

General Policy and Rules and Regulations of TCWD

CHAPTER 8: FINANCIAL MATTERS

Section 8.1 General.

8.1.1 Intention

It is the intention of the Board of the District that the District shall be operated within a fiscally prudent manner based upon balanced budgets, reasonable investments and investment policies, and the setting of rates, fees and charges in a fair and reasonable manner in conformance with the provisions of the County Water District Law including, but not limited to, Water Code Section 31007 and any successor section thereto.

8.1.2 District Auditor/Treasurer

The District Board shall appoint the District's chief financial officer who shall be the District's Auditor/Treasurer. Such person shall be appointed as set forth in Water Code Section 30540 and by action of the Board. The Board, or the Auditor/ Treasurer, may appoint one or more Assistant Treasurers to assist the Auditor/ Treasurer in the performance of their duties and to undertake such tasks and responsibilities as the District shall assign.

Pursuant to the provisions of Water Code Section 30582, the Auditor/Treasurer shall install and maintain a system of auditing and accounting that shall completely and at all times show the financial conditions of the District.

The Auditor/Treasurer may open, maintain or close such accounts with banks or other financial institutions as shall be permitted by applicable law and as shall otherwise be required to carry out the functions of the District.

The District Auditor/Treasurer shall also have the

powers set forth in Water Code Section 31300, *et. seq.*

The District Auditor/Treasurer shall also have such duties and responsibilities as the Board or General Manager shall from time to time assign.

- 8.1.3 The District Auditor/Treasurer shall have the responsibility of periodically presenting to the Board statements of accounts due or warrants required as set forth in Water Code Section 31302 for ratification or action by the Board. The Board may direct a specific form or format for the presentation of accounts paid or warrants required as applicable to the District.

Section 8.2 Schedule of Rates, Fees and Charges.

- 8.2.1 Setting of Rates and Charges. The Board shall set the following rates: Water Rates, Sewer Rates, Reclaimed Water Rates, Recycled Water Rates, Standby Charges and Capacity Charges. The Board shall set other rates, fees and charges unless the Board elects to delegate the setting of other rates, fees and charges to the General Manager, which may include the setting of District labor rates charged to other parties and similar charges.

- 8.2.2 Schedule of Rates, Fees and Charges. The District shall at all times maintain a current schedule of all applicable rates, fees and charges imposed or collected by the District pursuant to the provisions of the County Water District Law or otherwise, including, but not limited to Water Rates, Sewer Rates, Reclaimed Water Rates, Recycled Water Rates, Capacity Charges and Standby Charges. Such schedule of rates, fees and charges is attached to these Rules and Regulations as Appendix B and shall be updated periodically by District staff as the District's rates, fees and charges are amended or revised from time to time. The District's schedule of rates, fees and charges is a public record and is open to review and inspection by members of the public in compliance with the provisions of the California Public Records Act and the District's Public Records Act Policy.

- 8.2.3 Collection of Rates, Fees and Charges.

- 8.2.3.1 The collection of Water Rates, Sewer Rates, Reclaimed Water Rates and Recycled Water Rates shall be as provided in Chapter 6 of these Rules and Regulations.
- 8.2.3.2 The collection of Capacity Charges shall be as provided for in Chapters 5 and 7 of these Rules and Regulations.
- 8.2.3.3 The imposition and collection of Standby Charges shall be pursuant to applicable State law and direction or determination of the Board.
- 8.2.3.4 The collection of other fees and charges shall be as directed by the Board or, in the absence of Board direction, as directed by the General Manager.

Section 8.3 District Budget Preparation.

- 8.3.1 An annual budget proposal shall be prepared by the General Manager or other designated managing employee.
- 8.3.2 Prior to review by the Board, the Board's Finance Committee shall meet with the General Manager, or other designated managing employee, and review the budget proposal.
- 8.3.3 The proposed annual budget, as reviewed and amended by the Finance Committee, shall be reviewed by the Board at a regular, adjourned regular or special board meeting held prior to the end of July of each calendar year. A budget workshop may be held by the Board prior to budget acceptance.
- 8.3.4 A semi-annual budget review may be conducted in a manner similar to the annual review.

Section 8.4 Investment of Funds - District Investment Policy.

- 8.4.1 Trabuco Canyon Water District Investment Policy.

The District Board has adopted and approved an Investment Policy for the District. The District's current Investment Policy is referenced herein and shall at all times be on file with the District's Auditor/Treasurer.

- 8.4.1.1 The District shall, not less often than annually, review the District's Investment Policy and either affirm or reconfirm the effectiveness of such policy or shall make such changes and amendments therein as may be required by applicable law and/or as shall be determined in the discretion of the Board.
- 8.4.1.2 The Board, either as the entire Board or through the Finance Committee (as the Board may direct), shall receive periodic written reports from the District's Auditor/Treasurer as to the District's investments, interest and other earnings and transactions concerning District funds invested in accordance with the District's investment policy. Such written reports shall be presented to the Board in compliance with the provisions of California law and as may otherwise be specified and directed by the Board from time to time.
- 8.4.1.3 Delegation of Investment Authority. The Board may elect to delegate authority to direct the investment of District funds to the District's Auditor/Treasurer in compliance with the provisions of the County Water District law and other applicable California law. The District Board shall, no less often than annually, review such delegation of authority. The Board shall, not less often than annually, determine whether to reauthorize and reconfirm such investment authority or to amend or modify such investment authority as the Board, in its discretion, shall direct.

