

# CALAVERAS COUNTY WATER DISTRICT FINANCE COMMITTEE MEETING

## AGENDA

**Tuesday, July 16, 2019**  
**9:00 a.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:** May 21, 2019
3. **NEW BUSINESS**
  - 3a. Report on the Monthly Financial Reports for June 2019  
(Jeffrey Meyer, Director of Administrative Services)
  - 3b. Discussion/Direction Regarding Termination of Service  
(Joel Metzger, External Affairs Manager)
  - 3c. Discussion/Direction Regarding District's Financial Management Policy No. 5.01,  
Investment Policy  
(Jeffrey Meyer, Director of Administrative Services)
  - 3d. Discussion/Direction Regarding District's Financial Management Policy No. 5.09,  
Surplus Equipment Policy  
(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  
MAY 21, 2019

The FINANCE COMMITTEE of the CALAVERAS COUNTY WATER DISTRICT (CCWD) met in the CCWD Board Room at 120 Toma Court, San Andreas, California at 9:00 a.m.

The following Committee Members were present:

Bertha Underhill	Director
Cindy Secada	Director

Staff Present:

Michael Minkler	General Manager
Jeffrey Meyer	Director of Administrative Services
Patti Christensen	Accountant III
Peter Martin	Manager of Water Resources
Damon Wyckoff	Director of Operations
Joel Metzger	External Affairs Manager
<i>(for item 3d only)</i>	
Corinne Skrbina	Customer Service Representative, Lead
<i>(for item 3d only)</i>	

Public Present:

Vickey and Dennis Mills (left prior to completion of 3c)

1. Public Comment:  
None

2. Approval of Minutes: April 16, 2019

3. New Business:

3a. Report on the Monthly Financial Reports for April 2019:

Mr. Meyer discussed the Budget Status Report mentioning revenue and expenses are on track for the year. Meter reads for the Ebbetts Pass Big Trees area have not been read for a couple of billing cycles due to snow levels. Director Underhill brought up the need to advise these customers of this fact. Director Secada questioned Standby Fees and Capacity Fees. There was a brief discussion regarding Standby Fees, and Mr. Meyer stated there will be more of a discussion on this during the next agenda item.

Public Comment: None

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 this is an annual Agenda Item, and explained the fee for each service area affected. These fees are collected through the County Tax Rolls. Director Underhill questioned where this shows up as revenue and Director Secada asked what the funds are used for, Mr. Meyer answered their questions.

Direction was given to take this to the full Board.

Public Comment: None

MINUTES  
FINANCE COMMITTEE MEETING  
MAY 21, 2019

3c. Update on the FY 2019-20 Operating and Capital Improvement Program Budgets:

Mr. Meyer stated this is the draft preliminary FY 2019-20 Operating Budget and explained the different components that make up the budget. He then went over the major reporting changes compared to the prior year that included moving an employee from one department to another, showing the FERC and Water Rights fees as an expense and as revenue when reimbursed by other agencies, and the new CalPERS Unfunded Accrued Liability (UAL) loan that will increase debt service, but will decrease employee benefits. He pointed out the overall budget shortfall of \$300K. Mr. Minkler stated that the payroll budget includes two new positions, a Purchasing Agent and an Operator. Mr. Minkler talked about the upcoming restructuring of the operations staff and the need of a Purchasing Agent to streamline purchases and free up staff time. There was quite a discussion on the hiring of a Purchasing Agent and Mr. Minkler stated the goal would be to hire a Purchasing Agent and down the road an operator if needed. Mr. Minkler and Mr. Wyckoff commented on the Paving-Asphalt budget increase due to County standard changes that are in the works.

There was quite a discussion regarding the recruitment expense, and other line items were reviewed and discussed. Staff will look for ways to reduce the budget shortfall prior to the Board meeting. The committee members do not want the personnel additions to be removed and Director Secada suggested limiting the number of Directors attending conferences and the Washington, D.C. trip.

Direction was given to take this to the full Board.

Public Comment: None

3d. Update on Termination of Service Policy:

Mr. Minkler advised the committee members that staff does not have a recommended policy at this time and extensive research is ongoing. Mr. Metzger stated a draft policy is progressing but staff is now seeking feedback. Mr. Metzger's PowerPoint presentation listed data regarding who would qualify for termination of service, potential financial impacts and lastly, referred to the capacity fees paid.

There was much discussion on what circumstances qualify for termination of service and how the capacity fee is affected. Mr. Minkler prefers the No Termination of Service Policy. There was also a suggestion to handle termination of service on a case-by-case basis with specific criteria and approval required by the Board. Mr. Meyer stated that if a customer terminates service, and at a later date wishes to reconnect, there may not be capacity available at that time. Mr. Minkler cautioned the committee members on legal issues that could result in changes to the Termination of Service Policy.

Direction was given to bring this back to the Finance Committee for further discussion.

Public Comment: None

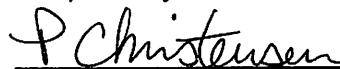
4. Director of Administrative Services Comments:

None at this time.

MINUTES  
FINANCE COMMITTEE MEETING  
MAY 21, 2019

5. General Manager Comments:  
None at this time.
6. Director Comments:  
Director Secada thanked staff for their work on the budget.  
Director Underhill commented on the recent snowfall.
7. Future Agenda Items:
  - Termination of Service Policy
8. Next Committee Meeting:  
July 16, 2019 at 9 a.m.
9. Adjournment:  
Meeting adjourned at 11:35 a.m.

Respectfully Submitted,



\_\_\_\_\_  
Patti Christensen, Accountant III

Approved:



\_\_\_\_\_  
Jeffrey Meyer, Director of Administrative Services

# Agenda Item

DATE: July 16, 2019

TO: Finance Committee

FROM: Jeffrey Meyer, <sup>DM</sup> Director of Administrative Services

SUBJECT: Report on the Monthly Financial Reports for June 2019

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## RECOMMENDED ACTION:

Receive Report on June 2019 Monthly Financial Reports

## SUMMARY:

The following financial reports are for the month ending June 30, 2019:

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 June, 2019. The June claim summary was submitted to and approved by the Board of Directors at the July 10<sup>th</sup> Board meeting.

## FINANCIAL CONSIDERATIONS:

None

*Attachment: Budget Status Report – June 2019  
Capital R&R Report – June 2019*

**CALAVERAS COUNTY WATER DISTRICT  
REVENUE STATUS REPORT FOR  
THE PERIOD ENDED JUNE 30, 2019  
ALL REVENUES  
100% of Year Completed  
PRE-AUDIT**

Revenue Source	Actual Revenue FY 17-18 (post-audit)	Budgeted Revenue FY 18-19	Actual Revenue to 06/19	%	Received
<b>Operating Revenue</b>					
WATER SALES	7,414,772	7,813,288	7,559,110		96.75%
WASTEWATER SALES	4,263,774	4,496,488	4,469,914		99.41%
OTHER	524,541	485,800	513,708		105.74%
<b>Total Operating Revenue</b>	<b>12,203,087</b>	<b>12,795,576</b>	<b>12,542,732</b>		<b>98.02%</b>
<b>Non-Operating Revenue</b>					
CAPACITY FEES	567,765	-	1,008,445		-
STAND-BY FEES	130,894	132,500	123,849	*	93.47%
PROPERTY TAXES	2,916,956	3,075,001	3,044,862	*	99.02%
INVESTMENT INCOME	390,749	283,782	488,867		172.27%
GRANT REVENUE	821,148	-	1,911,081		-
OTHER REVENUE	346,335	1,574,118	1,726,043		109.65%
<b>Total Non-Operating Revenue</b>	<b>5,173,847</b>	<b>5,065,401</b>	<b>8,303,147</b>		<b>163.92%</b>
<b>GRAND TOTALS REVENUE</b>	<b>17,376,934</b>	<b>17,860,977</b>	<b>20,845,879</b>		<b>116.71%</b>

\*Distributed in Feb, May, and Aug

**CALAVERAS COUNTY WATER DISTRICT  
REVENUE STATUS REPORT FOR  
THE PERIOD ENDED JUNE 30, 2019  
OPERATING REVENUES  
100% of Year Completed  
PRE-AUDIT**

Revenue Source	Actual Revenue FY 17-18 (post-audit)	Budgeted Revenue FY 18-19	Actual Revenue to 06/19		% Received
<b>Operating Revenue</b>					
WATER SALES	7,414,772	7,813,288	7,559,110		96.75%
WASTEWATER SALES	4,263,774	4,496,488	4,469,914		99.41%
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<b>Total Operating Revenue</b>	<b>12,203,087</b>	<b>12,795,576</b>	<b>12,542,732</b>		<b>98.02%</b>
<b>Non-Operating Revenue</b>					
STAND-BY FEES	130,894	132,500	123,849	*	93.47%
PROPERTY TAXES	2,788,250	2,613,751	2,588,133	*	99.02%
INVESTMENT INCOME	56,183	86,536	159,371		184.17%
GRANT REVENUE	65,732	-	6,626		-
OTHER REVENUE	342,078	1,562,118	1,725,043		110.43%
<b>Total Non-Operating Revenue</b>	<b>3,383,137</b>	<b>4,394,905</b>	<b>4,603,022</b>		<b>104.74%</b>
<b>GRAND TOTALS REVENUE</b>	<b>15,586,224</b>	<b>17,190,481</b>	<b>17,145,754</b>		<b>99.74%</b>

\*Distributed in Feb, May, and Aug

**Calaveras County Water District**  
**Operating Budget Summary**  
**Fiscal Year 2018-19**  
**Budget vs Actual as of June 30, 2019**  
**100% of Year Completed**  
**PRE-AUDIT**

**District Summary by Category**

Description	FY 18-19 Budget	Expenditures to 06/30/19	%
Personnel Services	9,551,359	9,427,577	99%
Services and Supplies	6,553,650	6,462,142	99%
Capital Outlay	500,000	287,487	57%
<b>Total Operations &amp; Capital Outlay:</b>	<b>16,605,009</b>	<b>16,177,205</b>	<b>97%</b>

