



Memo

To: Board of Directors
From: Josselyn Quine, Office Manager
Date: March 13, 2024
Subject: Resolution 506, District Reserves Policy

Several years ago, Crestline Village Water District directed the General Manager to assemble documents necessary for the Special Districts Leadership Foundation Transparency Certificate.

After working on various policies and updates necessary to qualify, the final step is to adopt the new policies and incorporate them into the Administrative Code.

Staff recommends adopting the District Reserves Policy with its incorporation into the Administrative Code.

RESOLUTION NO. 506

RESOLUTION OF THE BOARD OF DIRECTORS OF CRESTLINE VILLAGE WATER DISTRICT ESTABLISHING A POLICY REGARDING DISTRICT RESERVES

WHEREAS, The Board of Directors of Crestline Village Water District has chosen to act transparently and is adopting policies addressing transparent practices; and

WHEREAS, The Board of Directors strives to provide the highest quality leadership in its service to constituents;

NOW, THEREFORE, BE IT RESOLVED that a policy be established as follows:

2.4 Reserves

The District has developed a set of reserve guidelines for handling revenues. These do not include Checking, Savings or Investment accounts, which are handled under other policies. Within these guidelines, the following reserve categories have been developed:

Reserves for Purchased Water are set aside and balanced each budget year. The District maintains a \$700,000.00 per year reserve to be used exclusively for the purchase of finished water. This value is a fixed amount based on historical purchase of water, and any and all use is re-funded annually as needed. These reserves are exclusively for the purchase of drinking water from wholesale providers, and the reserve value can be adjusted by Board action.

Minimum Emergency Reserves are a fixed dollar amount of \$300,000.00 each year, and are maintained for catastrophic response. This value is reviewed each year, and can be adjusted to adapt to potential concerns as needed. Emergency Reserves can be utilized for any and all emergency needs.

Reserves for Future Improvements are set at a percentage of total Operating Revenues each year. This value is typically between 6.5% and 7.5%, and is adjusted based on other improvement projects that are budgeted. Normally referenced as ‘Reserves for Capital Improvements’, this category is primarily utilized for well development and reservoir concerns, but can be used for improvements to all District facilities and appurtenances.

In addition to the above accounts, the Board may approve the creation of any additional accounts, whether temporary or permanent, as the Board deems necessary or appropriate.

Dated: March 19, 2024

President, Crestline Village Water District

ATTEST:

Secretary, Crestline Village Water District