

CALAVERAS COUNTY WATER DISTRICT FINANCE COMMITTEE MEETING

AGENDA

Tuesday, August 21, 2018
1:00 p.m.
CCWD Board Room

Calaveras County Water District
120 Toma Court (P O Box 846)
San Andreas, California 95249

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at 209-754-3028. Notification in advance of the meeting will enable CCWD to make reasonable arrangements to ensure accessibility to this meeting. Any documents related to agenda items that are made available to the Board before or at the meeting shall be available for review by the public at 120 Toma Court, San Andreas, CA 95249.

ORDER OF BUSINESS

CALL TO ORDER / PLEDGE OF ALLEGIANCE

1. **PUBLIC COMMENT:** Comments limited to three minutes per person.
2. **APPROVAL OF MINUTES:** June 7, 2018
3. **NEW BUSINESS**
 - 3a. Report on the Monthly Financial Reports for July 2018
(Jeffrey Meyer, Director of Administrative Services)
 - 3b. Discussion/Direction regarding District Debt Management Policy
(Jeffrey Meyer, Director of Administrative Services)
 - 3c.* Discussion regarding Capacity Fees
(Jeffrey Meyer, Director of Administrative Services)
4. **DIRECTOR OF ADMINISTRATIVE SERVICES COMMENTS**
5. **GENERAL MANAGER COMMENTS**
6. **DIRECTOR COMMENTS**
7. **FUTURE AGENDA ITEMS**
8. **NEXT COMMITTEE MEETING**
9. **ADJOURNMENT**

**MINUTES
FINANCE COMMITTEE MEETING
JUNE 7, 2018**

The FINANCE COMMITTEE of the CALAVERAS COUNTY WATER DISTRICT (CCWD) met in the CCWD Training Room at 120 Toma Court, San Andreas, California at 11 a.m.

The following Committee Members were present:

Bertha Underhill	Director
Scott Ratterman	Director

Staff Present:

Dave Eggerton	General Manager
Jeffrey Meyer	Director of Administrative Services
Patti Christensen	Accountant III

Public Present:

Vickey Mills
Elaine St. John

1. Public Comment:

Ms. Mills mentioned the approval of the proposed rate increase may affect the upcoming CCWD election and it would be a good idea, in a good faith effort, for the Directors to reduce something else or to give something up to offset this increase.

2. Approval of Minutes: April 17, 2018

3. New Business:

3a. Discussion/Direction Take Possession of Unclaimed Checks, Policy No. 5.04:

Mr. Meyer explained that this item is to take possession of long standing unclaimed checks. Following policy, these checks meet the requirements and will be brought to the full board on June 13 for approval to take possession. Mr. Meyer brought up the cost of the public notice and weighing the write off against the cost.

Direction was given to take this item to the full Board.

Public Comment:

Ms. Mills mentioned that there are quite a few Copperopolis area payees on the unclaimed check list. Ms. Mills also mentioned there is another publication in the County that is the newspaper of record for the County and they are currently seeking to expand their service.

3b. Discussion/Direction of the Annual Standby Assessments for Indian Rock Vineyards, West Point, Ebbetts Pass, Jenny Lind, Copper Cove and Saddle Creek Service Areas:

Mr. Meyer stated there are no changes to the annual Standby Assessments that will go to the full Board for adoption on June 27, 2018. There was some discussion on the process of how these assessments will be adopted; historically, there is a public hearing, and each assessment area has its own resolution for adoption. Mr. Eggerton will follow up with the District's legal representative for the most expedient, accurate Board adoption process.

Direction was given to take this to the full Board.

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JUNE 7, 2018

3c. Update on FY 2018-19 Operating and Capital Improvement Program Budgets:

Mr. Meyer provided a hand-out of the FY 2018-19 Operating Budget and stated that the Capital Improvement Program Budget is still being finalized. Mr. Meyer started with an explanation of the draft budget packet and went on to discuss the individual revenue items. There was discussion regarding property tax revenue, lack of funding for FERC licensing fees, New Hogan Power Sales, and rate revenues. Mr. Meyer went on to talk about the Transfers In from other funds to cover debt service payments, capital outlay, and Capital R&R and Expansion projects.

Mr. Eggerton brought up the subject of possibly hiring another engineer to manage projects and Mr. Meyer talked about the funding of this position. There was further discussion regarding debt service and new loans.

Mr. Meyer went on to describe the overall expenditures and then went into the detail and changes of salaries and benefits and included the changes and funding of the OPEB (Other Post-Employment Benefits). Mr. Meyer talked about services and supplies and about the changes that were made from last year. He also talked about the individual items listed in the Capital Outlay budget and in particular the Hydro Excavator purchase rather than purchasing a VacCon truck. He quickly went through debt service, highlighting the OP HQ building loan and the sewer fund loan.

Mr. Eggerton brought up there could be a slight revenue increase due to collaboration with Snowshoe Homeowners Association. There is ongoing discussions over needs and services.

Public Comment: None

4. Director of Administrative Services Comments:
None.

5. General Manager Comments:
Mr. Eggerton will not be at the Board meeting next week.

6. Director Comments:
Director Ratterman – Reported on an upcoming CAMRA meeting on June 20.

Director Underhill – Received a phone call from a ratepayer regarding charges on a metered undeveloped lot. She would like to discuss this further at a future meeting.

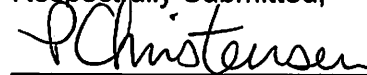
7. Future Agenda Items:

- Metered undeveloped lot fees

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FINANCE COMMITTEE MEETING
JUNE 7, 2018

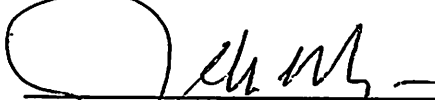
8. Next Committee Meeting:
Tuesday, July 17, 2018, at 1 p.m.
9. Adjournment:
Meeting adjourned at 12:36 p.m.

Respectfully Submitted,



Patti Christensen, Accountant III

Approved:



Jeffrey Meyer, Director of Administrative Services

Agenda Item

DATE: August 21, 2018
TO: Finance Committee
FROM: Jeffrey Meyer, Director of Administrative Services
SUBJECT: Report on the Monthly Financial Reports for July 2018

RECOMMENDED ACTION:

Receive Report on July 2018 Monthly Financial Reports

SUMMARY:

The following financial reports are for the month ending July 31, 2018:

Budget Status Report – A summary of operating revenues and expenditures. Please note that some expenditures are paid in arrears and this report may not adequately reflect costs incurred through the reporting period. Similarly, the year-to-date revenues compared to budget may not present a fair estimate of expected revenues as some revenue types, such as property taxes, are received periodically throughout the year.

Capital Renovation and Replacement (Capital R&R) Report – A summary of Capital R&R revenues and expenditures for the water and wastewater funds. Additionally, some expenditures are paid in arrears and this report may not adequately account for all costs incurred during the reporting period.

Claim Summary – The claim summary is a summary of services, supplies, reimbursements and other vendor claims paid by the District in the month of July 2018. The July claim summary was submitted to and approved by the Board of the Directors at the August 8th Board meeting.

FINANCIAL CONSIDERATIONS:

None

*Attachment: Budget Status Report – August 2018
FY 2017-18 Capital R&R Report – August 2018*

**CALAVERAS COUNTY WATER DISTRICT
REVENUE STATUS REPORT FOR
THE PERIOD ENDED JULY 31, 2018
ALL REVENUES
8% of Year Completed**

Revenue Source	Actual Revenue FY 17-18 (pre-audit)	Budgeted Revenue FY 18-19	Actual Revenue to 07/18	%	Received
Operating Revenue					
WATER SALES	7,413,993	7,813,288	725,455		9.28%
WASTEWATER SALES	4,260,654	4,496,488	457,262		10.17%
OTHER	499,203	485,800	24,947		5.14%
Total Operating Revenue	12,173,850	12,795,576	1,207,664		9.44%
Non-Operating Revenue					
CAPACITY FEES	567,765	-	50,511		-
STAND-BY FEES	124,320	132,500	-	*	0.00%
PROPERTY TAXES	2,738,277	3,075,001	-	*	0.00%
INVESTMENT INCOME	243,775	283,782	4,497		1.58%
GRANT REVENUE	373,441	-	-		-
OTHER REVENUE	990,845	853,000	52,422		6.15%
Total Non-Operating Revenue	5,038,423	4,344,283	107,430		2.47%
GRAND TOTALS REVENUE	17,212,273	17,139,859	1,315,095		7.67%

*Distributed in Feb, May, and Aug

**CALAVERAS COUNTY WATER DISTRICT
REVENUE STATUS REPORT FOR
THE PERIOD ENDED JULY 31, 2018
OPERATING REVENUES
8% of Year Completed**

Revenue Source	Actual Revenue FY 17-18 (pre-audit)	Budgeted Revenue FY 18-19	Actual Revenue to 07/18		% Received
Operating Revenue					
WATER SALES	7,413,993	7,813,288	725,455		9.28%
WASTEWATER SALES	4,260,654	4,496,488	457,262		10.17%
OTHER	499,203	485,800	24,947		5.14%
Total Operating Revenue	12,173,850	12,795,576	1,207,664		9.44%
Non-Operating Revenue					
STAND-BY FEES	124,320	132,500	-	*	0.00%
PROPERTY TAXES	2,448,969	2,613,751	-	*	0.00%
INVESTMENT INCOME	71,682	86,536	1,258		1.45%
GRANT REVENUE	61,444	-	-		-
OTHER REVENUE	983,459	841,000	52,422		6.23%
Total Non-Operating Revenue	3,689,874	3,673,787	53,680		1.46%
GRAND TOTALS REVENUE	15,863,724	16,469,363	1,261,345		7.66%

