

**OLIVEHURST PUBLIC UTILITY DISTRICT**

**RESOLUTION NO. 2307**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE OLIVEHURST PUBLIC UTILITY DISTRICT  
CREATING AND PROTECTING FUNDS HELD IN RESERVE  
FOR REPAIR AND REPLACEMENT OF FACILITIES AND  
EQUIPMENT NOT FUNDED THROUGH DEPRECIATION**

**Whereas,** The Olivehurst Public Utility District (subsequently referred to as “the District”) only funds a portion of the depreciation expense that is necessary to replace all of its capital assets at the end of their expected useful life. The amount funded is only sufficient replace equipment, vehicles and other assets whose useful life is 10 years or less; and

**Whereas,** The District recognizes that the amount of depreciation expense that is funded leaves no funding source for the repair or replacement of most of its large infrastructure; and

**Whereas,** The District wishes to be fiscally prudent in planning for the necessary repair and replacement of its infrastructure and large equipment. To accomplish this goal, the District wishes to establish a fund that is reserved for this purpose and not available for routine operating expenditures.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors and staff of the Olivehurst Public Utility District as follows:

- A fund will be established for each department called the Capital Asset Repair and Replacement Fund. Department Managers will recommend a target percentage of their operating that can be restricted for this purpose. The Board shall provide direction to staff by way of Board action to stipulate the targeted percentage of unfunded depreciation.
- Each department manager will identify and maintain a list of all of its capital assets purchased or valued at an amount greater than \$5,000.
- Each department manager is to establish a percentage of their annual operating revenue that will be reserved for this purpose.
- The Board of Directors will review the District’s annual budget and any subsequent revision to it to ensure that allows for the appropriate contribution to the Capital Asset Repair and Replacement Fund for that department.
- Any expenditures out of this restricted fund will be separately approved by the Board of Directors to ensure that the fund has sufficient funds to plan for the repair or replacement of the remaining capital assets for that department.
- A reserve from the annual operating budget will be assigned to the Capital Asset Repair and Replacement Fund and shall have funding allocated at the beginning of each fiscal year.
- Changes to the funding level of the restricted fund created for this purpose will require a separate, independent action item on OPUD Board agendas, i.e. changes will not simply be a cell on a budget revision spreadsheet.

- The unfunded depreciation, which is the difference between the short term depreciation and long term depreciation, will be expressed as a percentage of total depreciation and included in the summary reports for the budget spreadsheets.

**PASSED AND ADOPTED** this 21<sup>st</sup> day of July 2016.


**OLIVEHURST PUBLIC UTILITY DISTRICT**

  
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 President, Board of Directors

**ATTEST:**

  
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 District Clerk & ex-officio Secretary

APPROVED AS TO FORM AND LEGAL  
 SUFFICIENCY

  
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 Deirdre Joan Cox, Legal Counsel


I hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2307 duly adopted and passed by the Board of Directors of the Olivehurst Public Utility District, Yuba County, California, at a meeting thereof held on the 21<sup>st</sup> day of July, 2016 by the following vote:

AYES, AND IN FAVOR THEREOF: Directors Bradford, Burbank, Carpenter, Floe and White

NOES : \_\_\_\_\_

ABSTAIN : \_\_\_\_\_

ABSENT : \_\_\_\_\_

  
 \_\_\_\_\_  
 District Clerk & ex-officio Secretary