

**ORO LOMA SANITARY DISTRICT
POLICY/STANDARD PROCEDURE**

No: IV.C.8
Effective: 03/04/2008
Revised: 03/17/2015

SUBJECT: DISTRICT FINANCIAL RESERVES

I. PURPOSE: To establish the District’s policy and procedures regarding financial reserve levels for District funds.

II. POLICY: The Board has set dedicated financial reserves as listed below:

| Description (Fund #) | Amount |
|-----------------------------|---------------------|
| Petty Cash Reserves (15) | \$ 2,500 |
| O&M Reserves (15) | \$ 3,000,000 |
| Insurance Reserves (20) | \$ 500,000 |
| R&R - Reserves (40) | \$ 0 |
| CIP - Reserves (45) | \$ 4,600,000 |
| Solid Waste (85) | \$ 0 |
| Recycling Reserves (86) | \$ 800,000 |
| Totals | \$ 8,902,500 |

The effective date of the revised policy is March 17, 2015.

III. PROCEDURE: The reserve levels are reviewed and evaluated at least once a year by the Board of Directors. Reserve levels shall be set considering the following guidelines:

Sewer Service Fund Reserves (15)

The Petty Cash Reserve is set at \$2,500, from which \$1,500 is designated for Day-to-day uses and \$1,000 is designated for emergency cash requirements.

The O&M Reserve is set at \$3,000,000, which represents approximately 30% of the current projected annual sewer service revenues collected on the Alameda County tax roll.

Insurance Fund Reserves (20)

The Insurance Fund Reserve is set at \$500,000, which represents two times the District’s liability insurance deductible. The District’s current deductible is \$250,000.

R&R Fund Reserves - Renewal and Replacement (40)

There are no R&R Fund Reserves. Projects are to be awarded on a funds-available basis.

CIP Fund Reserves - Capital Improvement Program (45)

The CIP Fund Reserve level is maintained at \$4,600,000 for the District's portion of the Equalization/Wetland Treatment Project, net of grants. Other CIP projects are to be awarded on a funds-available basis.

Solid Waste Fund Reserves (85)

There are no Solid Waste Fund Reserves. Revenues are historically stable and sufficient to cover expenses.

Recycling Fund Reserves (86)

The Recycling Fund Reserve level is set at \$800,000. The reserve level is based on approximately 30% of the anticipated annual recycling revenues collected on the Alameda County tax roll.

If reserve balance for any fund approaches the established values, the Board shall approve transfers of equity from other funds to maintain the approved reserve levels.

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| Original: | Resolution #3451 3/4/08 |
| Subsequent reviews: | 7/3/12, 6/13/13, 9/12/14 |
| Last revised by: | A.Wong/J.Warner 2/18/15 |
| Last reviewed by: | Finance & Insurance Committee 3/13/15 |
| Changes approved by Board: | 3/17/15 |