**District Summary by Department**

Dept	Description	FY 18-19 Budget	Expenditures to 06/30/19	%
<b>Personnel, Services, and Supplies</b>				
50	Non-Departmental (excluding Debt Svc)	1,545,819	1,100,976	71%
54	Utility Services	9,992,709	10,051,262	101%
56	General Management	1,012,459	1,014,183	100%
57	Board of Directors	165,089	138,348	84%
58	Technical Services/Engineering	773,685	761,154	98%
59	Administrative Services	1,582,455	1,602,082	101%
60	Water Resources	1,032,793	1,221,713	118%
<b>sub-total Operations:</b>		<b>16,105,009</b>	<b>15,889,718</b>	<b>99%</b>
<b>Capital Outlay</b>				
54	Utility Services - Equipment/Projects	490,000	267,705	55%
59	Administrative Services	10,000	19,782	198%
<b>sub-total Capital Outlay:</b>		<b>500,000</b>	<b>287,487</b>	<b>57%</b>
<b>Total Operations &amp; Capital Outlay</b>		<b>16,605,009</b>	<b>16,177,205</b>	<b>97%</b>



CCWD Budget Status Report  
 Non-Departmental  
 PRE-AUDIT

As of June 30, 2019  
 100% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>June 2019</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
<b>Services &amp; Supplies</b>							
60210	Power	11,400	679	8,838	78%	-	2,562
60220	Water	2,765	-	2,417	87%	-	348
60250	Telephone	11,808	807	10,848	92%	-	960
60260	Refuse Disposal	2,597	217	2,595	100%	-	2
60310	Materials and Supplies	37,200	9,313	44,578	120%	1,342	(8,720)
60313	Tools	500	-	767	153%	-	(267)
60320	Safety Equipment	3,230	-	397	12%	-	2,833
60400	Outside Services/Repairs	10,100	622	16,296	161%	-	(6,196)
60410	Service Maintenance Contracts	5,800	125	5,501	95%	-	299
60426	Building Repairs	5,000	-	39	1%	-	4,961
60430	Claims Damages	5,000	-	125	3%	-	4,875
60440	Janitorial Services	23,220	1,935	23,220	100%	-	-
60590	Professional Services	-	-	600	-	-	(600)
61100	New Hogan O&M	293,262	293,262	293,262	100%	-	-
61200	Retired Employee Costs	554,200	51,542	570,622	103%	-	(16,422)
61410	Insurance	184,000	-	117,297	64%	-	66,703
61430	State/Federal/County Fees	395,737	-	3,282	1%	-	392,455
78990	Misc. Non-Operating Costs	-	-	292	-	-	(292)
<b>sub-total Services &amp; Supplies:</b>		<b>1,545,819</b>	<b>358,502</b>	<b>1,100,976</b>	<b>71%</b>	<b>1,342</b>	<b>443,501</b>
<b>Debt Service</b>							
72110	Interest - CalPERS Side Fund Loan	3,485	-	2,880	83%	-	605
73110	Principal - CalPERS Side Fund Loan	257,021	-	256,916	100%	-	105
72350	Interest - USDA EP Reach 3A	57,543	-	57,543	100%	-	-
73350	Principal - USDA EP Reach 3A	43,700	-	43,700	100%	-	-
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	17,115	17,115	100%	-	(2)
73500	Principal - New Hogan Dam	55,242	55,242	55,242	100%	-	-
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	-	89,966	100%	-	132
73900	Principal - Capital R&R Loan	1,487,319	-	1,487,319	100%	-	-
<b>sub-total Debt Service:</b>		<b>2,736,984</b>	<b>72,357</b>	<b>2,010,682</b>	<b>73%</b>	<b>-</b>	<b>725,593</b>
<b>Total Department:</b>		<b>4,282,803</b>	<b>430,859</b>	<b>3,111,658</b>	<b>73%</b>	<b>1,342</b>	<b>1,169,094</b>

CCWD Budget Status Report  
Utility Services - Summary  
PRE-AUDIT

As of June 30, 2019  
100% of Year Completed

<u>Acct</u>	<u>Description</u>	FY 18-19 <u>Budget</u>	June <u>2019</u>	FY 18-19 <u>Year-to-Date</u>	Percent <u>YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
<b>Personnel Services</b>							
	Salaries/Wages	3,647,540	283,670	3,533,985	97%	-	113,555
	Wages-Overtime	220,565	20,844	258,228	117%	-	(37,663)
	Benefits	2,607,254	214,535	2,603,006	100%	-	4,248
	Medical Reimbursements	17,600	736	10,496	60%	-	7,104
	<b>sub-total Personnel Services:</b>	<b>6,492,959</b>	<b>519,785</b>	<b>6,405,715</b>	<b>99%</b>	<b>-</b>	<b>87,244</b>
<b>Services &amp; Supplies</b>							
	Utilities	990,350	78,731	983,242	99%	-	7,108
	Material and Supplies	663,100	65,183	784,050	118%	28,946	(149,896)
	Safety Eq Rep/consumables	40,000	5,411	37,932	95%	100	1,968
	Chemicals	350,000	51,358	326,902	93%	-	23,098
	Outside Services/Repairs	148,700	21,795	132,911	89%	1,000	14,789
	Service Maintenance Contracts	323,000	18,370	214,257	66%	35,584	73,159
	Laboratory Services	200,000	11,774	147,998	74%	-	52,002
	Rentals (Non Vehicles & Equipment)	-	-	33,000	0%	-	(33,000)
	Professional Services	68,000	2,290	66,494	98%	36,308	(34,802)
	Operating Exp/Gas & Oil	360,000	35,010	395,687	110%	916	(36,603)
	Rental Exp/Vehicle and Equip.	30,000	91	69,966	233%	-	(39,966)
	Permits & Licenses	11,000	1,299	13,479	123%	-	(2,479)
	Publications/Subscriptions	1,000	-	-	0%	-	1,000
	Memberships/Dues	14,500	-	7,684	53%	-	6,816
	Training, Conferences & Travel	36,000	1,080	34,661	96%	305	1,034
	Other Travel Costs	-	-	828	0%	-	(828)
	Purchased Water	5,000	-	2,349	47%	-	2,651
	State Wtr/Swr Fees	259,100	-	394,107	152%	-	(135,007)
	<b>sub-total Services &amp; Supplies:</b>	<b>3,499,750</b>	<b>292,392</b>	<b>3,645,547</b>	<b>104%</b>	<b>103,159</b>	<b>(248,956)</b>
<b>sub-total Operations:</b>		<b>9,992,709</b>	<b>812,177</b>	<b>10,051,262</b>	<b>101%</b>	<b>103,159</b>	<b>(161,712)</b>
<b>Capital Outlay</b>							
	Automotive Lift	-	-	18,067	-	-	(18,067)
	UVT Analyzer - DFA/CTO WWTP	-	-	7,016	-	-	(7,016)
	Control Panel - JL B Tank	-	-	10,617	-	-	(10,617)
	Water Tank - CC C Tank	-	18,139	18,139	-	-	(18,139)
	Pump Station Tank Replacement - JL	-	-	-	-	15,000	(15,000)
	Filter Media - FMWWTP	-	-	-	-	50,000	(50,000)
505-19	West Point Monitoring Well	42,000	-	-	-	-	42,000
506-19	Wallace Up-Gradient Monitoring Well	35,000	-	-	-	-	35,000
	Mini-Excavator	74,000	-	67,536	-	-	6,464
	Skid-Steer	84,000	-	79,660	-	-	4,340
300/500-19	Vehicles (4)	180,000	-	24,655	14%	-	155,345
303-19	Snow ATV	30,000	-	28,072	94%	-	1,928
305-19	PRV Vaults - Copper Sawmill	30,000	-	-	0%	-	30,000
306-19	Handheld Meter Readers	15,000	-	13,943	93%	-	1,057
	<b>sub-total Capital Outlay:</b>	<b>490,000</b>	<b>18,139</b>	<b>267,705</b>	<b>55%</b>	<b>65,000</b>	<b>157,295</b>
<b>Total Department:</b>		<b>10,482,709</b>	<b>830,316</b>	<b>10,318,967</b>	<b>98%</b>	<b>168,159</b>	<b>(4,417)</b>