*Distributed in Feb, May, and Aug

**Calaveras County Water District
Operating Budget Summary
Fiscal Year 2017-18
Budget vs Actual as of July 31, 2018
8% of Year Completed**

District Summary by Category

Description	FY 18-19 Budget	Expenditures to 07/31/18	%
Personnel Services	9,526,359	790,049	8%
Services and Supplies	5,762,532	146,438	3%
Capital Outlay	565,000	-	0%
Total Operations & Capital Outlay:	15,853,891	936,487	6%

District Summary by Department

Dept	Description	FY 18-19 Budget	Expenditures to 07/31/18	%
Personnel, Services, and Supplies				
50	Non-Departmental (excluding Debt Svc)	1,152,082	50,122	4%
54	Utility Services	9,927,709	547,885	6%
56	General Management	1,012,459	92,244	9%
57	Board of Directors	165,089	7,030	4%
58	Technical Services/Engineering	773,685	62,100	8%
59	Administrative Services	1,552,455	146,067	9%
60	Water Resources	705,412	31,038	4%
sub-total Operations:		15,288,891	936,487	6%
Capital Outlay				
54	Utility Services - Equipment/Projects	555,000	-	0%
59	Administrative Services	10,000	-	0%
sub-total Capital Outlay:		565,000	-	0%
Total Operations & Capital Outlay		15,853,891	936,487	6%

CCWD Budget Status Report
Non-Departmental

As of July 31, 2018
8% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>July 2018</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
Services & Supplies							
60210	Power	11,400	-	-	0%	-	11,400
60220	Water	2,765	-	-	0%	-	2,765
60250	Telephone	11,808	861	861	7%	-	10,947
60260	Refuse Disposal	2,597	208	208	8%	-	2,389
60310	Materials and Supplies	37,200	1,363	1,363	4%	689	35,148
60313	Tools	500	-	-	0%	-	500
60320	Safety Equipment	3,230	-	-	0%	-	3,230
60400	Outside Services/Repairs	10,100	2,554	2,554	25%	-	7,546
60410	Service Maintenance Contracts	5,800	685	685	12%	-	5,115
60426	Building Repairs	5,000	-	-	0%	-	5,000
60430	Claims Damages	5,000	-	-	0%	-	5,000
60440	Janitorial Services	23,220	-	-	0%	-	23,220
61100	New Hogan O&M	293,262	-	-	0%	-	293,262
61200	Retired Employee Costs	554,200	44,451	44,451	8%	-	509,749
61410	Insurance	184,000	-	-	0%	-	184,000
61430	Federal Dam & Admin Fees	2,000	-	-	0%	-	2,000
sub-total Services & Supplies:		1,152,082	50,122	50,122	4%	689	1,101,271
Debt Service							
72110	Interest - CalPERS Side Fund Loan	3,485	621	621	18%	-	2,864
73110	Principal - CalPERS Side Fund Loan	257,021	25,430	25,430	10%	-	231,591
72350	Interest - USDA EP Reach 3A	57,543	-	-	0%	-	57,543
73350	Principal - USDA EP Reach 3A	43,700	-	-	0%	-	43,700
72400	Interest - Water Fund Loan to Sewer Fund	14,322	-	-	0%	-	14,322
73400	Principal - Water Fund Loan to Sewer Fund	65,400	-	-	0%	-	65,400
72500	Interest - New Hogan Dam	17,113	-	-	0%	-	17,113
73500	Principal - New Hogan Dam	55,242	-	-	0%	-	55,242
72600	Interest - OP HQ	75,000	-	-	0%	-	75,000
73600	Principal - OP HQ	570,741	-	-	0%	-	570,741
72900	Interest - Capital R&R Loan	90,098	-	-	0%	-	90,098
73900	Principal - Capital R&R Loan	1,487,319	-	-	0%	-	1,487,319
sub-total Debt Service:		2,736,984	26,051	26,051	1%	-	2,476,478
Total Department:		3,889,066	76,173	76,173	2%	689	3,577,749

CCWD Budget Status Report
Utility Services - Summary

As of July 31, 2018
8% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>July 2018</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
	Personnel Services						
	Salaries/Wages	3,647,540	297,226	297,226	8%	-	3,350,314
	Wages-Overtime	197,565	8,417	8,417	4%	-	189,148
	Benefits	2,605,254	213,085	213,085	8%	-	2,392,169
	Medical Reimbursements	17,600	57	57	0%	-	17,543
	sub-total Personnel Services:	6,467,959	518,785	518,785	8%	-	5,949,174
	Services & Supplies						
	Utilities	990,350	3,967	3,967	0%	-	986,383
	Material and Supplies	663,100	271	271	0%	9,031	653,798
	Safety Eq Repl/consumables	40,000	387	387	1%	-	39,613
	Chemicals	350,000	-	-	0%	-	350,000
	Outside Services/Repairs	148,700	2,419	2,419	2%	3,037	143,244
	Service Maintenance Contracts	323,000	2,900	2,900	1%	26,800	293,300
	Laboratory Services	200,000	11,848	11,848	6%	-	188,152
	Rentals (Non Vehicles & Equipment)	-	3,000	3,000	0%	-	(3,000)
	Professional Services	28,000	-	-	0%	-	28,000
	Vehicle Operating Expense	360,000	6	6	0%	737	359,257
	Rental Exp/Vehicle and Equip.	30,000	86	86	0%	-	29,914
	Permits & Licenses	11,000	531	531	5%	-	10,469
	Publications/Subscriptions	1,000	-	-	0%	-	1,000
	Memberships/Dues	14,500	2,930	2,930	20%	-	11,570
	Training, Conferences & Travel	36,000	725	725	2%	-	35,275
	Other Travel Costs	-	30	30	0%	-	(30)
	Purchased Water	5,000	-	-	0%	-	5,000
	State Wtr/Swr Fees	259,100	-	-	0%	-	259,100
	sub-total Services & Supplies:	3,459,750	29,100	29,100	1%	39,605	3,391,045
	sub-total Operations:	9,927,709	547,885	547,885	6%	39,605	9,340,219
	Capital Outlay						
300/500-19	Vehicles (4)	180,000	-	-	0%	-	180,000
303-19	Snow ATV	30,000	-	-	0%	-	30,000
304/504-19	Hydro Excavator	300,000	-	-	0%	-	300,000
305-19	PRV Vaults - Copper Sawmill	30,000	-	-	0%	-	30,000
306-19	Handheld Meter Readers	15,000	-	-	0%	-	15,000
	sub-total Capital Outlay:	555,000	-	-	0%	-	555,000
	Total Department:	10,482,709	547,885	547,885	5%	39,605	9,895,219

