

Rescinded and  
Replaced with  
Resolution  
No. 176-06

# VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT

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## RESOLUTION NO. 99-94

February 3, 1994

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT ESTABLISHING POLICIES FOR CONTRIBUTIONS TO RESERVES AND ALLOCATIONS OF INTEREST INCOME

WHEREAS, it is the intention of the Board of Directors of the Vandenberg Village Community Services District to maintain and operate the District's water and wastewater systems in a fiscally sound manner; and

WHEREAS, sound fiscal management includes the recognition of depreciation expense over the life of the District's capital equipment and facilities and the reserving of that budgeted expense for future replacement; and

WHEREAS, toward the goal of fiscal management and long range planning, the Board of Directors of the Vandenberg Village Community Services District recognizes the need to establish reserve funds; and

WHEREAS, the policies for fiscal management should be formalized for implementation consistent with the desires of the Board of Directors.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Vandenberg Village Community Services District that:

1. Depreciation: The total cost of capital equipment and facilities, from the commencement of design to and including installation, will be depreciated by the Straight Line method utilizing Useful Life Guidelines as published by the Office of the State Controller. An estimate of this amount will be included in each year's budget for each department of the District. The rates established for each year will include sufficient cash to fully fund this depreciation expense.
2. Depreciation Schedule: There will be established and maintained a Depreciation Schedule of all District assets which lists each capital item, its total cost, useful life,

monthly depreciation expense amount, and other information necessary to determine the total actual monthly depreciation expense to the District.

3. Replacement Reserves:

- a. In order to establish a Replacement Reserve account to cover the depreciation of District capital assets depreciated since the formation of the District in 1988, Staff is directed to transfer the sum of depreciation-to-date into a reserved account, which account will be called Replacement Reserves, and the purpose of which will be to replace the District's capital equipment and facilities at the end of their useful lives.
- b. At least quarterly, the total actual depreciation expense, as well as interest, calculated at the District's current investment rate, will be transferred into the Replacement Reserves account established hereby.

4. Development Reserves: Connection fees, development fees, and funds collected from development agreements paid to the District to serve new development for water and wastewater systems will be deposited into a separate, reserved, interest bearing account, which account will be called Development Reserves, the purpose of which will be to add to the District's capital system facilities for the expansion of those facilities to serve the new development. Funds will be administered and maintained in accordance with Government Code Section 66000, et. seq.

5. Emergency Reserves: In accordance with the District's Long Range Financial Plan, there shall be included in each year's budget and funded annually from unreserved retained earnings, an item entitled Emergency Reserves, which amount shall be currently \$500,000. Should said amount fall below the minimum, staff is directed to notify the Board of Directors as soon as practicable but not later than the next scheduled Board of Directors meeting. The purpose of Emergency Reserves will be to provide protection against a catastrophic loss and provide a cushion for inaccuracy in the long range replacement program.

6. Interest Income: All District funds will be deposited into interest bearing accounts except those funds set aside for rebate to the Internal Revenue Service for arbitrage earnings.

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On the motion of Director Nosler

Second Director Nash

Roll call vote, to wit:

AYES:	Directors Nash, Nosler, Small, and White
NOES:	Director Picciuolo
ABSENT:	None
ABSTAIN:	None

**Resolution No. 99-94 is hereby adopted.**

/s/ Phyllis C. White  
Phyllis C. White  
President, Board of Directors

ATTEST:

/s/ Gwen Jerep  
Gwen Jerep, Secretary  
Board of Directors

#### **SECRETARY'S CERTIFICATE**

I, Gwen Jerep, Secretary of the Board of Directors of the Vandenberg Village Community Services District, hereby certify that the foregoing is a true and correct copy of Resolution No. 99-94, passed and adopted by the Board of Directors of the Vandenberg Village Community Services District at its Regular Meeting held on the 3rd day of February, 1994.

/s/ Gwen Jerep  
Gwen Jerep