Section 8.5 Purchasing and Inventory Control Policies.

8.5.1 Purchasing.

- 8.5.1.1 To purchase small items, such as office

supplies, auto parts, and other miscellaneous items costing less than \$250.00, vendors will be asked to submit pricing information. District accounts are then awarded by the General Manager or his representative to those firms that provide the best prices, discounts, etc.

- 8.5.2 To purchase items costing more than \$1,000.00, quotations will be solicited from vendors and received by telephone, fax or mail prior to processing a purchase order. Acquisitions shall be processed by Purchase Orders, which list instructions to vendors. Purchase Orders must be approved by the General Manager, or Treasurer or a designated managing employee.

Section 8.6 Fixed Asset Accounting Control.

- 8.6.1 The purpose of this Section is to ensure proper accounting control resulting in maintaining accurate financial reports of fixed assets of the District.
- 8.6.2 An accounting, or inventory, of all fixed assets shall be conducted on an annual basis. After the conclusion of said inventory, the General Manager, or other designated managing employee, shall certify its completeness and report the results thereof to the Board at its next regular monthly meeting.
- 8.6.3 Applicable purchases for inclusion in said accounting shall be the following:
- 8.6.3.1 Equipment, tools, and vehicles that individually have an original total cost of more than \$5,000.00;
 - 8.6.3.2 All land and building acquisitions regardless of price; and,
 - 8.6.3.3 Additions or major improvements to the District's service infrastructure.
- 8.6.4 Permanent inventory records shall be maintained in either a paper file or electronic (computer data base) format. Said records shall be updated whenever a change in the

status of a particular fixed asset occurs (e.g., original purchase, sale, destruction, loss, theft, etc.).

- 8.6.5 Information to be maintained in said inventory records shall be determined to be relevant by the District Treasurer for auditing and inventory control purposes.

Section 8.7 Expense Authorization.

- 8.7.1 All purchases made by the District by staff shall be authorized by the General Manager, or other designated managing employee, and shall be in conformance with the approved District budget.
- 8.7.2 Any commitment of District funds for a purchase or expense greater than \$1,000.00, shall first be submitted to the Board for approval, or shall be in conformance with prior Board action and/or authorizations.
- 8.7.3 A "petty cash" fund shall be maintained in the District office having a balance on-hand maximum of \$300.00.
- 8.7.3.1 Petty cash may be advanced to District staff upon their request and the execution of a receipt for same, for the purpose of procuring item(s) or service(s) appropriately relating to District business. After said item(s) or service(s) have been obtained, a receipt for same shall be submitted to the District Treasurer, or other designated managing employee, and any remaining advance funds shall be returned. The maximum petty cash advance shall be \$250.00.
- 8.7.3.2 No personal checks shall be cashed in the petty cash fund.
- 8.7.3.3 The petty cash fund shall be included in the District's annual independent accounting audit.
- 8.7.4 Whenever employees of the District incur "out-of-pocket" expenses for item(s) or service(s) appropriately relating to District business as verified by valid receipts, said expended cash shall be reimbursed upon request from the

District's petty cash fund. In those instances when a receipt is not obtainable, the requested reimbursement shall be approved by the General Manager, District Treasurer, or other designated managing employee, prior to remuneration.

8.7.5 Annual Reporting of Reimbursement Expenses.

Pursuant to the requirements of California Government Code Section 53065.5, the District shall, no less often than annually prepare a written statement regarding all reimbursements paid by the District within the immediately preceding fiscal year of at least \$100 dollars for an individual charge as defined in that Government Code section. Pursuant to the requirement of such Government Code section, such report shall be considered a public record and made available to members of the public pursuant to the California Public Records Act and the District's Public Records Act policies.

Section 8.8 Audits.

8.8.1 Annual Independent Audit. Pursuant to the provisions of State law, the District shall, not less often than annually, conduct an independent audit of its finances. Such audits shall be carried out by an independent auditor meeting the criteria established by the Board.

8.8.2 Independent Auditor. The independent auditor shall be selected by the Board based upon such criteria as the Board shall direct. The Board may institute a policy of rotating auditors, or requesting proposals for auditing services, upon such time period as the Board may direct or as may be required by applicable State law.

Section 8.9 Community Facilities District Finance Policy.

This Section 8.9 is reserved for the adoption of a Community Facilities District Finance Policy, pursuant to the provisions of Government Code Section 53312.7 (or any successor section thereto), at such time as the Board shall adopt such a policy. The Board shall consider and adopt such a policy prior to adoption of a resolution for the formation of any new community facilities districts (formed by the District after January 1, 1994) pursuant to the provisions of the Mello-Roos

Community Facilities Act of 1982, as amended, and the requirements of Government Code Section 53312.7(a).

Section 8.10 Splitting Assessments and Reallocation of Special Taxes.

- 8.10.1 Certain areas of the District are included within special Assessment Districts created pursuant to the Municipal Improvement Act of 1913, and/or Community Facilities Districts created pursuant to the Mello-Roos Community Facilities Act of 1982. When property in these districts is subdivided, it may be necessary to divide the assessments and to reallocate the special tax.

- 8.10.2 In such event, the District shall notify the landowner at the time application is made for District approval of the tract map of the amount to be deposited for such division of assessment or reallocation of special tax. Such amount shall be paid to the District prior to execution of the final subdivision map by the authorized representative of the District.