprise Funds Reserves	\$ 136,731,095	\$ 122,795,564	\$ 124,230,894	\$ 130,506,166	\$ 7,710,602	6.3%

Financial Overview

Reserves Schedule (Continued)

	Estimated Balances				Change from 2019-20 Adopted	
	Year-End 2018-19	Adopted 2019-20	Projected YE 2019-20	Adopted Budget 2020-21	\$ Diff	% Diff
INTERNAL SERVICE FUNDS:						
Committed Reserves						
Operating & Capital Reserve	\$ 4,562,360	\$ 2,048,125	\$ 2,285,564	\$ 3,583,615	\$ 1,535,490	75.0%
Currently Authorized Projects	13,969,749	2,304,000	4,333,006	169,275	(2,134,725)	(92.7)%
Liability/Workers' Comp Self Insurance	7,085,600	7,034,000	7,085,600	7,085,600	51,600	0.7%
Property Self Insurance/Catastrophic	7,244,312	6,113,912	6,275,922	6,196,433	82,521	1.4%
Total Committed Reserves	\$ 32,862,021	\$ 17,500,037	\$ 19,980,092	\$ 17,034,923	\$ (465,114)	(2.7)%
Total Internal Service Funds Reserves	\$ 32,862,021	\$ 17,500,037	\$ 19,980,092	\$ 17,034,923	\$ (465,114)	(2.7)%
Total Proprietary Funds	\$ 169,593,116	\$ 140,295,601	\$ 144,210,986	\$ 147,541,089	\$ 7,245,488	5.2%
TOTAL RESERVE SUMMARIES						
Total Proprietary Funds	\$ 169,593,116	\$ 140,295,601	\$ 144,210,986	\$ 147,541,089	\$ 7,245,488	5.2%
Total Governmental Funds	298,174,700	202,586,125	236,710,083	201,626,402	(959,723)	(0.5)%
Total Year-End Reserves	\$ 467,767,816	\$ 342,881,726	\$ 380,921,069	\$ 349,167,491	\$ 6,285,765	1.8%
Total Restricted Reserves	229,272,062	181,601,676	193,567,975	139,506,681	(42,094,995)	(23.2)%
Total Committed Reserves	238,495,754	161,280,050	187,353,094	209,660,810	48,380,760	30.0%
Total Year-End Reserves	\$ 467,767,816	\$ 342,881,726	\$ 380,921,069	\$ 349,167,491	\$ 6,285,765	1.8%

This page left intentionally blank.