CCWD Budget Status Report

Utility Services - Detail

As of June 30, 2019

100% of Year Completed

PRE-AUDIT

Acct	Description	FY 18-19 Budget	June 2019	FY 18-19 Year-to-Date	Percent YTD	Encumbered	Balance Available
<b>Personnel Services</b>							
60000	Salaries/Wages	3,647,540	283,670	3,533,985	97%	-	113,555
60030	Wages-Overtime	220,565	20,844	258,228	117%	-	(37,663)
60100	Benefits	2,607,254	214,535	2,603,006	100%	-	4,248
60102	Medical Reimbursements	17,600	736	10,496	60%	-	7,104
sub-total Personnel Services:		6,492,959	519,785	6,405,715	99%	-	87,244
<b>Services &amp; Supplies</b>							
60210	Power	842,000	69,740	827,841	98%	-	14,159
60220	Water	2,400	244	2,660	111%	-	(260)
60230	Sewage	57,450	165	53,462	93%	-	3,988
60240	Telephone Lease Lines	4,000	324	3,372	84%	-	628
60250	Telephone	75,000	7,109	81,860	109%	-	(6,860)
60260	Refuse/Disposal	9,500	1,149	14,027	148%	-	(4,527)
60310	Material and Supplies	100,000	6,651	104,948	105%	3,416	(8,364)
60311	Herbicide	1,500	81	946	63%	15	539
60312	Safety Eq Rep/consumables	40,000	5,411	37,932	95%	100	1,968
60313	Tools	25,000	1,204	47,002	188%	717	(22,719)
60314	Uniforms - New	8,000	200	9,196	115%	-	(1,196)
60325	Lab Supplies, Consumables	34,000	14,696	54,626	161%	1,512	(22,138)
60327	Ozone System Parts	3,600	145	690	19%	-	2,910
60328	UV Bulb Replacement	85,000	-	42,658	50%	400	41,942
60331	Electcnal Parts Replacement	75,000	8,405	94,988	127%	-	(19,988)
60332	Leak Repair Supplies	80,000	18,750	130,488	163%	433	(50,921)
60333	Road Repair Materials	25,000	1,232	39,154	157%	-	(14,154)
60334	SCADA, Radio Supplies	40,000	202	32,155	80%	-	7,845
60335	Septic Tanks, Repair & New	10,000	643	5,868	59%	-	4,132
60338	Meters, New Conn. & Repl.	31,000	3,846	24,861	80%	1,115	5,024
60350	Aerator/Compressor etc Repair	15,000	906	23,466	156%	-	(8,466)
60353	Computers/peripherals	6,000	25	385	6%	-	5,615
60354	Control Sys/Pressure Transducer	10,000	-	4,783	48%	-	5,217
60355	Headworks/Solids Removal Rep.	12,000	2,772	33,415	278%	-	(21,415)
60356	HVAC	6,000	-	7,636	127%	-	(1,636)
60357	Mixers	10,000	2,744	47,905	479%	-	(37,905)
60358	Monitor Wells Repair	1,000	-	0	0%	-	1,000
60359	Pumps/Motors Repair	85,000	2,681	76,961	91%	21,338	(13,299)
60360	Solids Handling Equipment Repair	-	-	1,919	-	-	(1,919)
60395	Chemicals	350,000	51,358	326,902	93%	-	23,098
60400	Outside Services/Repairs	77,000	4,236	50,455	66%	1,000	25,545
60401	Fire Ext. Testing Cust. Base	1,800	-	1,600	89%	-	200
60402	Spraying - Weeds & Insects	11,700	631	18,346	157%	-	(6,646)
60403	Snow Removal	10,000	-	5,460	55%	-	4,540
60404	Uniform Launder	24,200	2,424	28,954	120%	-	(4,754)
60405	Fire Hydrant Maintenance	24,000	14,504	28,096	117%	-	(4,096)
60412	Groundwater Monitoring	45,000	4,704	37,207	83%	8,784	(991)
60413	Instrumentation Tech	6,500	-	2,347	36%	-	4,153
60414	Ozone System PM	10,000	-	0	0%	-	10,000
60415	Backflow Device Testing	6,500	-	1,995	31%	-	4,505
60416	SCADA Consulting (A-Team)	40,000	517	4,927	12%	-	35,073
60417	Hauling / Dig / Crane	15,000	680	10,455	70%	-	4,545
60419	Pave / Seal / Asphalt Repair	72,000	3,844	112,760	157%	-	(40,760)
60423	Telemetry / Radio	3,000	-	0	0%	-	3,000
60424	Septic Hauling	15,000	5,605	18,391	123%	-	(3,391)
60425	Tank Cleaning	40,000	3,020	5,870	15%	26,800	7,330
60426	Building Repairs	35,000	-	13,607	39%	-	21,393
60428	Distribution System Contract	5,000	-	0	0%	-	5,000
60431	Computer Lic/Maint Contracts	30,000	-	6,698	22%	-	23,302
60470	Laboratory Services	200,000	11,774	147,998	74%	-	52,002
60480	Rentals (Non Vehicles & Equipment)	-	-	33,000	0%	-	(33,000)
60590	Professional Services	68,000	2,290	66,494	98%	36,308	(34,802)
60610	Operating Exp/Gas & Oil	205,000	19,248	206,819	101%	-	(1,819)
60620	Repairs and Parts	145,000	14,965	161,515	111%	916	(17,431)
60625	Fuel/Repairs - Generators	10,000	797	27,353	274%	-	(17,353)
60650	Rental Exp/Vehicle and Equip.	30,000	91	69,966	233%	-	(39,966)
60710	Permits & Licenses	11,000	1,299	13,479	123%	-	(2,479)
60730	Publications/Subscriptions	1,000	-	0	0%	-	1,000
60732	Memberships/Dues	14,500	-	7,684	53%	-	6,816
60810	Training, Conferences & Travel	36,000	1,080	34,661	96%	305	1,034
60820	Other Travel Costs	-	-	828	0%	-	(828)
61100	Purchased Water	5,000	-	2,349	47%	-	2,651
61420	State Wtr/Swr Fees	259,100	-	394,107	152%	-	(135,007)
sub-total Services & Supplies:		3,499,750	292,392	3,645,547	104%	103,159	(248,956)
<b>sub-total Operations:</b>		<b>9,992,709</b>	<b>812,177</b>	<b>10,051,262</b>	<b>101%</b>	<b>103,159</b>	<b>(161,712)</b>
<b>Capital Outlay</b>							
Automotive Lift							
-	-	-	-	18,067	-	-	(18,067)
UVT Analyzer - DFVCTO WWTP							
-	-	-	-	7,016	-	-	(7,016)
Control Panel - JL B Tank							
-	-	-	-	10,617	-	-	(10,617)
Water Tank - CC C Tank							
-	-	18,139	-	18,139	-	-	(18,139)
Pump Station Tank Replacement - JL							
-	-	-	-	-	-	15,000	(15,000)
Filter Media - FMWWTP							
-	-	-	-	-	-	50,000	(50,000)
505-19	West Point Monitoring Well	42,000	-	-	-	-	42,000
506-19	Wallace Up-Gradient Monitoring Well	35,000	-	-	-	-	35,000
Mini-Excavator							
-	-	74,000	-	67,536	-	-	6,464
Skid-Steer							
-	-	84,000	-	79,660	-	-	4,340
300500-19	Vehicles (4)	180,000	-	24,655	14%	-	155,345
303-19	Snow ATV	30,000	-	28,072	94%	-	1,928
305-19	PRV Vaults - Copper Sawmill	30,000	-	0	0%	-	30,000
306-19	Handheld Meter Readers	15,000	-	13,943	93%	-	1,057
sub-total Capital Outlay:		490,000	18,139	267,705	55%	65,000	157,295
<b>Total Department:</b>		<b>10,482,709</b>	<b>830,316</b>	<b>10,318,967</b>	<b>98%</b>	<b>168,159</b>	<b>(4,417)</b>

# CCWD Budget Status Report

As of June 30, 2019  
100% of Year Completed

## General Management

### PRE-AUDIT

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>June 2019</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
<b>Personnel Services</b>							
60000	Salaries/Wages	425,395	36,208	433,070	102%	-	(7,675)
60030	Wages-Overtime	740	-	573	77%	-	167
60100	Benefits	241,199	18,546	201,468	84%	-	39,731
60102	Medical Reimbursements	1,600	-	1,200	75%	-	400
<b>sub-total Personnel Services:</b>		<b>668,934</b>	<b>54,754</b>	<b>636,311</b>	<b>95%</b>	<b>-</b>	<b>32,623</b>
<b>Services and Supplies</b>							
60310	Material and Supplies	3,000	379	2,006	67%	-	994
60420	Drug and Alcohol Testing	1,500	-	1,820	121%	-	(320)
60429	Recruiting	5,000	4,468	27,815	556%	87	(22,902)
60505	Outside Legal Fees	127,500	14,063	170,520	134%	-	(43,020)
60541	Advertising/Publicity	1,500	448	448	30%	224	828
60590	Professional Services	125,800	7,287	93,600	74%	-	32,200
60700	Forms and Supplies	450	-	138	31%	-	312
60730	Publications/Subscriptions	-	-	65	-	-	(65)
60732	Memberships/Dues	48,275	-	59,823	124%	-	(11,548)
60810	Training, Conferences & Travel	27,500	3,527	19,138	70%	-	8,362
60820	Other Travel Costs	1,000	110	777	78%	-	223
61410	Unemployment Claims	2,000	-	1,714	86%	-	286
78990	Misc Non-Operating Costs	-	9	9	-	-	(9)
<b>sub-total Services &amp; Supplies:</b>		<b>343,525</b>	<b>30,291</b>	<b>377,873</b>	<b>110%</b>	<b>311</b>	<b>(34,659)</b>
<b>Total Department:</b>		<b>1,012,459</b>	<b>85,045</b>	<b>1,014,183</b>	<b>100%</b>	<b>311</b>	<b>(2,035)</b>

CCWD Budget Status Report  
 Board of Directors  
 PRE-AUDIT

As of June 30, 2019  
 100% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>June 2019</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
<b>Personnel Services</b>							
60000	Salaries/Wages	43,200	1,680	28,800	67%	-	14,400
60100	Benefits	86,139	7,299	79,542	92%	-	6,597
60102	Medical Reimbursements	2,000	-	1,518	76%	-	482
<b>sub-total Personnel Services:</b>		<b>131,339</b>	<b>8,979</b>	<b>109,860</b>	<b>84%</b>	<b>-</b>	<b>21,479</b>
<b>Services and Supplies</b>							
60310	Materials and Supplies	750	68	699	93%	65	(14)
60590	Professional Services	11,500	-	8,124	71%	-	3,376
60810	Training, Conferences & Travel	15,000	1,717	11,459	76%	-	3,541
60820	Other Travel Costs	6,500	620	8,206	126%	-	(1,706)
<b>sub-total Services &amp; Supplies:</b>		<b>33,750</b>	<b>2,405</b>	<b>28,488</b>	<b>84%</b>	<b>65</b>	<b>5,197</b>
<b>Total Department:</b>		<b>165,089</b>	<b>11,384</b>	<b>138,348</b>	<b>84%</b>	<b>65</b>	<b>26,676</b>