CCWD Budget Status Report
Utility Services - Detail

As of July 31, 2018
8% of Year Completed

Acct	Description	FY 18-19 Budget	July 2018	FY 18-19 Year-to-Date	Percent YTD	Encumbered	Balance Available
	Personnel Services						
60000	Salaries/Wages	3,647,540	297,226	297,226	8%	-	3,350,314
60030	Wages-Overtime	197,565	8,417	8,417	4%	-	189,148
60100	Benefits	2,605,254	213,085	213,085	8%	-	2,392,169
60102	Medical Reimbursements	17,600	57	57	0%	-	17,543
	sub-total Personnel Services:	6,467,959	618,785	618,785	8%	-	5,949,174
	Services & Supplies						
60210	Power	842,000	33	33	0%	-	841,967
60220	Water	2,400	-	-	0%	-	2,400
60230	Sewage	57,450	-	-	0%	-	57,450
60240	Telephone Lease Lines	4,000	66	66	2%	-	3,934
60250	Telephone	75,000	2,960	2,960	4%	-	72,040
60260	Refuse/Disposal	8,500	908	908	10%	-	8,592
60310	Material and Supplies	100,000	271	271	0%	1,940	97,789
60311	Herbicide	1,500	-	-	0%	-	1,500
60312	Safety Eq Repl/consumables	40,000	387	387	1%	-	39,613
60313	Tools	25,000	-	-	0%	-	25,000
60314	Uniforms - New	8,000	-	-	0%	-	8,000
60325	Lab Supplies, Consumables	34,000	-	-	0%	-	34,000
60327	Ozone System Parts	3,600	-	-	0%	-	3,600
60328	UV Bulb Replacement	85,000	-	-	0%	628	84,372
60331	Electrical Parts Replacement	75,000	-	-	0%	2,395	72,605
60332	Leak Repair Supplies	80,000	-	-	0%	-	80,000
60333	Road Repair Materials	25,000	-	-	0%	-	25,000
60334	SCADA, Radio Supplies	40,000	-	-	0%	-	40,000
60335	Septic Tanks, Repair & New	10,000	-	-	0%	-	10,000
60338	Meters, New Conn. & Repl.	31,000	-	-	0%	-	31,000
60350	Aerator/Compressor etc Repair	15,000	-	-	0%	-	15,000
60353	Computers/peripherals	6,000	-	-	0%	-	6,000
60354	Control Sys/Pressure Transducer	10,000	-	-	0%	-	10,000
60355	Headworks/Solids Removal Rep.	12,000	-	-	0%	-	12,000
60356	HVAC	6,000	-	-	0%	4,068	1,932
60357	Mixers	10,000	-	-	0%	-	10,000
60358	Monitor Wells Repair	1,000	-	-	0%	-	1,000
60359	Pumps/Motors Repair	85,000	-	-	0%	-	85,000
60395	Chemicals	350,000	-	-	0%	-	350,000
60400	Outside Services/Repairs	77,000	2,332	2,332	3%	-	74,668
60401	Fire Ext. Testing Cust. Base	1,800	-	-	0%	-	1,800
60402	Spraying - Weeds & Insects	11,700	87	87	1%	-	11,613
60403	Snow Removal	10,000	-	-	0%	-	10,000
60404	Uniform Launder	24,200	-	-	0%	-	24,200
60405	Fire Hydrant Maintenance	24,000	-	-	0%	3,037	20,963
60412	Groundwater Monitoring	45,000	-	-	0%	-	45,000
60413	Instrumentation Tech	6,500	-	-	0%	-	6,500
60414	Ozone System PM	10,000	-	-	0%	-	10,000
60415	Backflow Device Testing	6,500	-	-	0%	-	6,500
60416	SCADA Consulting (A-Team)	40,000	-	-	0%	-	40,000
60417	Hauling / Dig / Crane	15,000	-	-	0%	-	15,000
60419	Pave / Seal / Asphalt Repair	72,000	-	-	0%	-	72,000
60423	Telemetry / Radio	3,000	-	-	0%	-	3,000
60424	Septic Hauling	15,000	-	-	0%	-	15,000
60425	Tank Cleaning	40,000	-	-	0%	26,600	13,200
60426	Building Repairs	35,000	-	-	0%	-	35,000
60428	Distribution System Contract	5,000	-	-	0%	-	5,000
60431	Computer Lic/Maint Contracts	30,000	2,900	2,900	10%	-	27,100
60470	Laboratory Services	200,000	11,848	11,848	6%	-	188,152
60480	Rentals (Non Vehicles & Equipment)	-	3,000	3,000	0%	-	(3,000)
60590	Professional Services	28,000	-	-	0%	-	28,000
60610	Operating Exp/Gas & Oil	205,000	6	6	0%	-	204,994
60620	Repairs and Parts	145,000	-	-	0%	-	145,000
60625	Fuel/Repairs - Generators	10,000	-	-	0%	737	9,263
60650	Rental Exp/Vehicle and Equip.	30,000	86	86	0%	-	29,914
60710	Permits & Licenses	11,000	531	531	5%	-	10,469
60730	Publications/Subscriptions	1,000	-	-	0%	-	1,000
60732	Memberships/Dues	14,500	2,930	2,930	20%	-	11,570
60810	Training, Conferences & Travel	36,000	725	725	2%	-	35,275
60820	Other Travel Costs	-	30	30	0%	-	(30)
61100	Purchased Water	5,000	-	-	0%	-	5,000
61420	State Wtr/Swr Fees	259,100	-	-	0%	-	259,100
	sub-total Services & Supplies:	3,459,750	29,100	29,100	1%	39,605	3,391,045
	sub-total Operations:	9,927,709	547,885	547,885	6%	39,605	9,340,219
	Capital Outlay						
300/500-19	Vehicles (4)	180,000	-	-	0%	-	180,000
303-19	Snow ATV	30,000	-	-	0%	-	30,000
304/504-19	Hydro Excavator	300,000	-	-	0%	-	300,000
305-19	PRV Vaults - Copper Sawmill	30,000	-	-	0%	-	30,000
306-19	Handheld Meter Readers	15,000	-	-	0%	-	15,000
	sub-total Capital Outlay:	555,000	-	-	0%	-	555,000
	Total Department:	10,482,709	547,885	547,885	5%	39,605	9,895,219

CCWD Budget Status Report
 General Management

As of July 31, 2018
 8% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>July 2018</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
Personnel Services							
60000	Salaries/Wages	425,395	55,272	55,272	13%	-	370,123
60030	Wages-Overtime	740	-	-	0%	-	740
60100	Benefits	241,199	23,873	23,873	10%	-	217,326
60102	Medical Reimbursements	1,600	-	-	0%	-	1,600
sub-total Personnel Services:		668,934	79,145	79,145	12%	-	589,789
Services and Supplies							
60310	Material and Supplies	3,000	-	-	0%	-	3,000
60420	Drug and Alcohol Testing	1,500	-	-	0%	-	1,500
60429	Recruiting	5,000	-	-	0%	-	5,000
60505	Outside Legal Fees	127,500	-	-	0%	-	127,500
60541	Advertising/Publicity	1,500	-	-	0%	-	1,500
60590	Professional Services	125,800	872	872	1%	-	124,928
60700	Forms and Supplies	450	37	37	8%	-	413
60732	Memberships/Dues	48,275	8,900	8,900	18%	-	39,375
60810	Training, Conferences & Travel	27,500	3,290	3,290	12%	-	24,210
60820	Other Travel Costs	1,000	-	-	0%	-	1,000
61410	Unemployment Claims	2,000	-	-	0%	-	2,000
sub-total Services & Supplies:		343,525	13,099	13,099	4%	-	330,426
Total Department:		1,012,459	92,244	92,244	9%	-	920,215

CCWD Budget Status Report
Board of Directors

As of July 31, 2018
8% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>July 2018</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
Personnel Services							
60000	Salaries/Wages	43,200	1,680	1,680	4%	-	41,520
60100	Benefits	86,139	5,350	5,350	6%	-	80,789
60102	Medical Reimbursements	2,000	-	-	0%	-	2,000
sub-total Personnel Services:		131,339	7,030	7,030	5%	-	124,309
Services and Supplies							
60310	Materials and Supplies	750	-	-	0%	-	750
60590	Professional Services	11,500	-	-	0%	-	11,500
60810	Training, Conferences & Travel	15,000	-	-	0%	-	15,000
60820	Other Travel Costs	6,500	-	-	0%	-	6,500
sub-total Services & Supplies:		33,750	-	-	0%	-	33,750
Total Department:		165,089	7,030	7,030	4%	-	158,059

CCWD Budget Status Report
 Technical Services/Engineering

As of July 31, 2018
 8% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>July 2018</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
Personnel Services							
60000	Salaries/Wages	455,490	38,038	38,038	8%	-	417,452
60030	Overtime	12,038	714	714	6%	-	11,324
60100	Benefits	282,057	22,948	22,948	8%	-	259,109
60102	Medical Reimbursements	2,800	400	400	14%	-	2,400
sub-total Personnel Services:		752,385	62,100	62,100	8%	-	690,285
Services and Supplies							
60410	Service Maintenance Contracts	9,800	-	-	0%	-	9,800
60590	Professional Services	5,000	-	-	0%	-	5,000
60700	Forms and Supplies	500	-	-	0%	-	500
60730	Publications/Subscriptions	250	-	-	0%	-	250
60732	Memberships/Dues	250	-	-	0%	-	250
60810	Training, Conferences & Travel	5,000	-	-	0%	-	5,000
60820	Other Travel Costs	500	-	-	0%	-	500
sub-total Services & Supplies:		21,300	-	-	0%	-	21,300
Total Department:		773,685	62,100	62,100	8%	-	711,585

CCWD Budget Status Report
 Administrative Services

As of July 31, 2018
 8% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>July 2018</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
Personnel Services							
60000	Salaries/Wages	692,729	58,237	58,237	8%	-	634,492
60030	Wages-Overtime	3,676	49	49	1%	-	3,627
60100	Benefits	473,615	38,663	38,663	8%	-	434,952
60102	Medical Reimbursements	3,200	-	-	0%	-	3,200
	sub-total Personnel Services:	1,173,220	96,949	96,949	8%	-	1,076,271
Services and Supplies							
60310	Materials and Supplies	250	-	-	0%	-	250
60390	Admin Technologies Comm	34,000	425	425	1%	86	33,489
60400	Outside Services/Repairs	5,750	-	-	0%	-	5,750
60410	Service Maintenance Contracts	40,500	29,541	29,541	73%	-	10,959
60431	Computer Lic/Maint Contracts	22,260	5,114	5,114	23%	-	17,146
60510	Accounting/Auditing	40,000	-	-	0%	-	40,000
60590	Professional Services	83,200	2,180	2,180	3%	200	80,820
60700	Forms and Supplies	1,950	-	-	0%	-	1,950
60720	Postage	18,100	63	63	0%	-	18,037
60732	Memberships/Dues	725	310	310	43%	-	415
60810	Training, Conferences & Travel	5,000	-	-	0%	-	5,000
60820	Other Travel Costs	1,000	-	-	0%	-	1,000
61310	Bad Debt Expense	48,000	3,836	3,836	8%	-	44,164
61485	Third Party Payment Proc Fees	71,000	149	149	0%	-	70,851
78100	Custodial Agent Fees	7,500	7,500	7,500	100%	-	-
	sub-total Services & Supplies:	379,235	49,118	49,118	13%	286	329,831
sub-total Operations:		1,552,455	146,067	146,067	9%	286	1,406,102
Capital Outlay							
	Antenna Replacement	10,000	-	-	0%	-	10,000
	sub-total Capital Outlay:	10,000	-	-	-	-	10,000
Total Department:		1,562,455	146,067	146,067	9%	286	1,416,102

