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| <h1>POLICY MANUAL</h1>                                       | Date Adopted: February 9, 1969        |
| Classification: FEES   | Date Last Amended: 09/14/81; 09/12/83 |
| Subject: Drainage Fee Credit for Expenditure of Public Funds | Approved By:                          |

1. It is the determination of the District that the following factors are inherent in the expenditure of public funds for the construction of master plan drainage facilities:
  - A. Such expenditures represent the collective taxes of all individuals residing within the watershed in which such construction is pursued.
  - B. The construction of master plan drainage facilities through the expenditure of public funds produces a benefit to the entire watershed by securing the earlier provision of drainage service than would otherwise have been possible.
  - C. The adopted Drainage Fee Ordinance of the cities and county prohibit the crediting of prepaid drainage assessment obligations except for the actual cost incurred by the individual in the construction of master plan drainage facilities.
  
2. It is, therefore, the policy of the District to account for public funds, other than District funds, expended for the construction of master plan drainage facilities in the following manner:
  - A. The capital cost of improvements acquired through the expenditure of federal, state or other non-district public funds will be added to the District's total inventory of capital assets. Concurrently, the capital cost of such improvements shall be recognized as a revenue of the specific drainage area/improvement district such that no general fund loan is created (except in those cases in which contractual reimbursement obligations exist), thereby, reducing the total cost upon which the schedule of prepaid drainage assessment rates is calculated.
  - B. Individual prepaid drainage assessment obligations shall not be reduced or credited by reason of public expenditures for master plan drainage facilities, except: (1) as provided in paragraph 2-A hereof; and, (2) as set forth in specific contractual provisions governing the specific expenditure in question.