CCWD Budget Status Report  
 Technical Services/Engineering  
 PRE-AUDIT

As of June 30, 2019  
 100% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>June 2019</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
<b>Personnel Services</b>							
60000	Salaries/Wages	455,490	43,490	458,041	101%	-	(2,551)
60030	Overtime	12,038	142	4,380	36%	-	7,658
60100	Benefits	282,057	26,098	272,812	97%	-	9,245
60102	Medical Reimbursements	2,800	-	1,600	57%	-	1,200
<b>sub-total Personnel Services:</b>		<b>752,385</b>	<b>69,730</b>	<b>736,833</b>	<b>98%</b>	<b>-</b>	<b>15,552</b>
<b>Services and Supplies</b>							
60310	Materials and Supplies	-	-	757	-	-	(757)
60390	Admin. Technologies/Comm.	-	2,420	5,623	-	-	(5,623)
60410	Service Maintenance Contracts	9,800	-	8,639	88%	2,719	(1,558)
60480	Rentals (Non Vehicles & Equip)	-	-	50	-	-	(50)
60590	Professional Services	5,000	-	5,765	115%	21,456	(22,221)
60700	Forms and Supplies	500	-	-	0%	-	500
60710	Permits and Licenses	-	206	206	0%	-	(206)
60730	Publications/Subscriptions	250	-	310	124%	-	(60)
60732	Memberships/Dues	250	-	275	110%	-	(25)
60760	Recording Title Reports	-	47	212	-	-	(212)
60810	Training, Conferences & Travel	5,000	110	2,469	49%	-	2,531
60820	Other Travel Costs	500	-	15	3%	-	485
<b>sub-total Services &amp; Supplies:</b>		<b>21,300</b>	<b>2,783</b>	<b>24,321</b>	<b>114%</b>	<b>24,175</b>	<b>(27,196)</b>
<b>Total Department:</b>		<b>773,685</b>	<b>72,513</b>	<b>761,154</b>	<b>98%</b>	<b>24,175</b>	<b>(11,644)</b>

# CCWD Budget Status Report

## Administrative Services PRE-AUDIT

As of June 30, 2019  
100% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>June 2019</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
<b>Personnel Services</b>							
60000	Salaries/Wages	692,729	61,610	724,678	105%	-	(31,949)
60030	Wages-Overtime	3,676	904	3,490	95%	-	186
60100	Benefits	473,615	43,449	488,519	103%	-	(14,904)
60102	Medical Reimbursements	3,200	189	2,295	72%	-	905
<b>sub-total Personnel Services:</b>		<b>1,173,220</b>	<b>106,152</b>	<b>1,218,982</b>	<b>104%</b>	<b>-</b>	<b>(45,762)</b>
<b>Services and Supplies</b>							
60310	Materials and Supplies	250	20	274	110%	-	(24)
60390	Admin Technologies Comm	34,000	688	40,241	118%	123	(6,364)
60400	Outside Services/Repairs	5,750	6,444	11,557	201%	738	(6,545)
60410	Service Maintenance Contracts	40,500	-	38,372	95%	-	2,128
60431	Computer Lic/Maint Contracts	22,260	559	12,797	57%	432	9,031
60510	Accounting/Auditing	40,000	-	39,850	100%	-	150
60590	Professional Services	83,200	8,523	77,652	93%	-	5,548
60700	Forms and Supplies	1,950	-	105	5%	-	1,845
60720	Postage	18,100	301	15,493	86%	-	2,607
60732	Memberships/Dues	725	-	630	87%	-	95
60810	Training, Conferences & Travel	5,000	-	1,413	28%	-	3,587
60820	Other Travel Costs	1,000	30	296	30%	-	704
61310	Bad Debt Expense	48,000	1,290	48,434	101%	-	(434)
61315	Customer Rate Assistance Program	30,000	2,130	23,558	79%	-	6,442
61485	Third Party Payment Proc Fees	71,000	6,417	64,928	91%	-	6,072
78100	Custodial Agent Fees	7,500	-	7,500	100%	-	-
<b>sub-total Services &amp; Supplies:</b>		<b>409,235</b>	<b>26,402</b>	<b>383,100</b>	<b>94%</b>	<b>1,293</b>	<b>24,842</b>
<b>sub-total Operations:</b>		<b>1,582,455</b>	<b>132,554</b>	<b>1,602,082</b>	<b>101%</b>	<b>1,293</b>	<b>(20,920)</b>
<b>Capital Outlay</b>							
	Server Replacement	-	-	10,165	-	-	(10,165)
	Antenna Replacement	10,000	-	9,617	96%	-	383
<b>sub-total Capital Outlay:</b>		<b>10,000</b>	<b>-</b>	<b>19,782</b>	<b>198%</b>	<b>-</b>	<b>(9,782)</b>
<b>Total Department:</b>		<b>1,592,455</b>	<b>132,554</b>	<b>1,621,864</b>	<b>102%</b>	<b>1,293</b>	<b>(30,702)</b>

CCWD Budget Status Report  
 Water Resources  
 PRE-AUDIT

As of June 30, 2019  
 100% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>June 2019</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
<b>Personnel Services</b>							
60000	Salaries/Wages	216,720	10,030	205,927	95%	-	10,793
60100	Benefits	115,002	5,405	113,549	99%	-	1,453
60102	Medical Reimbursements	800	66	400	50%	-	400
<b>sub-total Personnel Services:</b>		<b>332,522</b>	<b>15,501</b>	<b>319,876</b>	<b>96%</b>	<b>-</b>	<b>12,646</b>
<b>Services and Supplies</b>							
60310	Material and Supplies	20,000	-	27,163	136%	-	(7,163)
60505	Outside Legal Fees	115,000	17,797	110,780	96%	-	4,220
60590	Professional Services	80,000	2,297	79,715	100%	37,207	(36,922)
60732	Membership/Dues	37,390	-	53,742	144%	-	(16,352)
60810	Training, Conferences & Travel	6,000	969	4,093	68%	-	1,907
60820	Other Travel Costs	1,500	-	461	31%	-	1,039
61435	State/Federal/County Fees	359,381	-	618,974	172%	-	(259,593)
61450	Mandated Plans	75,000	-	5,091	7%	-	69,909
61455	Water Conservation	6,000	75	1,818	30%	-	4,182
<b>sub-total Services &amp; Supplies:</b>		<b>700,271</b>	<b>21,138</b>	<b>901,837</b>	<b>129%</b>	<b>37,207</b>	<b>(238,773)</b>
<b>Total Department:</b>		<b>1,032,793</b>	<b>36,639</b>	<b>1,221,713</b>	<b>118%</b>	<b>37,207</b>	<b>(226,127)</b>



# Water Capital Renovation and Replacement Fund

July 1, 2013 through June 30, 2019

	Thru Jun 30, 2018	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Y-T-D FY 18-19	Total to Date
<b>Revenues:</b>							
Capital R&R Water Revenues	\$ 14,049,903	\$ 639,191	\$ 809,396	\$ 772,089	\$ 738,488	\$ 2,959,163	\$ 17,009,067
Interest Income	297,610	33,671	35,410	39,670	40,930	149,680	447,290
Capital R&R Loan *	6,622,000	-	-	-	-	-	6,622,000
Grant Revenues	2,881,125	-	-	1,477,213	394,439	1,871,652	4,752,777
<b>Total Revenues</b>	<b>\$ 23,850,639</b>	<b>\$ 672,861</b>	<b>\$ 844,805</b>	<b>\$ 2,288,972</b>	<b>\$ 1,173,856</b>	<b>\$ 4,980,495</b>	<b>\$ 28,831,134</b>
<b>Expenditures:</b>							
Ebbetts Pass Techite Line	156,172	-	3,633	44,201	8,257	56,091	212,263
Ebbetts Pass Reach 1	583,435	55,255	65,723	8,323	310,451	439,752	1,023,187
San Antonio Storage Restoration	67,436	-	-	-	310	310	67,747
Jenny Lind Pretreatment Facility	1,425,450	377,255	1,591,827	567,449	771,672	3,308,203	4,733,653
Tank Management Plan	65,954	-	-	310	1,551	1,861	67,816
EP Redwood Tank Replacement	28,926	6,678	-	-	103	6,781	35,707
Jenny Lind A-B Trans Line	8,581	621	-	214	827	1,662	10,243
Ebbetts Pass WTP Filter Rehab	-	-	-	317	207	524	524
Meadowmont Pump Station Improv	-	-	-	29,455	423	29,879	29,879
Pipeline Replacement	233,618	-	293	3,412	290	3,996	237,613
Big Trees Tank Replacement	1,430,906	-	-	-	-	-	1,430,906
Completed Projects (see Funding)	7,041,727	-	-	-	-	-	7,041,727
<b>Total Expenditures</b>	<b>\$ 11,042,254</b>	<b>\$ 439,809</b>	<b>\$ 1,661,476</b>	<b>\$ 653,682</b>	<b>\$ 1,094,093</b>	<b>\$ 3,849,059</b>	<b>\$ 14,891,314</b>
<b>Beginning Balance</b>	<b>\$ -</b>	<b>\$ 11,676,112</b>	<b>\$ 11,243,034</b>	<b>\$ 10,426,363</b>	<b>\$ 12,061,654</b>	<b>\$ 11,676,112</b>	<b>\$ -</b>
Total Revenues	23,850,639	672,861	844,805	2,288,972	1,173,856	4,980,495	28,831,134
Less							
Loan Payments	1,132,274	666,130	-	-	615,429	1,281,559	2,413,833
Project Costs	11,042,254	439,809	1,661,476	653,682	1,094,093	3,849,059	14,891,314
<b>Ending Balance</b>	<b>\$ 11,676,112</b>	<b>\$ 11,243,034</b>	<b>\$ 10,426,363</b>	<b>\$ 12,061,654</b>	<b>\$ 11,525,988</b>	<b>\$ 11,525,988</b>	<b>\$ 11,525,988</b>

\* R&R/USDA Loans - Outstanding P&I Due: \$ 5,125,341

# Water Capital Renovation and Replacement Funding

July 1, 2013 through June 30, 2019

Project Funding	Project Budget	Expenses To Date	Balance	Operating Funds	Expansion Funds	Capital R&R	Grant Revenues
Ebbetts Pass Techite Line	\$ 1,250,000	\$ 212,263	\$ 1,037,737	\$ -	\$ -	\$ 1,250,000	\$ -
Ebbetts Pass Reach 1	5,000,000	1,023,187	3,976,813	-	1,000,000	4,000,000	-
San Antonio Storage Restoration	4,000,000	67,747	3,932,253	-	-	4,000,000	-
Jenny Lind Pretreatment Facility	3,800,000	4,733,653	(933,653)	-	-	980,000	2,820,000
Tank Management Plan	2,650,000	67,816	2,582,184	-	-	2,650,000	-
EP Redwood Tank Replacement	-	35,707	(35,707)	-	-	-	-
West Point AMR/AMI Meter Program	500,000	-	500,000	-	-	500,000	-
Wilson Dam	500,000	49	499,951	-	-	500,000	-
Jenny Lind A-B Trans Line	3,500,000	10,243	3,489,757	-	-	3,500,000	-
Ebbetts Pass WTP Filter Rehab	300,000	524	299,476	-	-	300,000	-
Meadowmont Pump Station Improv	175,000	29,879	145,121	-	-	175,000	-
Pipeline Replacement	1,000,000	237,613	762,387	-	-	1,000,000	-
Big Trees Tank Replacement	1,160,000	1,430,906	(270,906)	290,000	-	-	870,000
Ebbetts Pass Reach 3a (1)	5,360,000	5,829,093	(469,093)	-	-	3,982,000	1,378,000
Jenny Lind Pressure Reg Station (1)	190,000	207,581	(17,581)	-	-	190,000	-
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	-
<b>Total Expenditures</b>	<b>\$ 30,375,000</b>	<b>\$ 14,891,314</b>	<b>\$ 15,483,686</b>	<b>\$ 290,000</b>	<b>\$ 1,000,000</b>	<b>\$ 24,032,054</b>	<b>\$ 5,068,000</b>