CCWD Budget Status Report
Water Resources

As of July 31, 2018
8% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>July 2018</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
Personnel Services							
60000	Salaries/Wages	216,720	16,668	16,668	8%	-	200,052
60100	Benefits	115,002	9,371	9,371	8%	-	105,631
60102	Medical Reimbursements	800	-	-	0%	-	800
sub-total Personnel Services:		332,522	26,039	26,039	8%	-	306,483
Services and Supplies							
60310	Material and Supplies	20,000	-	-	0%	-	20,000
60505	Outside Legal Fees	115,000	-	-	0%	-	115,000
60590	Professional Services	80,000	-	-	0%	51,976	28,024
60732	Membership/Dues	37,390	4,974	4,974	13%	-	32,416
60810	Training, Conferences & Travel	6,000	25	25	0%	-	5,975
60820	Other Travel Costs	1,500	-	-	0%	-	1,500
61435	State Water Right Fees	32,000	-	-	0%	-	32,000
61450	Mandated Plans	75,000	-	-	0%	-	75,000
61455	Water Conservation	6,000	-	-	0%	-	6,000
sub-total Services & Supplies:		372,890	4,999	4,999	1%	51,976	315,915
Total Department:		705,412	31,038	31,038	4%	51,976	622,398

Water Capital Renovation and Replacement Fund

July 1, 2013 through July 31, 2018

	FY 17-18	Thru Jun 30, 2018	Jul - Sep	Oct - Dec	Jan - Mar	Y-T-D FY 18-19	Total to Date
Revenues:							
Capital R&R Water Revenues	\$ 2,967,974	\$ 13,745,655	\$ 325,744	\$ -	\$ -	\$ 325,744	\$ 14,071,399
Interest Income	93,266	297,610	-	-	-	-	297,610
Capital R&R Loan *	-	6,622,000	-	-	-	-	6,622,000
Grant Revenues	1,024,995	2,881,125	-	-	-	-	2,881,125
Total Revenues	\$ 4,086,235	\$ 23,546,391	\$ 325,744	\$ -	\$ -	\$ 325,744	\$ 23,872,135
Expenditures:							
Ebbetts Pass Reach 3a	\$ 1,049,008	\$ 5,829,093	\$ -	\$ -	\$ -	\$ -	\$ 5,829,093
Ebbetts Pass Techite Line	1,549	156,172	-	-	-	-	156,172
Ebbetts Pass Reach 1	432,911	583,435	3,061	-	-	3,061	586,496
San Antonio Storage Restoration	9,055	67,436	-	-	-	-	67,436
Jenny Lind Pretreatment Facility	1,002,834	1,425,450	9,091	-	-	9,091	1,434,541
Tank Management Plan	-	65,954	-	-	-	-	65,954
EP Redwood Tank Replacement	28,926	28,926	4,790	-	-	4,790	33,715
Jenny Lind Pressure Reg Station	207,581	207,581	-	-	-	-	207,581
Jenny Lind A-B Trans Line	8,496	8,581	-	-	-	-	8,581
Pipeline Replacement	166,975	233,618	-	-	-	-	233,618
Big Trees Tank Replacement	5,084	1,430,906	-	-	-	-	1,430,906
Completed Projects (see Funding)	-	1,005,053	-	-	-	-	1,005,053
Total Expenditures	\$ 2,912,466	\$ 11,042,254	\$ 16,942	\$ -	\$ -	\$ 16,942	\$ 11,059,196
Beginning Balance	\$ 11,032,777	\$ -	\$ 11,371,863	\$ 11,680,666	\$ 11,680,666	\$ 11,371,863	\$ -
Total Revenues	4,086,235	23,546,391	325,744	-	-	325,744	23,872,135
Less							
Loan Payments	834,683	1,132,274	-	-	-	-	1,132,274
Project Costs	2,912,466	11,042,254	16,942	-	-	16,942	11,059,196
Ending Balance	\$ 11,371,863	\$ 11,371,863	\$ 11,680,666	\$ 11,680,666	\$ 11,680,666	\$ 11,680,666	\$ 11,680,666

* R&R/USDA Loans - Outstanding P&I Due:

\$ 7,020,169

Water Capital Renovation and Replacement Funding

July 1, 2013 through July 31, 2018

Project Funding	Project Budget	Expenses To Date	Balance	Operating Funds	Expansion Funds	Capital R&R	Grant Revenues
Ebbetts Pass Reach 3a	\$ 5,360,000	\$ 5,829,093	\$ (469,093)	\$ -	\$ -	\$ 3,982,000	\$ 1,378,000
Ebbetts Pass Techite Line	1,250,000	156,172	1,093,828	-	-	1,250,000	-
Ebbetts Pass Reach 1	5,000,000	586,496	4,413,504	-	1,000,000	4,000,000	-
San Antonio Storage Restoration	4,000,000	67,436	3,932,564	-	-	4,000,000	-
Jenny Lind Pretreatment Facility	3,800,000	1,434,541	2,365,459	-	-	980,000	2,820,000
Tank Management Plan	2,650,000	65,954	2,584,046	-	-	2,650,000	-
EP Redwood Tank Replacement	-	33,715	(33,715)	-	-	-	-
West Point AMR/AMI Meter Program	500,000	-	500,000	-	-	500,000	-
Jenny Lind Pressure Reg Station	190,000	207,581	(17,581)	-	-	190,000	-
Wilson Dam	500,000	49	499,951	-	-	500,000	-
Jenny Lind A-B Trans Line	3,500,000	8,581	3,491,419	-	-	3,500,000	-
Pipeline Replacement	1,000,000	233,618	766,382	-	-	1,000,000	-
Big Trees Tank Replacement	1,160,000	1,430,906	(270,906)	290,000	-	-	870,000
Vista Del Lago/SR 26 Relocate (1)	190,000	200,671	(10,671)	-	-	200,671	-
Lake Tulloch Drought Emergency (1)	750,000	749,414	586	-	-	749,414	-
Capital Program Management (1)	50,000	54,969	(4,969)	-	-	54,969	-
Total Expenditures	\$ 29,900,000	\$ 11,059,196	\$ 18,840,804	\$ 290,000	\$ 1,000,000	\$ 23,557,054	\$ 5,068,000

(1) completed project

Wastewater Capital Renovation and Replacement Fund

July 1, 2013 through July 31, 2018

	FY 17-18	Thru Jun 30, 2018	Jul - Sep	Oct - Dec	Jan - Mar	Y-T-D FY 18-19	Total to Date
Revenues:							
Capital R&R Wastewater Revenues	\$ 1,065,335	4,996,083	\$ 126,404	\$ -	\$ -	\$ 126,404	\$ 5,122,487
Interest Income	26,397	85,364	-	-	-	-	85,364
Capital R&R Loan	-	2,300,001	-	-	-	-	2,300,001
Grant Revenues	-	-	-	-	-	-	-
Total Revenues	\$ 1,091,732	\$ 7,381,448	\$ 126,404	\$ -	\$ -	\$ 126,404	\$ 7,507,852
Expenditures:							
Copper Cove Reclaim Permit	\$ 28,268	217,375	\$ -	\$ -	\$ -	\$ -	\$ 217,375
WP/Wilseyville Consolidation	134	5,728	-	-	-	-	5,728
Copper Cove L/S 8,12,13 Bypass	33,345	60,270	3,183	-	-	3,183	63,453
Copper Cove LS 15 & 18 Renovation	56,275	65,193	580	-	-	580	65,773
Vallecito Recycle Water Distribution	13,262	34,889	-	-	-	-	34,889
Vallecito I&I/Equalization	-	35,795	-	-	-	-	35,795
Wallace Treatment Plant Renovation	-	-	-	-	-	-	-
Copper Cove Pond 6 Expansion	-	-	-	-	-	-	-
Wallace Waste Discharge Permit	-	-	-	-	-	-	-
Arnold WWTP	-	3,733	-	-	-	-	3,733
Completed Projects (see Funding)	-	2,069,529	-	-	-	-	2,069,529
Total Expenditures	\$ 131,284	\$ 2,492,512	\$ 3,762	\$ -	\$ -	\$ 3,762	\$ 2,496,274
Beginning Balance	\$ 2,915,381	\$ -	\$ 3,498,109	\$ 3,620,750	\$ 3,620,750	\$ 3,498,109	\$ -
Total Revenues	1,091,732	7,381,448	126,404	-	-	126,404	7,507,852
Less							
Loan Payments/Expenses	377,720	1,390,827	-	-	-	-	1,390,827
Project Costs	131,284	2,492,512	3,762	-	-	3,762	2,496,274
Ending Balance	\$ 3,498,109	\$ 3,498,109	\$ 3,620,750	\$ 3,620,750	\$ 3,620,750	\$ 3,620,750	\$ 3,620,750

* Sewer R&R Loan - Outstanding P&I Due:

\$ 1,191,031


Wastewater Capital Renovation and Replacement Funding

July 1, 2013 through July 31, 2018

Project Funding	Project Budget	Expenses To Date	Balance	Operating Funds	Expansion Funds	Capital R&R	Grant Revenues
Copper Cove Reclaim Permit	\$ 250,000	\$ 217,375	\$ 32,625	\$ -	\$ -	\$ 250,000	\$ -
West Point/Wilseyville Consolidation	4,750,000	5,728	4,744,272	-	-	-	4,750,000
Copper Cove L/S 8,12,13 Bypass	1,500,000	63,453	1,436,547	-	-	1,500,000	-
Copper Cove LS 15 & 18 Renovation	1,000,000	65,773	934,227	-	-	1,000,000	-
Vallecito Recycle Water Distribution	280,000	34,889	245,111	-	-	100,000	180,000
Vallecito I&I/Equalization	400,000	35,795	364,205	-	-	400,000	-
Wallace Treatment Plant Renovation	250,000	-	250,000	-	100,000	150,000	-
Forest Meadows UV Replacement	150,000	-	150,000	-	-	150,000	-
Copper Cove Pond 6 Expansion	5,500,000	-	5,500,000	-	2,750,000	2,750,000	-
Wallace Waste Discharge Permit	25,000	-	25,000	-	-	25,000	-
Pipeline Replacement	250,000	-	250,000	-	-	250,000	-
Arnold WWTP	150,000	3,733	146,267	-	-	150,000	-
Copper Cove Lift Station 22 (1)	1,600,000	1,516,935	83,065	-	-	1,600,000	-
Poker Flat LS 9, 10 and 11 (1)	285,000	493,406	(208,406)	-	-	285,000	-
Capital Program Management (1)	50,000	59,188	(9,188)	-	-	50,000	-
Total Expenditures	\$ 16,440,000	\$ 2,496,274	\$ 13,943,726	\$ -	\$ 2,850,000	\$ 8,650,000	\$ 4,930,000

(1) completed project

Agenda Item

DATE: August 21, 2018
TO: Finance Committee
FROM: Jeffrey Meyer  Director of Administrative Services
SUBJECT: Discussion/Direction regarding District's Debt Management Policy

RECOMMENDED ACTION:

Discussion/Direction regarding District's Debt Management Policy.

SUMMARY:

SB 1029, the California Debt and Investment Advisory Commission (CDIAC) Accountability Report bill, was signed by Governor Brown on September 12, 2016. The bill requires public debt issuers to have debt policies adopted before the issuance of public debt, and to file no less than 30 days prior to the sale of debt a report of proposed debt issuance and certification that the issuer has adopted debt policies. The bill also requires agencies to file continuing disclosure statements (see attached CDIAC summary).

Staff has determined that the District's Financial Management Policy No. 5.00.5, Debt Policies (attached), must be updated to meet the new CDIAC requirements, including:

1. Purpose of debt and use
2. Type of debt that may be issued
3. Integration with Capital Improvement Program (CIP) or budget
4. Policy goals related to issuer's planning and goals
5. Internal control procedures to ensure debt will be directed to the intended use

Attached is the proposed Financial Management Policy No. 5.12, Debt Management Policy, which incorporates the required changes and has been reviewed by bond counsel. Staff requests input and direction from the Finance Committee prior to presenting the proposed policy to the Board for adoption.

FINANCIAL CONSIDERATIONS:

None at this time.

Attachment: District Financial Management Policy No. 5.00.5, Debt Policies (current)
- CDIAC "Guidance on Complying with SB 1029", Release Date December 28, 2016
- District Financial Management Policy No. 5.12, Debt Management Policy (proposed)

5.00.5 Debt Policies

In issuing debt, the District's objectives will be to achieve the lowest cost of capital; ensure ratepayer equity; maintain high credit ratings and access to credit enhancement; and preserve financial flexibility while assuring public transparency.

- 5.00.5.01 The District will limit the use of debt so as not to place a burden on the fiscal resources of the District.
- 5.00.5.02 The District will use debt financing when it is judged to be appropriate based on the long-term capital needs of the District, and the District's ability to repay the indebtedness has been evaluated in light of all sources and uses of cash.
- 5.00.5.03 When capital projects are financed, the District will amortize the debt and cost of debt within a period not to exceed the expected useful life of the project.
- 5.00.5.04 The District will consider short-term financing or capital lease debt to finance certain capital asset purchases. Short-term financing will be limited to the usual useful life period of the asset purchased.
- 5.00.5.05 The District will not use long-term debt to fund current operations.
- 5.00.5.06 The District will determine, on a case-by-case basis, whether to sell its bonds through a competitive sale, a negotiated sale, or by private placement. The District will evaluate all debt financing to achieve the best possible financial terms.
- 5.00.5.07 The District will strive to maintain the most favorable bond rating on debt issuances.
- 5.00.5.08 The District will publish and distribute an official statement, or other required offering documents, for all bond issues, as per Securities and Exchange Commission (SEC) requirements.
- 5.00.5.09 The District will at a minimum meet the debt service coverage requirements stated in the bond covenants.
- 5.00.5.10 In the interest of securing the best interest rate, the District will strive to maintain a debt service coverage ratio of 1.50.
- 5.00.5.11 The District will annually review the status of outstanding and potential debt obligations and incorporate this information into its financial planning.



Guidance on Complying with SB 1029

Release Date: December 28, 2016

On October 26, 2016, the California Debt and Investment Advisory Commission (CDIAC) issued a Request for Comment on the implementation of Chapter 307, Statutes of 2016 (Senate Bill 1029, Hertzberg). The comments received have helped CDIAC develop guidance for issuers of public debt seeking to comply with the requirements of SB 1029.

The guidance offered in this letter dated December 28, 2016 is based upon CDIAC's current understanding of the information required and its ability to receive that information from issuers. It is likely that CDIAC will offer additional guidance and ultimately adopt regulations in the future as both it and issuers adapt to the requirements of SB 1029.

CDIAC is making every effort to provide intuitive, on-line processes that will minimize the efforts of issuers while maximizing compliance and the quality of the information provided. It is committed to working with issuers and members of the public finance community to achieve these outcomes.

Guidance on Government Code section 8855(i)

Government Code section 8855(i) requires any issuer of public debt to provide to CDIAC no later than 30 days prior to the sale of any debt issue a report of the proposed issuance. CDIAC provides issuers the ability to submit this Report of Proposed Debt Issuance electronically. Effective January 1, 2017, issuers must certify on the Report of Proposed Debt Issuance that they have adopted local debt policies concerning the use of debt and that the proposed debt issuance is consistent with those policies. The issuer's local debt policies must include (A) through (E), below. If the issuer has received certification from another governmental entity that will use the proceeds of the debt issue, then the issuer may rely on a certification by that other governmental entity that it has adopted local debt policies that include (C), (D) and (E), below.

- A) The purposes for which the debt proceeds may be used.
- B) The types of debt that may be issued.
- C) The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.
- D) Policy goals related to the issuer's planning goals and objectives.
- E) The internal control procedures that the issuer has implements, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

Section 8855(i) reads “The report of proposed debt issuance shall include a certification by the issuer that it has adopted local debt policies...” For the purposes of applying this section issuers should understand the term “local debt” as being debt issued for the benefit of a local agency. As a result, section 8855(i), as it specifically relates to debt policies, does not apply to state agencies, instrumentalities of the state, or to non-governmental entities such as for-profit or not-for-profit organizations that may issue or receive proceeds from a debt issuance. Similarly, the term “other governmental entity” in section 8855(i)(2) means an entity of local government.

Issuers should interpret the meaning of the term “adopted” in section 8855(i) to mean by act of the governing body. If the issuer’s governing body has taken an action to delegate the authority to “adopt” local debt policies to administrative staff, the actions of these staff may meet the requirements of section 8855(i)(1). An issuer’s local debt policies may be contained within a single document or be the composite of more than one documents. Irrespective of the form, the local debt policies must be adopted by the issuer.

In order to comply with section 8855(i)(1), then, the issuer must certify on the Report of Proposed Debt Issuance that it has adopted local debt policies concerning the use of debt and that the contemplated debt issuance is consistent with those local debt policies. Issuers will be able to make this certification after January 1, 2017 using the Report of Proposed Debt Issuance. The new form will include the following statement followed by three acceptable responses in the form checkboxes.

“The issuer certifies that it has complied with GC section 8855(i) with respect to local debt policies. YES NO NA ”

For issuers that issue debt for their own purposes that respond to this statement with a YES response are confirming that they certify that they have adopted local debt policies in compliance with section 8855(i). A response of NO indicates that they cannot certify that they have adopted local debt policies in compliance with section 8855(i)(1). Issuers that are not issuing local debt, such as the state or instrumentality of the state, may respond NA because they do not issue local debt.

If the issuer is a conduit issuer, a YES response means that the issuer certifies that it has adopted local debt policies in compliance with section 8855(i)(1). Furthermore, the local debt policies include (A) through (E) of section 8855(i)(1) OR the issuer is certifying that it has adopted local debt policies in compliance with section 8855(i)(1) and the policies include (A) and (B) AND they have relied upon a certification from the other governmental entity that it has adopted local debt policies in compliance with section 8855(i)(1) and the local debt policies of the other government entity includes (C), (D) and (E). A NO response means that it does not certify that it has adopted local debt policies in compliance with section 8855(i) or it has not received a certification from the other governmental entity that it has. An NA response indicates that the entity that will use the proceeds of the sale of debt is a non-governmental entity (e.g., a private non-profit) or the conduit is not itself an issuer of local debt (e.g. state instrumentality).

