

OXNARD DRAINAGE DISTRICT NO. 1

RESERVE FUND POLICY

Introduction:

The Oxnard Drainage District No.1 (the “District”) recognizes the importance of policies relative to reserves and reserve funds. Written policies relative to designated reserves and reserve funds have many benefits, and represent a critical element of sound fiscal management. This Reserve Fund Policy was developed to allow the District’s Board of Directors (the “Board”) to establish specific designated reserves and reserve funds. It is the intent of this Reserve Fund Policy to clearly identify the District’s reserve fund policies and purposes, and set target levels for reserves that are consistent with the District’s purposes, the uniqueness of the District, and the philosophy of the Board. This policy shall be known as the “Oxnard Drainage District No. 1 Reserve Fund Policy.”

Objectives:

This Reserve Fund Policy (the “Policy”) has been developed to assist the Board in accomplishing the following objectives:

1. To provide for the continued operation and solvency of the District for the carrying out of the District’s purposes and functions;
2. To maintain a financially viable District that can provide adequate levels of service;
3. To maintain financial flexibility in order to be able to adapt to change and to enable a prompt and effective response to emergencies and unanticipated events;
4. To accumulate and maintain an amount equal to the target fund level for the reserve funds created by the District; and
5. To provide for a review of this Policy and of target fund levels on an annual basis in order to determine whether revisions are appropriate.

Reserve Fund Policy:

In order to achieve the objectives of this Policy, the Board shall adhere to the following guidelines:

1. Reserve funds may be established from time to time by the Board as a component of the financial management of the District to meet both short and long-term objectives.
2. Reserve funds may be designated by the Board as a “restricted reserve fund” or “non-restricted reserve fund”.

3. Restricted reserve funds shall be segregated and limited in use to the specific and designated purposes established by the Board when creating the fund. The Board may revise the specific purposes of a restricted reserve fund from time to time.
4. Non-restricted reserve funds may, but need not, state specific purposes for the fund, and do not require the segregation of funds. The funds in a non-restricted reserve fund may be used for the specific purposes of the fund (if stated) or any other purpose approved by the Board.
5. All investment earnings from restricted and non-restricted reserve funds shall be credited to the District's general fund, unless otherwise stated herein.
6. The approval of the Board of Directors shall be required prior to the expenditure of restricted reserve funds, unless otherwise stated herein.
7. The Board of Directors shall maintain a written Oxnard Drainage District No.1 Reserve Fund Policy.
8. The Board shall annually review the Policy in order to determine whether any changes or updates are appropriate.

Reserve Funds:

The Board hereby establishes and designates a Facilities Reserve Fund to provide funds for (i) the improvement, repair, maintenance and replacement of the District's ditches, tile lines, drains, manholes, conduits, canals, catch basins, silt basins, pumps, pump stations, pipelines, and other similar facilities operated by the District (the "Facilities"), and (ii) emergency repairs to the Facilities and for other unanticipated events. The Facilities Reserve Fund is a non-restricted reserve fund. The target fund level for the Facilities Reserve Fund is \$200,000.00.

Target Fund Levels:

The Board shall establish a stated target fund level for each designated reserve fund.

Annual Evaluation:

The Board shall perform a review of each designated reserve fund on an annual basis, and upon any significant change to and/or expenditure(s) from a designated reserve fund.