(1) completed project

# Wastewater Capital Renovation and Replacement Fund

July 1, 2013 through April 30, 2019

	Thru Jun 30, 2018	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Y-T-D FY 18-19	Total to Date
<b>Revenues:</b>							
Capital R&R Wastewater Revenues	5,107,868	\$ 206,326	\$ 271,369	\$ 323,808	\$ 267,258	\$ 1,068,761	\$ 6,176,628
Interest Income	85,364	9,743	10,753	13,239	13,050	46,786	132,150
Capital R&R Loan *	2,300,001	-	-	-	-	-	2,300,001
Grant Revenues	12,287	-	-	9,031	24,290	33,321	45,608
<b>Total Revenues</b>	<b>\$ 7,505,519</b>	<b>\$ 216,070</b>	<b>\$ 282,122</b>	<b>\$ 346,078</b>	<b>\$ 304,598</b>	<b>\$ 1,148,868</b>	<b>\$ 8,654,387</b>
<b>Expenditures:</b>							
Copper Cove Reclaim Permit	217,375	\$ 3,829	\$ 621	\$ -	\$ -	\$ 4,450	\$ 221,825
West Point/Wilseyville Construction	-	\$ 42	\$ 162	\$ 85	\$ 322	\$ 611	\$ 611
Copper Cove L/S 8,12,13 Bypass	60,270	8,578	32,180	16,523	14,330	71,611	131,881
Copper Cove LS 15 & 18 Renovation	65,193	4,383	35,449	15,406	13,838	69,076	134,269
Vallecito Recycle Water Distribution	34,889	2,120	7,599	1,426	39,762	50,906	85,795
Vallecito I&I/Equalization	35,795	-	-	867	2,624	3,490	39,285
Wallace Treatment Plant Renovation	-	-	-	466	-	466	466
Southworth Collection I&I Mitigation	-	-	-	-	45,039	45,039	45,039
Huckleberry Lift Station Rehab	-	-	1,149	5,082	28,121	34,351	34,351
Arnold WWTP	3,733	-	-	-	672	672	4,405
Completed Projects (see Funding)	2,069,529	-	-	-	-	-	2,069,529
<b>Total Expenditures</b>	<b>\$ 2,486,784</b>	<b>\$ 18,952</b>	<b>\$ 77,160</b>	<b>\$ 39,854</b>	<b>\$ 144,707</b>	<b>\$ 280,672</b>	<b>\$ 2,767,456</b>
<b>Beginning Balance</b>	<b>\$ -</b>	<b>\$ 3,627,908</b>	<b>\$ 3,625,452</b>	<b>\$ 3,830,414</b>	<b>\$ 4,136,638</b>	<b>\$ 3,627,908</b>	<b>\$ -</b>
Total Revenues	7,505,519	216,070	282,122	346,078	304,598	1,148,868	8,654,387
Less							-
Loan Payments/Expenses	1,390,827	199,574	-	-	197,394	396,968	1,787,796
Project Costs	2,486,784	18,952	77,160	39,854	144,707	280,672	2,767,456
<b>Ending Balance</b>	<b>\$ 3,627,908</b>	<b>\$ 3,625,452</b>	<b>\$ 3,830,414</b>	<b>\$ 4,136,638</b>	<b>\$ 4,099,135</b>	<b>\$ 4,099,135</b>	<b>\$ 4,099,135</b>

\* Sewer R&R Loan - Outstanding P&I Due: \$ 794,021

Wastewater Capital Renovation and Replacement Funding  
 July 1, 2013 through June 30, 2019

Project Funding	Project Budget	Expenses To Date	Balance	Operating Funds	Expansion Funds	Capital R&R	Grant Revenues
Copper Cove Reclaim Permit	\$ 250,000	\$ 221,825	\$ 28,175	\$ -	\$ -	\$ 250,000	\$ -
West Point/Wilseyville Consolidation	4,750,000	611	4,749,389	-	-	-	4,750,000
Copper Cove L/S 8,12,13 Bypass	1,500,000	131,881	1,368,119	-	-	1,500,000	-
Copper Cove LS 15 & 18 Renovation	1,000,000	134,269	865,731	-	-	1,000,000	-
Vallecito Recycle Water Distribution	280,000	85,795	194,205	-	-	100,000	180,000
Vallecito I&I/Equalization	400,000	39,285	360,715	-	-	400,000	-
Wallace Treatment Plant Renovation	250,000	466	249,534	-	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	-
Southworth Collection I&I Mitigation	100,000	45,039	54,961	-	2,750,000	2,750,000	-
Wallace Waste Discharge Permit	25,000	-	25,000	-	-	25,000	-
Huckleberry Lift Station Rehab	400,000	34,351	365,649	-	-	400,000	-
Pipeline Replacement	250,000	-	250,000	-	-	250,000	-
Arnold WWTP	150,000	4,405	145,595	-	-	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	-
<b>Total Expenditures</b>	<b>\$ 16,940,000</b>	<b>\$ 2,767,456</b>	<b>\$ 14,172,544</b>	<b>\$ -</b>	<b>\$ 5,600,000</b>	<b>\$ 11,810,000</b>	<b>\$ 4,930,000</b>

(1) completed project

# Agenda Item

DATE: July 16, 2019  
TO: Finance Committee  
FROM: Joel Metzger, External Affairs Manager  
RE: Discussion/Direction Regarding Termination of Service

---

## **RECOMMENDED ACTION:**

Discussion/direction regarding review of the District's termination of service policy.

## **SUMMARY:**

The Calaveras County Water District Board of Directors tasked staff with reevaluating the District's no termination of service policy. On May 21, 2019, the Finance Committee provided feedback to staff and directed staff to include those changes in the draft policy and bring it back to a future Finance Committee meeting.

## **BACKGROUND INFORMATION:**

In order to understand the history of this policy, it is important to also understand the District's policy on suspension of service.

During most of the 1990s, CCWD offered customers a great deal of flexibility when it came to suspension and termination of service. It was common for second homeowners coming up for the weekend to call the District and ask to have their services turned on and then turned off when they left. This led to frequent after-hours turn-ons for which the District did not charge.

In the late 1990s, the District modified its suspension of service policy to prevent abuses by customers (attached). About 350 customers had suspended accounts when the policy was changed. Under the new policy, accounts could only be suspended if the circumstances met specific criteria. The District still allowed customers to terminate service, however, property owners had to sign an agreement acknowledging they would forfeit all capacity fees paid and it would be as though no service had ever been provided to the property.

In November 2010, the Board of Directors adopted Resolution No. 2010-78 (attached), which rescinded the previous termination of services policy and replaced Section 21E with new policy language that does not allow for termination of water and/or wastewater services. This was done following a First District Court of Appeal decision (*Pahlend v. Brooktrails Township Community Services District Board of Directors*, 209 WL 2344595, First District Court of Appeal in San Francisco, July 31, 2009), which ruled that special districts can charge customers monthly base rates for water and/or wastewater services to either a lot with a structure of an unimproved lot, regardless of use or occupancy.

#### **FINANCE COMMITTEE DIRECTION:**

After discussion, the Finance Committee agreed that if a customer's property meets specific conditions, there are certain situations where it would be appropriate for the General Manager to have discretion to allow termination of service.

At the May 21, 2019, Finance Committee meeting, staff was directed to make the following changes to the draft termination of service policy update.

1. If service is terminated, attach a connection fee credit to the property that is equal to the amount paid when the parcel was originally connected. If a property owner applies for reinstatement of service, they must pay the full connection fee at the time of reconnection, less a credit for original connection fees paid.
2. Allow customers to terminate landscape meters.
3. Hold the property owner terminating service responsible for all operational and administrative costs the District incurs to terminate service and remove the meter.
4. The District will record a document showing the termination of service with the County Clerk Recorder's Office.
5. Upon reinstatement of service, the District will record a Release Agreement stating water and / or wastewater services have been reinstated.

This direction has been incorporated into draft policy language.

#### **FINANCIAL CONSIDERATIONS:**

None at this time.

*Attachments: CCWD Suspension of Service Policy  
Draft Termination of Service Policy Revise  
Resolution 2010-78*

**Calaveras County Water District**  
**Rules and Regulations Governing Water & Wastewater: Article III, Section D.**

Suspension of Services. The District will not allow suspension of monthly water and/or wastewater charges under normal circumstances unless one of the following has occurred to a residential property owner:

- Damage to 75% or more of the structure that renders the structure uninhabitable.
- Issuance by a government agency of a “non-occupancy” order for a structure.
- Other circumstances beyond personal control of an owner that prevents habitation of a structure or use of the District water and/or wastewater systems for at least six (6) months.

Disconnection of water and wastewater services as a result of non-payment of fees by owner does not cause suspension of monthly service fees covered by this policy. The suspension period shall be a minimum of six (6) months but may not exceed two (2) years. Such suspension shall require the approval of the District’s General Manager. The Suspension shall cover all services provided by the District, both water and wastewater, for the same duration.

The owner must notify the District at least forty-eight (48) hours (excluding weekends and Holidays) prior to the reconnection of the services. If an owner does not establish a reconnection within two (2) years, automatic termination of the suspension will occur and monthly service and consumption charges will be reinstated.

