

Agenda Item: 7

Memorandum

To: Finance, Expenditure & Legal

From: John Winkler, General Manager

Date: June 9, 2008

Re: Special Reserve Fund Operating Procedures

Per Board of Director direction at the May 8, 2008 Board meeting I have formulated the attached Special Reserve Fund Operating Procedures. The purpose of these procedures is to establish guidelines for the organization, maintenance and operation of the Flood Control and Water Quality Special Reserve Fund which was approved by the Board of Directors at the May, 8, 2008 Board of Directors Meeting.

Management recommends that the subcommittee recommend to the Board of Directors that the Special Reserve Fund Operating Procedures be adopted and that the General Manager be authorized to execute the necessary steps outlined in the Special Reserve Fund Operating Procedures to establish the fund account and to transfer eight million (\$8,000,000) dollars from the general fund into the special reserve fund by the June 30, 2008 as the fund beginning balance.

Special Reserve Fund Operating Procedures

Except as otherwise ordered by the Board from time to time, the following regulations shall govern the Flood Control and Water Quality Projects and Practices Special Reserve Fund (“the Special Reserve Fund”), created by the May 8, 2008, resolution of the Board that provided as follows, to-wit:

“WHEREAS, it is necessary that the Papio-Missouri River Natural Resources District (“the District”) provide for the timely availability of sufficient funds for future expenditures required for the establishment, construction, operation and maintenance of flood control and water quality projects and practices, including but not limited to low-impact development best management measures, flood plain buyouts, dams, reservoir basins, and levees; and,

WHEREAS, it is foreseeable that the District’s requirements for such funds in future years will exceed the amounts available from the current tax levying authority, and that, in order to have sufficient funds for such purposes available when needed, it is necessary that the District establish a special reserve fund, as authorized by Section 13-503(9), R.R.S., 1997, enabling the District to set aside and accumulate District general funds for such purposes, that will not be available for expenditure for any other purposes except as determined by the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Papio-Missouri River Natural Resources District that, the Papio-Missouri River Natural Resources District Flood Control and Water Quality Projects and Practices Special Reserve Fund is hereby created for the purpose of enabling the District to set aside and accumulate District general funds to finance the future establishment,

construction, operation and maintenance of flood control and water quality projects and practices, including but not limited to low-impact development best management measures, flood plain buyouts, dams, reservoir basins and levees, and that such funds will not be available for expenditure for any other purposes.”

1. **Account.** A bank account (“the Special Reserve Fund Account”) shall be maintained and employed by the District as the depository of a revolving fund account for the receipt and expenditure of those District general tax funds (“Special Reserve Funds”) that have been set aside by the Board in and for the Special Reserve Fund.

2. **Annual budget.** Each fiscal year’s budget, proposed to and adopted by the Board for the District, shall designate for setting aside and accumulation in the Special Reserve Fund Account the general tax funds of the District that the Board anticipates and determines will be necessary to enable the District to finance in a timely manner the future establishment, construction, operation and maintenance of flood control and water quality projects and practices.

3. **Permissible projects and practices.** Allocations to and appropriations from the Special Reserve Fund will be made only for the establishment, construction, operation and maintenance of flood control and water quality projects and practices, including but not limited to low-impact development best management measures, flood plain buyouts, dams, reservoir basins and levees. Special Reserve Funds will not be accumulated or available for expenditure for any other purposes.

4. **Annual Allocations.** Each fiscal year’s budget for the District, proposed to and adopted by the Board, shall reflect the amount of District general funds that the Board determines necessary to allocate and add to the Special Reserve Fund for the immediately ensuing fiscal year; and, may also reflect any priorities for expenditures from the Special Reserve fund, for previously adopted and approved projects and practices, that the Board determines necessary to adopt for such immediately ensuing fiscal year.

5. **Deposit of Special Reserve Funds**. Prior to the end of each fiscal year; District general funds that are allocated as Special Reserve Funds shall be deposited in the Special Reserve Fund Account

6. **Investment of unexpended funds**. Unexpended funds in the Special Reserve Fund shall be invested in accordance with law and in such manner as the Board determines appropriate for general funds of the District. Interest earned on unexpended Special Reserve Funds shall be paid into and accounted for as part of the Special Reserve Fund.

7. **Monthly fund status**. Management shall provide a written report to the Board on the status of the Special Reserve Fund with the monthly financial statements.

8. **Other District funds**. Except as otherwise provided by the Board, Special Reserve Funds may be expended for projects or practices in supplementation of, in substitution for, or in conjunction with the expenditure of other funds of or administered by the District.

9. **Leftover funds**. Any District general tax funds, and any interest earned thereon, remaining in the Special Reserve Fund upon termination of such fund, shall be expended as the Board determines necessary and only for the establishment, construction, operation and maintenance of flood control and water quality projects and practices, including but not limited to low-impact development best management measures, flood plain buyouts, dams, reservoir basins and levees.