It is incumbent upon the issuer to interpret and apply subparts (A) through (E) to their local debt policies as it is for the governmental entity that may use proceeds from the sale of debt to interpret and apply subparts (C), (D) and (E) to their local debt policies.

Guidance on Government Code section 8855(k)

Effective January 1, 2017, state and local issuers will be required to submit an annual debt transparency report for any issue of debt for which they have submitted a Report of Final Sale during the reporting period. The annual debt transparency report is due to CDIAC within seven (7) months of the close of the reporting period, defined as July 1st to June 30th. This provision makes January 31st the effective deadline for submittal of the annual debt transparency report. Issuers will continue to submit an annual debt transparency report to CDIAC on or before January 31st each year until the later date on which the debt is no longer outstanding or the proceeds have been fully spent. Debt issued between January 1, 2017 and June 30, 2017, and reported to CDIAC on or after January 21, 2017 will be required to submit an annual debt transparency report no later than January 31, 2018.

CDIAC will provide an online form to enable issuers to submit information to CDIAC in compliance with section 8855(k). CDIAC is in the process of both creating the form and developing the underlying functional applications to support data submission and reporting. It is very likely that the form and the process for complying with SB 1029 using the form will evolve over time as CDIAC and issuers adapt to this new reporting requirement.

At a minimum, the annual debt transparency report will require issuers to include:

- A) Debt authorized during the reporting period, which shall include:
 - a. Debt authorized at the beginning of the reporting period.
 - b. Debt authorized and issued during the reporting period.
 - c. Debt authorized but not issued at the end of the reporting period.
 - d. Debt authority that has lapsed during the reporting period.
- B) Debt outstanding during the reporting period, which shall include the following:
 - a. Principal balance at the beginning of the reporting period.
 - b. Principal paid during the reporting period.
 - c. Principal outstanding at the end of the reporting period.
- C) The use of proceeds of issued debt during the reporting period, which shall include the following:
 - a. Debt proceeds available at the beginning of the reporting period.
 - b. Proceeds spent during the reporting and the purposes for which it was spent.
 - c. Debt proceeds remaining at the end of the reporting period.

In compliance with section 8855(k)(1)(A), issuers must provide in their annual debt transparency report to CDIAC the “debt authorized during the reporting period”. Issuers should understand the term “authorized” to mean a formal action of the governing body or a vote of the electorate or taxpayers establishing a maximum amount to be borrowed. In the case of certain loans, commercial paper programs, and some refunding programs, this action may be a

resolution of the governing body establishing a maximum limit that the issuer may borrow. For debt issued in more than one sale or transaction that will generate more than one Report of Final Sale, the “debt authorized” should be understood to mean to total amount approved by the voters or taxpayers or by act of the governing body. For debt issued in a single sale or transactions, the “debt authorized” is expected to equal the amount of the debt reported on the Report of Final Sale.

Issuers submitting a Report of Final Sale between January 21, 2017 and June 30, 2017, must include in their annual debt transparency report, due on or before January 31, 2018, the following information:

- 1) The total amount of debt authorized as of January 1, 2017;
- 2a) The amount of additional debt authorized during the reporting period;
- 2b) The amount issued between January 1, 2017 and June 30, 2017 from the authority available in 1) and 2a), combined;
- 3) The amount of debt authorized that was not issued between January 1, 2017 and June 30, 2017 (logically, the result of (1 plus 2a) minus 2b); and,
- 4) The amount of debt authority (represented by (1 plus 2a)) that has lapsed between January 1, 2017 and June 30, 2017.

The term “authority that has lapsed” will mean authority that is no longer valid and, therefore, does not provide a legal basis to issue debt, including authority that has expired or that the issuer has taken an action to revoke.

In subsequent years, the amount of debt authorized at the beginning of the period will be equivalent to the amount of debt authorized but not issued at the end of the prior reporting period less any authority that has lapsed.

An issuer that has received authority during the reporting period, but has not issued debt based upon that authority and has not, therefore, submitted a Report of Final Sale is not required to submit an annual debt transparency report with respect to that authority. Once it does issue debt and submits a Report of Final Sale it will be obligated to submit an annual debt transparency report within seven (7) months of the close of the reporting period during which it issued the debt. There may be circumstances in which an issuer has available authority based upon a ballot measure or act of the governing body even though it has paid off or fully refunded the debt previously issued under that authority. In this case, the issuer would not be required to submit an annual debt transparency report.

Issuers must provide on the annual debt transparency report the debt outstanding during the reporting period. Issuers should understand the term “debt outstanding” to mean the original principal received from the sale of debt that has not been fully repaid to debtholders.

In the case of a zero-coupon bond or capital appreciation structure, issuers should consider the original principal to be the full accreted value of the bonds at the end of the reporting period. Because of the nature of capital appreciation structure an issuer’s annual debt transparency report is likely to report an increase in the “debt outstanding” year over year.

Issuers submitting a Report of Final Sale between January 1, 2017 and June 30, 2017, must include in their annual debt transparency report, due on or before January 31, 2018, the following information:

- 1) The original principal received on the date of sale.
- 2) The amount of the principal paid off between January 1, 2017 and June 30, 2017.
- 3) The amount of principal remaining as of June 30, 2017.

Issuers must provide on the annual debt transparency report the use of debt proceeds during the reporting period. Issuers should understand the term "proceeds" to mean all funds received from the sale of debt inclusive of premium and discount.

Issuers submitting a Report of Final Sale between January 21, 2017 and June 30, 2017, must include in their annual debt transparency report, due on or before January 31, 2018, the following information:

- 1) Debt proceeds available upon the date of settlement.
- 2) The amount of proceeds spent between the date of settlement and June 30, 2017 and the purposes for which these proceeds were spent.
- 3) The amount of proceeds remaining as of June 30, 2017.

CDIAC does not anticipate defining or categorizing "purposes" for which the proceeds were spent. Instead, CDIAC will provide a reporting form that will enable issuers to self-identify categories of "purpose" on their annual debt transparency report.

Issuers must continue to submit annual debt transparency reports until the debt has been paid off or the bond proceeds have fully spent.

There are special considerations issuers of refunding debt must take into account. If the issuer fully refunds a debt with a refunding debt, the issuer must submit an annual debt transparency report on both the refunding debt and a final annual report on the refunded debt. If there are any proceeds left in the refunded debt, the issuer must continue to report on the refunded debt until the proceeds have been spent. If the issuer partially refunds a debt with a refunding debt, the issuer must report on the refunded debt and the refunding debt until either the debtholders are full repaid or the proceeds have been fully spent, whichever is later. In other words, even though the proceeds of the refunding debt were used to pay off the refunded debt, the issuer must take the approach that the purpose of the annual debt transparency report is to account for the use of proceeds received from the original debt issuance.

If the refunding debt includes new money, the issuer must report the use of proceeds of the portion of refunding debt used to refund the refunded debt as "refunding <debt identifier>" AND the use of new money proceeds for their intended uses. If the refunding debt includes no new money, the issuer must report the use of proceeds of the refunding debt as "refunding <debt identifier>". The debt identifier is currently the CDIAC Issue Number.

In reporting on the use of proceeds that are received from the sale of debt but are comingled with other funds not received from the sale of debt, the issuer should report on the proceeds from the sale of debt only.

Issuers of conduit bonds must report on the use of proceeds as used by the borrower. Conduit issuers should not report that the proceeds were "lent to a borrower", but for the purposes to which the borrower used the proceeds. The issuer may wish to assign responsibility to the borrower to report on the use of proceeds. Conduit issuers issuing lease revenue bonds must also comply with section 8855(k).

5.12 Debt Management Policy

This Debt Management Policy (the “Debt Policy”) establishes the parameters within which debt may be issued and administered by the Calaveras County Water District (the “District”), or on behalf of assessment districts, other special districts, and other types of conduit-type financings. In issuing debt, the District’s objectives will be to achieve the lowest cost of capital; ensure ratepayer equity; maintain high credit ratings and access to credit enhancement; and preserve financial flexibility while assuring public transparency.

5.12.1 *Purpose* – This Debt Policy is intended to comply with Government Code Section 8855(i), effective on January 2017, and shall govern all debt undertaken by the District. The District hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the District’s sound financial position.
- Ensure the District has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the District’s credit-worthiness.
- Ensure that all debt is structured in order to protect both current and future ratepayers, and constituents of the District.
- Ensure that the District’s debt is consistent with their planning goals and objectives, and capital improvement program or budget, as applicable.

5.12.2 *Scope* – The guidelines established by this policy will govern the issuance and management of all debt that provides funds for long-term capital financing needs, but not for general operating functions. When used in this policy, “debt” refers to all forms of indebtedness and financing lease obligations. The District recognizes that changes in the capital markets and other unforeseen circumstances may require action that deviates from this Debt Management Policy. In cases that necessitate exceptions to this Debt Management Policy, the District’s Board of Directors (“Board”) must approve the exception for implementation.

5.12.3 *Objective* – The Debt Management Policy sets District guidelines to meet the following important objectives, while providing full and complete financial disclosure, and ensuring compliance with applicable state and federal laws:

- Maintain the District’s sound financial position.
- Minimize debt service and issuance costs.
- Maintain access to cost effective borrowing.
- Achieve the highest practical credit rating.
- Ensure full and timely repayment of debt.
- Maintain full and complete financial disclosure and reporting.
- Ensure compliance with debt covenants.
- Ensure compliance with applicable state and federal laws.