If any District facilities are found to be in use during such time as service has been suspended, owner will immediately become liable for the monthly water and wastewater service and consumption charges that would have been billed during the suspension period.

CALAVERAS COUNTY WATER DISTRICT  
RULES AND REGULATIONS GOVERNING THE FURNISHING OF WATER  
AND/OR WASTEWATER SERVICES  
ARTICLE III

APPLICATION FOR SERVICE RATES AND BILLING

E. Termination of Services. ~~Termination of water and/or wastewater services to a property is not allowable under this policy.~~

Summary:

Only under the circumstances outlined below will the District allow a customer to permanently terminate water and/or wastewater service(s), which severs the District's obligation to provide service(s) to the parcel. Once a termination occurs, a reinstatement of service(s) depends on the availability of capacity and requires the payment of a portion of the capacity fee(s), based upon the date of the termination.

Termination:

The legal-deeded owner of a vacant parcel may apply to terminate their water and/or wastewater service(s) by filing a Termination of Service Request form with the District. This form shall include an acknowledgment by the customer that after termination, the District is no longer obligated to provide any water and/or wastewater service(s) to the customer's property. In order to qualify for termination, the parcel must be vacant without any habitable structures or any structure that uses water or wastewater. If the property has water and wastewater service, both must be terminated.

The District will allow legal-deeded property owners to apply to terminate irrigation / landscape meters that are no longer needed. Owners of commercial properties must acknowledge that terminating an irrigation meter could lead to an increase in wastewater fees.

Upon receipt of the Termination of Service Request form, the District General Manager, or his/her management designee, will determine if the parcel qualifies for termination under this Policy. The General Manager's determination shall be final, unless a customer appeals the determination to the Board of Directors within one year of the District's written denial.

In order for the termination of service(s) to be approved, the customer must pay operational and administrative fees to have the water meter removed and/or the wastewater connection capped. The customer must also pay for an official record of the termination of service to be recorded against the property at the Calaveras County Clerk Recorder's Office. Upon termination of service(s), the District will not refund any capacity fee(s), as they are attached to the property previously served.



However, a credit for the original capacity fee(s) paid when the property first connected to CCWD's water and/or wastewater system will remain attached to the property, and will be credited toward current capacity fee(s) owed if the property owner decides to apply to reinstate service. Transfer of capacity fees per Article III, Section 21E.1 of CCWD's Rules and Regulations Governing the Furnishing of Water and/or Wastewater Service is not allowed once service has been terminated.

Reinstatement:

Once a parcel's water and/or wastewater service has been terminated, the parcel shall not be eligible to be reconnected to the District's water and/or wastewater service for a period of two years after termination. Service reinstatement is not guaranteed, and depends on the availability of capacity within the water and/or wastewater system(s). To request reinstatement of water and/or wastewater service(s) for property that previously received treated water or wastewater from the District, the legal-deeded property owner must file a Service Reinstatement Request form, and this request must be approved by CCWD's General Manager or his/her management designee. The applicant must pay all related administrative and operational fees associated with reinstating service and pay the capacity fee(s) that are required for new service(s) to their property on the date of reinstatement, less a credit equal to the amount of the capacity fee in effect on the date that service(s) were first purchased for the property.

If the service reinstatement is approved by CCWD, the applicant must pay any fees associated with the District recording a Release Agreement stating the water and/or wastewater service(s) is being reinstated.

RESOLUTION 2010 - 78

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE CALAVERAS COUNTY WATER DISTRICT

AMENDING THE DISTRICT RULES AND REGULATIONS  
GOVERNING THE FURNISHING OF WATER AND/OR WASTEWATER  
SERVICES - ARTICLE III, SECTION 21E

**WHEREAS**, the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT adopted the Rules and Regulations Governing the Furnishing of Water and/or Wastewater Service to Consumers on December 7, 1954; and

**WHEREAS**, the Board added Section 21D - Suspension of Services, and Section 21E - Termination of Services, to Article III by Resolution No. 99-56 on October 13, 1999; and

**WHEREAS**, the Board added Section 21F – Foreclosure Abatement, to Article III by Resolution No. 2008-36 on May 21, 2008; and

**WHEREAS**, for the purpose of updating said policy, amendments to the current policy have been considered by the Board.

**NOW, THEREFORE BE IT RESOLVED**, that the Board of Directors does hereby rescind in its entirety Section 21E of Article III of the Rules and Regulations Governing the Furnishing of Water and/or Wastewater Service, adopted by Resolution No. 2008-36 on May 21, 2008, and any subsequent resolutions or amendments thereto.

**BE IT FURTHER RESOLVED**, that Section 21E of Article III of the Rules and Regulations Governing the Furnishing of Water and/or Wastewater Service is to be replaced by the following and so incorporated into Article III, is hereby approved by the Board of Directors and shall become effective immediately:

**21E – Termination of Services**. Termination of water and/or wastewater services to a property is not allowable under this policy.

**BE IT FURTHER RESOLVED**, that the remainder of the Rules and Regulations Governing the Furnishing of Water and/or Wastewater Service to Consumers adopted December 7, 1954, and thereafter amended shall remain in full force and effect.

....

....

....

**PASSED AND ADOPTED** this 23<sup>rd</sup> day of November 2010 by the following vote:

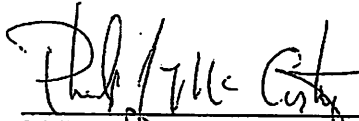
**AYES:** Directors Dean, Stump, Dooley, Davidson, and McCartney

**NOES:** None

**ABSTAIN:** None


**ABSENT:** None

CALAVERAS COUNTY WATER DISTRICT

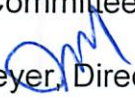


Philip J. McCartney, President  
Board of Directors

**ATTEST:**

  
Mona Walker, Clerk to the Board

# Agenda Item

DATE: July 16, 2019  
TO: Finance Committee  
FROM: Jeffrey Meyer,  Director of Administrative Services  
SUBJECT: Discussion/Direction regarding District's Financial Management Policy No. 5.01, Investment Policy

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## **RECOMMENDED ACTION:**

Discussion/Direction regarding District's Financial Management Policy No. 5.01, Investment Policy.

## **SUMMARY:**

As per Section 5.01.20 of the Investment Policy Guidelines of the Calaveras County Water District, Investment Policy Adoption, "The Investment Policy Guidelines of the Calaveras County Water District shall be adopted by resolution of the Districts' legislative authority. The policy shall be reviewed at the beginning of each fiscal year by the Board of Directors and any modifications made thereto must be approved by the Board of Directors." The policy was last revised by the Board on February 27, 2019 by Resolution 2019-09.

Staff is proposing updated to Section 5.01.19, Reporting, to reflect the new reporting requirements as outlined by Government Code (GC) 53464(b), specifically the preparation and submission of monthly transaction reports.

Staff will review the proposed changes (attached) and request comments and direction from the Finance Committee on the proposed policy prior to presenting the proposed policy to the Board for adoption.

## **FINANCIAL CONSIDERATIONS:**

None at this time.

*Attachment: District Financial Management Policy No. 5.01, Annual Investment Policy (proposed)*

## Calaveras County Water District

### 5.01.01 Policy Statement

This policy is intended to provide guidelines for the prudent investment of the Calaveras County Water District's (District) funds and outline the policies for maximizing the efficiency of the District's cash management system. The ultimate goal is to enhance the economic status of the District consistent with the prudent protection of the District's investments. This investment Policy has been prepared in conformance with all pertinent existing laws of the State of California including California Government Code Sections 53600, *et seq.*

### 5.01.02 Scope

It is intended that this policy cover all funds and investment activities of the District. These funds are defined and detailed in the District's Annual Financial Statements and include any new funds created unless specifically excluded by District management and the Board of Directors. The management of Calaveras County Water District's bond issued proceeds is not included in this policy because they have unique investment objectives, time horizons, and legal requirements. Incorporated herein are **Appendices A and B**, "Description of Authorized Investments and Restrictions," and "Glossary of Cash Management Terms," respectively.

### 5.01.03 Prudent Investor Standard

The District operates its investment portfolio under the Prudent Investor Standard (California Government Code Section 53600.3) which states, "When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District."

### 5.01.04 Investment Objectives

When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing the District's funds, the primary objective is to safeguard the principal of the funds. The secondary objective is to meet the liquidity needs of the District. The third objective is to achieve a maximum return on invested funds. It is the policy of the District to invest public funds in a manner to obtain the highest return obtainable with the maximum security while meeting the daily cash flow demands of the District as long as investments meet the criteria established by this policy for safety and liquidity and conform to all laws governing the investment of District funds.

#### **5.01.04.1 Safety of Principal**

Safety of principal is the foremost objective of the District. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they arise from securities defaults, institution default, broker-dealer default, or erosion of market value of securities. The District shall mitigate the risk to the principal of invested funds by limiting credit and interest rate risks. Credit Risk is the risk of loss due to the failure of a security's issuer or backer. Interest Rate risk is the risk that the market value of the District's portfolio will fall due to an increase in general interest rates.

A) Credit risk will be mitigated by:

- (1) Limiting investments to only the most creditworthy types of securities; and
- (2) Pre-qualifying a list of non-government issuers of securities with which the District will do business; and
- (3) Diversifying the investment portfolio so that the potential failure of any one issue or issuer will not place an undue financial burden on the District.
- (4) The District cannot invest any more than 5% maximum of the portfolio in any single issuer's bond debt, except U.S. Government, its agency or the State of California Local Agency Investment Fund.

B) Interest rate risk will be mitigated by:

- (1) Structuring the District's portfolio so that securities mature to meet the District's cash requirements for ongoing obligations, thereby reducing the possible need to sell securities on the open market at a loss prior to their maturity to meet those requirements; and
- (2) Investing primarily in shorter-term securities as defined in "(5.01.04.2)" **Liquidity**.

