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2017 Kern River Watershed Coalition Authority (KRWCA) Financial Policies

A. Reserve Policy

Due to variability of annual costs, KRWCA wishes to maintain reserves in order to buffer the variability and fund unanticipated or unexpected costs. KRWCA Financial Policies will be reviewed annually by the Board.

The Budget Committee and staff have reviewed the KRWCA Finances and have completed a cash flow analysis. The following were considered: 1) Minimum cash balance; 2) Capital reserve, and 3) Unrestricted reserve. For 2017 we will not collect additional funds for Reserve purposes.

Cash Balance: Minimum acceptable cash balance.

Unrestricted Reserve: Has been established to ensure that the Coalition can fund unanticipated costs without requiring a supplemental bill to members.

Capital Reserve: Following previous year's recommendations, and with no additional information regarding imminent capital project needs, it was determined that landowners/members would rather have capital costs covered on a pay as you go basis. Therefore, KRWCA will NOT be developing a Capital Reserve Fund for future monitoring well installation at this time. Installation of wells will be paid for by landowners/members at the required time. NOTE: This may require the need for a significant increase in acreage fees at the time of well installation. This may also foreclose our ability to have financing options in the future.

Recommendation: The Budget Committee and Staff recommend that reserves be set at the levels shown in the Summary of KRWCA Reserves:

SUMMARY OF KRWCA RESERVES

ASSET ALLOCATION	2016	2017 Recommendation
Cash balance	\$1,000,000	\$1,000,000
Capital Reserve	\$0	\$0
Unrestricted Reserve	\$1,300,000	\$1,300,000
Total	\$2,300,000	\$2,300,000

B. KRWCA Fee Schedule

New Membership (eNOI process):	Applicable Acreage Fees (after 8/4/2014 for all program years land was farmed) & applicable CVRWQCB Fees
Annual Membership Fee:	\$25
General Order Fee:	\$50
Membership/Parcel Transfer Fee:	\$200 per membership being transferred from (if transferor is a member of KRWCA and/or parcel is already enrolled as irrigated acres)
Enrolled as "0" irrigated acres:	No Acreage Fee
"0" acres now irrigated acres:	Applicable Acreage Fees at time of conversion/enrollment as irrigated acres.

C. Annual Review of Policies

KRWCA Financial Policies will be reviewed annually by the Board.

Approved: 11/3/2016