5.12.4 *Debt Issuance*

A. Purposes for Which Debt May Be Issued

1. **Long-Term Debt.** Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the District.
 - a. Long-term debt financings are appropriate when the following conditions exist:
 - When the project to be financed is necessary to provide basic services.
 - When the project to be financed will provide benefit to constituents over multiple years.
 - When total debt does not constitute an unreasonable burden to the District and the District's ratepayers, as applicable.
 - When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.
 - b. Long-term debt financings will not be considered appropriate for funding current operating and routine maintenance expenses.
 - c. The District may use long-term debt financings subject to the following conditions:
 - The project to be financed must be approved by the governing Board of the District.
 - The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than twenty percent (20%).
 - The District estimates that sufficient revenues will be available to service the debt through its maturity, including any debt service requirements.
 - The District determines that the issuance of the debt will comply with the applicable state and federal law.
2. **Short-term debt.** Short-term debt may be issued to provide financing for short-lived capital asset purchases and projects; for example, lease-purchase financing for equipment. Short-termed financing will be limited to the useful life of the asset purchased. Short-term debt may not be issued to finance the District's operational cash flows in order to maintain a steady and even cash flow balance.

B. Methods of Financing and Types of Debt

The District's Finance Department ("Finance," i.e. the Director of Administrative Services or designee) will investigate all possible financing alternatives including, but not limited to, bonds, loans, state bond pools, and grants.

- **Cash Funding** – The District funds a significant portion of capital improvements from reserves accumulated from one-time revenues, which have been set aside for investment in the District’s infrastructure.
- **Inter-fund borrowing** – The District may borrow internally from other funds with surplus cash in lieu of issuing bonded debt. Purposes warranting the use of this type of borrowing could include short term cash flow imbalances, interim financing pending the issuance of bonds, or short-term financing in lieu of bonds for principal amounts of under \$1 million. Inter-fund borrowing should be undertaken only under the following circumstances and conditions:
 - o Board approval required for all loans;
 - o If from the District’s General Fund, the duration shall not exceed 12 months, with the loan and repayment occurring within the same fiscal year;
 - o Fixed loan term (i.e., specific number of months with repayment date);
 - o Lending fund must charge interest at a level commensurate with what it might otherwise expect to receive if it were to invest such funds in the open market, given substantially equivalent parameters;
 - o Specific revenue pledged to repay the loan must be based on realistic expectations for receipt;
 - o Funds in the lending fund must not be needed for operational cash flow during the period of the loan; and
 - o Loans must not be made from project-specific restricted funds, grant funds or other funds enabled by State or Federal legislation.

Inter-fund loans provide an alternative investment opportunity for idle funds with the same return on the investment that would have been earned otherwise. If the Board elects to pursue this option, staff would return at a subsequent meeting with a specific proposal for inter-fund loans. Finance shall also exercise due diligence to ensure that it is financially prudent for the lending fund to make the loan. Inter-fund loans will be evaluated on a case-by-case basis. Any borrowing between two District funds requires approval by Board resolution and shall be documented with an agreement specifying the terms of the borrowing, including the security, interest rate, payment dates and amount, and the maturity date. The purpose of inter-fund borrowing is to finance high priority needs and to reduce costs of interest, debt issuance and/or administration.

- **Bank Loans / Lines of Credit** – The District will evaluate financial institution credit as a financing option on a case-by-case basis.
- **Other Loans** – The District will evaluate other loan programs, including but not limited to State “loans” or federal “loans” through the United States Department of Agriculture for the construction of infrastructure projects.
- **Bond Financing** – The District may issue any bonds which are allowed under

federal and state law including but not limited to general obligation bonds, certificates of participation, revenue bonds, refunding bonds, land-secured (assessment and special tax) bonds, and other obligations (see below for detail). The following types of debt are allowable under this Debt Policy:

- **General Obligation Bonds (GO Bonds):** General Obligation Bonds (GO Bonds) may only be issued with two-thirds approval of the District's registered voters. The California State Constitution (Article XVI, Section 18) limits the use of the proceeds from GO Bonds to "the acquisition or improvement of real property".
- **Lease revenue bonds, certificates of participation (COPs) and lease-purchase transactions:** Lease financings may take a variety of forms, including COPs, lease revenue bonds, and direct leases (typically for equipment). When the District finances acquisition or construction of capital improvements or equipment with a lease financing, the District agrees to lease either the financed asset or a different asset and, most commonly, the District's lease payments are securitized in the form of certificates of participation or lease revenue bonds. This type of financing requires approval of the Board.
- **Revenue Bonds:** Revenue Bonds are generally issued by the District for enterprise funds that are financially self-sustaining without the use of taxes and therefore rely on the revenues collected by the enterprise fund to repay the debt. This type of financing requires approval of the Board.
- **Refunding Obligations** – Pursuant to Government Code and various other financing statutes applicable in specific situations, the Board is authorized to provide the issuance of bonds for the purpose of refunding any long-term obligation of the District. Absent any significant non-economic factors, a refunding is required to meet the following test: 1) the refunding must produce a minimum net debt service savings (net of reserve fund earnings and other offsets, and taking transaction costs into account) of at least three percent (3%) of the par value of the refunded bonds on a net present value basis, unless Finance determines there are other, compelling "non-economic" reasons for the refunding (i.e. removal of onerous covenants, terms or conditions).
- **Special Tax Bonds** – Under the Mello-Roos Community Facilities Act of 1982, the District may issue bonds on behalf of a Community Facilities District (CFD) to finance capital facilities, most commonly in connection with new development. These bonds must be approved by a two-thirds vote of the qualified electors in the CFD, which the Mello-Roos Act defines to mean registered voters if there are 12 or more registered voters in the CFD and, if there are fewer than 12 registered voters, the landowners in the CFD. Bonds issued by the District under the Mello-Roos Act are secured by a special tax on the real property within the CFD. The Board will approve any special tax bonds prior to placement on a ballot for voter consideration. The financed facilities do not need to be physically located within

the CFD. As this type of financing is secured by the special tax lien upon the real property it does not obligate the District's general fund or other funds.

- **Assessment Bonds** – The Improvement Bond Act of 1915 (Streets and Highways Code Section 8500 et seq.) and other state laws, subject to Article XIIIID of the California Constitution, allow the District to issue bonds to finance improvements that provide “specific benefit” to the assessed real property. Installments are collected on the secured property tax roll of the County. This type of financing is secured by the lien upon and assessments paid by the real property owners and does not obligate the District's general fund or other funds. This type of financing requires approval of the Board.

C. Relationship of Debt to Capital Improvement Program and Budget

The District is committed to long-term capital planning. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the capital budget and the capital improvement plan.

Budget Integration – The decision to incur new indebtedness should be integrated with the policy decisions embedded in the Board-adopted Operating Budget and Capital Improvement Budget. The annual debt service payments shall be included in the Operating Budget. The District will integrate its debt issuances with the goals of its Capital Improvement Program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes. The District will seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

The District will strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The District will seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The District will avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

Biennial Review – Recognizing that cost-effective access to the capital market depends on prudent management of the District's debt program, a biennial review of the debt policy should be performed. Any substantive changes to the policy shall be brought to the Board for consideration and approval.

D. Policy Goals Related to Planning Goals and Objectives

The District is committed to long-term financial planning, maintaining appropriate reserve levels, and employing prudent practices in governance, management, and

budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the annual operations budget.

It is a policy goal of the District to protect ratepayers, taxpayers (if applicable), and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related rates, charges, and assessments.

E. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

Without limiting the foregoing, the District will periodically review the requirements of, and will remain in compliance with, the following:

- Any continuing disclosure undertakings entered into by the District in accordance with Securities and Exchange Commission (“SEC”) Rule 15c2-12.
- Any federal tax compliance requirements, including, without limitation, arbitrage and rebate compliance.
- Investment policies as they relate to the use and investment of bond proceeds.

Proceeds of debt will be held either (a) by a third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the District upon the submission of one or more written requisitions by the Director of Administrative Services, or his or her written designee, or (b) by the Covered Entity, to be held and accounted for in a separate fund or account, the expenditure of which will be carefully documented by the Covered Entity.

F. Structure and Term

Term of Debt – Debt will be structured for the shortest period possible, consistent with a fair allocation of costs to current and future users. Consistent with its philosophy of keeping its capital facilities and infrastructure systems in good condition and maximizing a capital asset’s useful life, the District will make every effort to set aside sufficient current revenues to finance ongoing maintenance needs and to provide reserves for periodic replacement and renewal. Generally, no debt will be issued for a period exceeding the useful life or average useful lives of projects to be financed.

Bond Maturity Options – For each issuance, the District will select serial bonds or term bonds, or both.

Interest Rate Structure – The District currently issues securities on a fixed interest rate basis only. Fixed rate securities ensure budget certainty through the life of the issue and avoid the volatility of variable rates. The use of variable rate securities is prohibited.

Credit Enhancement – Credit enhancement may be used to improve or establish a credit rating on a District debt obligation. Types of credit enhancement include letters of credit, bond insurance and surety policies. Finance will recommend the use of a credit enhancement if it reduces the overall cost of the proposed financing or if the use of such credit enhancement furthers the District’s overall financial objectives.

Derivative products – Because of their complexity, unless otherwise amended, Derivative Products such as interest rate swaps, interest floaters, and other hybrid securities are prohibited by this Debt Policy.