#### **5.01.04.2 Liquidity**

Availability of sufficient cash to pay for current expenditures shall be maintained. An adequate percentage of the portfolio shall be maintained in liquid short-term securities, which can be converted to cash as necessary to meet disbursement requirements. Since cash requirements cannot always be anticipated, sufficient investments in securities with active secondary or resale markets shall be utilized. These securities will have a low sensitivity to market risk. The Local Agency Investment Fund (LAIF) and short-term money market securities shall also be used as liquid investments. The cash management system of the District shall be designed to accurately monitor and forecast expenditures and revenues to insure the investment of monies to the fullest extent possible.

### **5.01.04.3 Rates of Return**

Return on investments shall be considered only after the basic requirements of safety and liquidity have been met. The investment portfolio shall be designed to attain a market average rate of return throughout economic cycles, taking into account the District's risk constraints, the composition and cash flow characteristics of the portfolio, and applicable laws.

### **5.01.05 Delegation of Authority**

The Board of Directors hereby delegates management authority and responsibility for implementing the investment policy to the General Manager or designee, who shall establish written procedures for the operation of the investment program consistent with this investment policy and the requirements of applicable laws. Such procedures shall include explicit delegation (by the Board of Directors) of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Board of Directors. The General Manager or designee shall be responsible for all transactions undertaken by the District's staff, and shall establish a system of controls to regulate the activities of internal staff and any external investment advisors.

All participants in the investment process shall act, as custodians of the public trust and all investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. All investment related activity shall be done in conformance with this policy and all applicable State and Federal laws and regulations.

### **5.01.06 Ethics and Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officers shall disclose any financial interest in financial institutions that conduct business with the District, and they shall further disclose any personal financial/investment positions that could be related to the performance of the District's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the District, particularly with regard to the timing of purchases and sales, and shall avoid transactions that might impair public confidence.

### **5.01.07 Authorized Financial Dealers and Institutions**

The General Manager or designee shall establish and maintain a list of the financial institutions and broker/dealers authorized to provide investment and depository services to the District, shall perform an annual review of the financial condition and registrations of the qualified institutions, and require annual audited financial statements to be on file for each approved institution. The District shall send annually, or as updated, a copy of its current Investment Policy to all financial institutions and broker/dealers approved to do business with the District. Receipt of the Investment Policy including confirmation that it has been received and reviewed by the person(s) handling the District's account, shall be acknowledged in writing within thirty (30) days.

### **5.01.07.1 Depositories**

In selecting depositories, the creditworthiness of institutions shall be considered and the General Manager or designee shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history. Qualifications and minimum requirements for depositories shall be established by the General Manager or designee, approved by the Board of Directors and provided to any institution seeking to conduct business with the District. Banks and Savings and Loan Associations seeking to establish eligibility as a depository for the District's Collateralized Certificate of Deposits shall submit annually an audited financial statement, which shall be reviewed by the General Manager or designee for compliance with the District's financial criteria.

Any institution meeting the District's required criteria will be eligible for placement of public deposits by the District, subject to approval by the General Manager or designee. As deemed necessary by the General Manager or designee, reviews of unaudited quarterly financial data for institutions on the District's approved list shall be made. Any institution falling below the District's established minimum criteria shall be removed from the approved list, no new deposits may be placed with that institution and all funds remaining shall be withdrawn as the deposits mature.

### **5.01.07.2 Brokers and Dealers**

All brokers and dealers that desire to become qualified bidders for investment transactions with the District must respond to a "Broker Dealer Questionnaire" and submit related documents relative to eligibility. This includes a current audited financial statement, proof of state registration, proof of NASD registration and a certification they have received and reviewed the District's Investment Policy and agree to comply with the provisions outlined in the Investment Policy. The General Manager or designee may establish any additional criteria deemed appropriate to evaluate and approve any financial services provider. The selection process for broker dealers shall be open to both "primary dealers" and "secondary/regional dealers" that qualify under Securities and Exchange Commission Rule 15c3-1 (Uniform Net Capital Rule). The provider must be experienced in institutional trading practices and be familiar with the California Government Code as it relates to investments by a public entity.

If the District employs the services of a professional investment adviser, selection of broker/dealers will be at the sole discretion of the adviser, and the adviser shall make their list of selected broker/dealers available to the District on demand.

## **5.01.08 Authorized and Suitable Investments**

The District is provided a broad spectrum of eligible investments under California Government Code Sections 53600 - 53609 (authorized investments), 53630 - 53686 (deposits and collateral) and 16429.1 (Local Agency Investment Fund). The District may choose to restrict its permitted investments to a smaller list of securities that more closely fits the District's cash flow needs and requirements for liquidity. If a type of investment is added to the Government Code list, it shall



not be added to the District's Authorized Investment List until this policy is amended and approved by the Board of Directors. If a type of investment permitted by the District should be removed from the Government Code list, it shall be deemed concurrently removed from the District's Authorized Investment List, but existing holdings may be held until they mature.

**Within the context of these limitations, the following investments are authorized:**

**SUMMARY OF INVESTMENTS AUTHORIZED UNDER CALIFORNIA  
 GOVERNMENT CODE SECTION 53601 AND  
 CALAVERAS COUNTY WATER DISTRICT  
 STATEMENT OF INVESTMENT POLICY**

**See Appendix A**

CGC Section	Investment Type	ALLOWED BY STATUTE			AUTHORIZED BY CALAVERAS COUNTY WATER DISTRICT		
		Maximum Maturity	Authorized Limit (%)	Required Rating	Maximum Maturity	Authorized Limit (%)	Minimum Required Rating
53601(a)	Local District Bonds	5 Years	None	None	5 Years	50%	N/A
53601(b)	U.S. Treasury Obligations	5 Years	None	None	5 Years	100%	N/A
53601(c)	State of California Obligations	5 Years	100%	None	5 Years	100%	A
53601(d)	Obligations of Other States	5 Years	None	None	5 Years	20%	AA
53601(e)	California Local Agency Obligations	5 Years	None	None	5 Years	50%	AA
53601(f)	U.S. Agencies and GSEs	5 Years	None	None	5 Years	100%	N/A
53601(g)	Bankers' Acceptances	180 Days	40%/30%	None	180 Days	40%	A
53601(h)	Commercial Paper	270 Days	25% and 10% of outstanding CP	A1/P1/F1	270 Days	25%	A1/P1/F1 AA
53601(i)	Negotiable Certificates of Deposit	5 Years	30%	None	5 Years	30%	A
53601(j)	Repurchase Agreements	1 year	None	Various	1 Year	20%	None
53601(k)	Medium-Term Notes	5 Years	30%	A or >	5 Years	30%	A or >
53601(l)	Money Market Mutual Funds	N/A	20%	(1)	N/A	20%	(1)
53601(o)	Passthrough securities	5 Years	20%	A	5 Years	20%	A
53601(p)	Joint Powers Authority	N/A	None	None	N/A	20%	None
53601(q)	Supranational Securities	5 Years	30%	AA	5 Years	30%	AA
53631	Collateralized Bank Deposits	5 Years	None	AA	5 Years	20%	AA
53637	Time Deposits	5 Years	None	None	2 Years	20%	N/A
16429.1	Local Agency Investment Fund (LAIF)	N/A	None	None	N/A	Statutory limit <sup>(2)</sup>	N/A
53635.8	County Pooled Investment Funds	N/A	None	None	N/A	30%	None
53684 (3)	Non-Negotiable Certificates of Deposit	5 Years	100%	None	2 Year	40%	None

- (1) Highest ranking by 2 of 3 of the nationally recognized rating agencies,
- (2) LAIF currently allows a maximum of \$65 million per account.
- (3) For non-negotiable certificates of deposit, bank deposits, and time deposits that exceed the insured maximum of \$250,000, approved collateral at the required percentage of market value will be obtained. (Government Code § 53651-53652).

The CCWD Portfolio at the time of investment will use a guideline of 5% limit per issuer. The exception will be U.S. Treasuries and U.S. Agencies.

Note: "Authorized Limits" refer to the percent of total amount of funds eligible for investment in a particular investment type.

One purpose of this Investment Policy is to define what investments are permitted. If a type of security is not specifically authorized by this policy, it is not a permitted investment. Additionally, District assets shall not be invested in instruments whose maturities exceed five (5) years from the time of purchase without the express approval of the Board of Directors to be received no less than three months prior to the investment.

See **Appendix A** for a more detailed descriptions and additional restrictions, if any, of the authorized investments listed above.

### **5.01.10 Competitive Bidding**

It is the District's policy to transact all securities purchases and sales through a formal and competitive process requiring the solicitation and evaluation of at least three bids/offers. The District will accept the offer, which (a) optimizes the investment objectives of the overall portfolio and (b) the highest rate of return.<sup>1</sup> When selling a security, the District will select the bid that generates the highest sale price. It will be the responsibility of the personnel involved in each transaction to produce and retain written records, including the name of the financial institutions solicited, price/rate quoted, general description of the security, bid/offer selected, and any consideration that had an impact on the decision.

### **5.01.11 Master Repurchase Agreement**

The District may invest (Government Code Section 53601 (j)) in overnight and term repurchase agreements with Primary Dealers of the Federal Reserve Bank of New York rated "A" or better by Moody's Investors Service or Standard & Poor's Corporation with which the District has entered into a Master Repurchase Agreement. This agreement will be modeled after the Public Securities Associations Master Repurchase Agreement.

All collateral used to secure this type of transaction is to be delivered to a third party prior to release of funds. The third party shall have an account in the name of the Calaveras County Water District. The market value of securities used as collateral for repurchase agreements shall be monitored on a daily basis and shall not be permitted to fall below a minimum of 102 percent of the value of the repurchase agreement. Collateral shall not have maturities in excess of five (5) years. The right of substitution shall be granted, provided that permissible collateral is maintained.

In order to conform with the provisions of the Federal Bankruptcy Code that provides for the liquidation of securities held as collateral for repurchase agreements, the only securities deemed acceptable as collateral shall be securities that are direct obligations of and guaranteed by the U.S. Government, U.S. Government Agencies or Government Sponsored Enterprises securities as permitted under this policy. The District will maintain a first perfected security interest in the securities subject to the repurchase agreement and shall have a contractual right to the liquidation of purchased securities upon the bankruptcy, insolvency or other default of the counter party.