Call Options / Redemption Provisions – A call option or optional redemption provision gives the District the right to prepay or retire debt prior to its stated maturity date. This option may permit the District to achieve interest savings in the future through the refunding of the bonds. Often the District will pay a higher interest rate as compensation to the buyer for the risk of having the bond called in the future. In addition, if a bond is called, the holder may be entitled to a premium payment (call premium). Because the cost of call options can vary depending on market conditions, an evaluation of factors will be conducted in connection with each issuance. Finance will evaluate and recommend the use of a call option on a case by case basis.

G. Delegation of Authority

The Director of Administrative Services will be responsible for all of the District’s financial affairs. This Debt Management Policy grants the Director of Administrative Services the authority to select the Financing Team, coordinate the administration and issuance of debt, communicate with the rating agencies, and fulfill all of the pre-issuance and post-issuance requirements imposed by or related to state law, federal tax law and federal securities law, and the District’s Board when policy dictates.

Consultant Selection –The District will consider the professional qualifications and experience of consultants as it relates to the specific bond issue or other financing under consideration. The Director of Administrative Services shall select such consultants for Board consideration.

Financing Team Definitions and Roles – The financing team is the working group of District staff and outside consultants necessary to complete a debt issuance, including,

but not limited to, bond counsel, disclosure counsel, underwriter, municipal advisor, trustee, pricing consultant and/or arbitrage analyst.

Typically, the Director of Administrative Services and appropriate Department Head(s) form the District staff portion of the Financing Team. As needed, other staff members or designees may be appointed to the Financing Team.

5.12.5 *Post-Issuance Tax Compliance*

Use of tax-exempt bond proceeds must comply with federal tax rules pertaining to the expenditure of proceeds, use of bond financed property, investment of proceeds in compliance with arbitrage rules, and retention of records. The policy of the District for monitoring compliance of its bond issues with these rules is as follows:

A. Expenditure of Proceeds

The Director of Administrative Services shall have the responsibility for allocating bond proceeds to particular investments, expenditures, and assets. The Director of Administrative Services may delegate this responsibility, but shall retain the primary responsibility for insuring that the following procedures are followed.

- a) **Proceeds of a bond issue must be identified.** The Director of Administrative Services shall refer to the Tax Certificate and to bond counsel for help in identifying the amount of the proceeds of the bonds and for identification of funds holding bond proceeds.
- b) **Investments of bond proceeds must be tracked.** Finance shall ensure that all investments of bond proceeds are recorded, including identification of the investment, the purchase price of the investment, the date of the investment, the date of any receipts from the investment, and the date of repayment or sale of the investment. Earnings from investments of bond proceeds will be treated as additional bond proceeds and similarly tracked.
- c) **Proceeds must be tracked until they are allocated to expenditures.** Proceeds may be allocated to a capital expenditure by direct tracing or by another reasonable method (such as treating an expenditure made from another source as having been made from bond proceeds if that source is reimbursed from bond proceeds).
 - i. If the District uses direct tracing of bond proceeds, Finance shall establish the form and procedure for preparation and review of requisitions of bond proceeds. Requisitions must identify the financed property in conformity with the Tax Certificate, including certifications as to the character and average economic life of the bond-financed property.
 - ii. If the District uses bond proceeds to reimburse costs that were paid prior to the issuance of the bonds, Finance shall document the use of bond proceeds to make such reimbursements and will only allow such reimbursements to the extent permitted in the Tax Certificate.

- iii. If the District uses any other method for allocating bond proceeds to expenditures, Finance shall prepare at least annually until all proceeds have been spent a written allocation of bond proceeds to expenditures, including the dates and amounts of such expenditures. Finance shall only allocate bond proceeds to expenditures if there is a reasonably concurrent actual outlay of cash by the District to a third party.
 - iv. Finance shall prepare a written “final allocation” of bond proceeds to expenditures no later than the earlier of eighteen (18) months after the in-service date of the financed property and the fifth anniversary date of the issue of the bonds. If all bond proceeds are not allocated to expenditures by that date, allocations thereafter may only be made using a tracking method.
- d) On a semi-annual basis, Finance shall compare the allocation of proceeds to expenditures of proceeds to the tax certificate expectation to spend or commit five percent (5%) of net sale proceeds within six (6) months, to spend eighty-five percent (85%) of net sale proceeds within three (3) years, and to proceed with due diligence to complete the project and fully spend the net sale proceeds. In the event that those expectations are not met, the Director of Administrative Services shall consult with bond counsel to determine whether further action is necessary. Similarly, Finance shall compare the allocation of proceeds to expenditures to the timetables set forth for the arbitrage rebate exceptions described in the tax certificate.
- e) As proceeds are allocated to expenditures for capital assets, Finance shall prepare and maintain a schedule of all capital assets treated as financed with the bonds. Finance shall maintain a separate schedule for each bond issue. If only a portion of a capital asset is treated as financed with a particular bond issue, the Director of Administrative Services shall consult with bond counsel as to how to document the particular allocation.

B. Use of Bond-Financed Property

The Director of Administrative Services shall have the responsibility of periodically reviewing the continued ownership and use of all assets financed by the bond issue. The Director of Administrative Services may delegate this responsibility, but shall retain the primary responsibility for insuring that the following procedures are followed.

- a) At least annually, Finance shall conduct a review of the assets financed with the proceeds of the bonds in accordance with the schedule prepared under 1(e) above.
 - i. Finance shall contact the appropriate officers or employees of the District to determine whether the assets continue to be owned by the District. Ownership of bond financed facilities by entities other than governmental entities can give rise to tax issues.
 - ii. Finance shall contact the appropriate officers or employees of the District to determine whether the assets are used only by the District or by some other entities. Use of assets by any entities other than another governmental entity can give rise to tax issues. Use may arise through ownership, lease, management contract, sponsored research, purchase of output, or other arrangements that give rise to priority rights in bond-financed assets. Use as a member of the

general public (such as through short-term rentals or use under a rate-scale arrangement) will not be treated as private use.

- b) If the Director of Administrative Services learns of a sale of assets or private use of bond financed assets, he or she shall consult with bond counsel concerning appropriate remedies, including remedial action or voluntary compliance agreements with the IRS.
- c) Ideally, the Director of Administrative Services will try to learn in advance of any proposed sale, lease, or other use by a private entity of bond financed assets and will consult with bond counsel concerning appropriate remedial action or other action.

C. Investments

Investment of bond proceeds in compliance with the arbitrage bond rules and rebate of arbitrage will be supervised by the Director of Administrative Services.

- a) Guaranteed Investment Contracts (“GIC”) will be purchased only using the three-bid “safe harbor” of applicable Treasury regulations, in compliance with fee limitations on GIC brokers within the regulations. Any exceptions to this rule must be discussed with bond counsel.
- b) Other investments will be purchased only in market transactions.
- c) Calculations of rebate liability will be performed as necessary by outside consultants.
- d) Rebate payments will be made with Form 8038-T no later than sixty (60) days after (a) each fifth anniversary of the date of issuance; and (b) the final retirement of the issue. Compliance with rebate requirements will be reported to the bond trustee and the District.
- e) Finance shall identify the date of the first rebate payment at time of issuance, in conjunction with bond counsel, and enter that date in the records for the issue.

D. Records

Finance will supervise the management and retention of records related to tax exempt bond issues.

- a) Finance shall retain records relating to investment, expenditures, and use of bond financed facilities for the life of the bonds, and the life of any refunding bonds, plus three (3) years. Records may be in the form of documents or electronic copies of documents, appropriately indexed to specific bond issues and compliance functions.
 - i. Retainable records pertaining to bond issuance include transcript of documents executed in connection with the issuance of the bonds and any amendments, and copies of rebate calculations and records of payments, including Forms 8038-T.

- ii. Retainable records pertaining to expenditures of bond proceeds include requisitions, trustee statements and final allocation of proceeds.
- iii. Retainable records pertaining to use of property include all agreements reviewed for nonexempt use and any reviewed documents regarding unrelated business activity.
- iv. Retainable records pertaining to investments include GIC documents under the Treasury regulations, records of purchase and sale of other investments, and records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.
- v. Retainable records pertaining to any credit enhancement of the bonds during the entire term of the bonds, including bond insurance contracts, letters of credit and standby purchase agreements.
- vi. Retainable records pertaining to interest rate swaps, interest rate caps and other hedging contracts, including any International Swaps and Derivatives Association (“ISDA”) agreements, fairness opinions, termination agreements and records of termination payments.

5.12.6 *Post-Issuance Continuing Disclosure Compliance*

The Director of Administrative Services or designee will ensure the District’s annual audited financial statements and associated reports are posted on the District’s website. The District will also comply with the SEC Rule 15c2 by filing its annual audited financial statements, other financial and operating data and notices of enumerated events for the benefit of its bondholders on the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board (MSRB).

The District shall submit an annual report to the California Debt and Investment Advisory Commission (“CDIAC”) for any issue of debt for which it has submitted a report of final sale on or after January 21, 2017. The annual report shall comply with the requirements of Government Code Section 8855(i) and related regulations.

Approval and Revision Dates:

- Approved 02/11/04
- Revised 01/30/08 (Res. 2008-09)
- Revised 07/28/10 (Res. 2010-51)
- Revised 01/30/13 (Res. 2013-12)
- Revised 10/09/13 (Res. 2013-65)