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<sup>1</sup> The purchase of securities other than U.S. Treasuries (corporate notes, agencies, mortgage-backed securities, etc.) will be executed differently. This is due to the lack of homogeneity among these products and their availability (or unavailability) in dealer inventories. Because of the individualized nature of these securities, it is generally not possible to get more than one offer on the same instrument. Therefore, when purchasing non-Treasury securities, the Investment Officer shall make a subjective evaluation regarding the relative attractiveness of various offers, taking into account maturity, credit ratings, structure and other factors that influence pricing.

### 5.01.12 Investment Pools

An investigation of any investment pool or money market mutual fund is required prior to investing and is to be performed on an ongoing basis. The investigation shall, at a minimum, obtain the following information:

- A description of interest calculations and how it is distributed, and how gains and losses are distributed.
- A description of how securities are safeguarded (including the settlement process) and how often the securities are “marked to market” and how often an audit is conducted.
- A description of who may invest in the program, how often, what size deposits and withdrawals are permitted.
- A schedule for receiving statements and portfolio listings.
- Does the pool/fund maintain a reserve or retain earnings or is all income after expenses distributed to participants?
- A fee schedule, which also discloses when and how fees are assessed.
- Determining if the pool or fund is eligible for bond proceeds and/or will it accept such proceeds.

The purpose of this investigation is to determine the suitability of a pool or fund in relation to the District’s investment policy and evaluate the risk of placing funds with that pool or fund.

### 5.01.13 Collateralization

Uninsured Time Deposits with banks and savings and loans shall be collateralized and monitored in the manner prescribed by state law for depositories accepting investment funds from public governmental entities.

Repurchase Agreements shall be collateralized in accordance with terms specified in the Master Repurchase Agreement. The valuation of collateral securing a Repurchase Agreement shall be verified and monitored on a daily basis to insure a minimum of 102% of the value of the transaction being held by the District's depository agent. All collateral used to secure this type of transaction is to be delivered to a third party prior to release of funds. The third party shall have an account in the name of the Calaveras County Water District.

### 5.01.14 Safekeeping and Custody

All securities owned by the District shall be held in safekeeping by a third-party bank trust department acting as agent for the District under the terms of a custody agreement executed by the bank and the District. **All securities shall be received and delivered using standard delivery versus payment (DVP) procedures.** The third-party bank trustee agreement must comply with Section 53608 of the California Government Code. No outside broker/dealer or advisor may have access to District funds; accounts or investments and any transfer of funds must be approved by the General Manager or designee or his/her designee.

## 5.01.15 Diversification and Risk

### Mitigating Credit Risk in the Portfolio

The District recognizes that investment risks could result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. To minimize the District's exposure to these types of risk, the portfolio should be diversified among several types of institutions, instruments and maturities. The General Manager or designee shall minimize default risk by prudently selecting only instruments and institutions which at the time of placement have been evaluated for their financial viability and compliance with this policy. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. Risk shall also be managed by subscribing to a portfolio management philosophy that helps to control market and interest rate risk by matching investments with cash flow requirements. Diversification strategies shall be established and reviewed quarterly by the General Manager or designee.

The District may elect to sell a security prior to its maturity and record a capital gain or loss in order to manage the quality, liquidity or yield of the portfolio in response to market conditions or District's risk preferences.

If securities owned by the District are downgraded by an NRSRO to a level below the quality required by this investment policy, it will be the District's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.

- If a security is downgraded, the General Manager or designee will use discretion in determining whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors.
- If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Board of Directors.

### Mitigating Market Risk in the Portfolio

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The District recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The District will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

The District further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The District, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

- The District will maintain a minimum of six months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements.

- The maximum percent of callable securities (does not include “make whole call” securities) in the portfolio will be 20%.
- If the District utilizes a strategy that targets a duration target, the duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the District based on the District’s investment objectives, constraints and risk tolerances.

#### **5.01.16 Maximum Maturities**

Every effort will be made to match investment maturities to cash flow needs. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. Unless matched to a specific requirement and approved by the Board of Directors, no investment may be made with maturity greater than five (5) years.

#### **5.01.17 Internal Control and Review**

This Investment Policy shall be reviewed periodically by the General Manager or designee as necessary and any recommended revisions shall be submitted as needed to the Board of Directors in order to insure consistency and its relevance to current law, and financial and economic trends. The General Manager or designee shall also submit this Investment Policy to the Board of Directors for its review during the first quarter of each fiscal year.

In conjunction with the annual financial statement audit, the external auditors shall review the investments and general activities associated with the investment program to evaluate compliance with this Investment Policy.

#### **5.01.18 Performance Benchmark**

The investment portfolio will be managed in accordance with the standards established within this Investment Policy and will use an industry benchmark of like investment types that maintain a target duration and credit quality that are commensurate with the District’s current investment goals.

#### **5.01.19 Reporting**

The General Manager or designee will produce a monthly transaction report that will be submitted to the Board of Directors. Additionally, the General Manager or designee may produce a quarterly investment report (Treasurer’s Report) that will may be submitted to the Board of Directors at on minimum, on a semi-annual basis. The report, generally submitted within 30 days of the end of each calendar quarter (unless a more frequent reporting period is chosen), shall include information about the investment of all funds in the custody of the District. This report shall also include all items listed in Section 53646(b) of the Government Code.

These reports will also include the following information about the investments of all funds:

#### **5.01.19.1 Investment Report**

- A. List of individual investments by type and issuer held at the end of reporting period.
- B. Dollar weighted yield to maturity of the District's investments.
- C. Maturity schedule by type, of each of the District's investments.
- D. Statement of compliance of the portfolio to the District's adopted Investment Policy or manner in which the portfolio is not in compliance.
- E. Quarterly statement denoting the ability to meet the District's scheduled expenditure requirements for the next three months.
- F. Market value, book value and par value of all investments.
- G. Rates of interest on investments and accrued interest earned on the portfolio.
- H. Transactions for the period

#### **5.01.20 Investment Policy Adoption**

The Investment Policy Guidelines of the Calaveras County Water District shall be adopted by resolution of the Districts' legislative authority. The policy shall be reviewed during the first quarter of each fiscal year by the Board of Directors and any modifications made thereto must be approved by the Board of Directors.

## Appendix - A

### Description of Authorized Investments and Restrictions

The following descriptions of authorized investments are included here to assist in the administration of this policy.

#### **5.01.20.01 Local Agency Investment Fund (LAIF)**

The Local Agency Investment Fund (LAIF) is a special fund in the California State Treasury created and governed pursuant to Government Code Sections 16429.1 *et seq.* This law permits the District, with the consent of the Board of Directors, to remit money not required for the District's immediate need to the State Treasurer for deposit in this special fund for the *purpose* of investment. LAIF currently limits investments to \$50 million from any one District. Principal may be withdrawn on one days' notice. The fees charged by LAIF are limited by Statute. (Legal Authority - Government Code Section 16429.1)

#### **5.01.20.02 Securities of the U.S. Government**

Treasury securities are obligations of the United States Treasury backed by the "full faith and credit" of the Federal Government and can be of three types: bills, notes, and bonds. There is no percentage limitation on the funds that can be invested in this category; however, a five-year maturity limitation is applicable.

#### **5.01.20.03 Federal Agencies and Government-Sponsored Enterprises**

The District can invest in obligations issued by Federal Government agencies and Government Sponsored Enterprises such as the Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FI-ILMC). Such securities are obligations of the agencies themselves, but there is also an implied guarantee by the United States Government. All such obligations qualify as legal instruments and are acceptable as security for District deposits. (Legal Authority - Government Code Sections 53601 (f)). There is no percentage limitation on the funds that can be invested in this category; however, a five-year maturity limitation is applicable. Moreover, no more than 25% of the portfolio may be invested in any single Agency/GSE issuer.

#### **5.01.20.04 Registered State Warrants or Treasury Notes or Bonds of the State of California**

These include bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, District, or authority of the state. (Legal Authority - Government Code Sections 53601 (c)). These investments are permitted, provided that:

- The securities are rated in a rating category of "A" or its equivalent or better by at least one nationally recognized statistical rating organization ("NRSRO").
- No more than 30% of the portfolio may be in Municipal Securities.

#### **5.01.20.05** The maximum maturity does not exceed five (5) years. Registered treasury notes or bonds of any of the other 49 United States in addition to California,



This includes bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California (GCS 53601 (d)). These investments are permitted, provided that:

- The securities are rated in a rating category of “A” or its equivalent or better by at least one nationally recognized statistical rating organization (“NRSRO”).
- No more than 30% of the portfolio may be in Municipal Securities.

**5.01.20.06 Bonds, Notes, Warrants, or Other Evidences of Indebtedness of Any Local District within the State of California**

These include bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by a California local District, or by a department, board, District or authority of such a local District. (Legal Government Code Sections 53601 (e)). These investments are permitted, provided that:

- The securities are rated in a rating category of “A” or its equivalent or better by at least one nationally recognized statistical rating organization (“NRSRO”).
- No more than 30% of the portfolio may be in Municipal Securities.

**5.01.20.07 Bankers Acceptance**

The District may invest in Bankers Acceptances limited to banks which have short-term debt obligations rated “A-1” or its equivalent or better by at least one NRSRO; or long-term debt obligations which are rated in a rating category of “A” or its equivalent or better by at least one NRSRO. The maximum investment maturity will be restricted to 180 days as per Government Code Section 53601(f). Maximum portfolio exposure will be limited to 40 percent. (Legal Authority- Government Code Sections 53601 (g))

**5.01.20.08 Commercial Paper**

Prime Commercial Paper with a maturity not exceeding 270 days from the date of purchase with the highest ranking or of the highest letter and numerical rating as provided for by the nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either A or B:

- A. The entity shall (1) be organized and operating in the United States as a general corporation, (2) have total assets in excess of five hundred million dollars (\$500,000,000) and (3) have debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.
- B. The entity shall (1) be organized within the United States as a special purpose corporation, trust, or limited liability company, (2) have program wide credit enhancements, including, but not limited to, over collateralization, letter of credit or surety bonds and (3) have commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

The District's aggregate investment in commercial paper shall not exceed 25% of the District's total portfolio. (Legal Authority - Government Code Sections 53601 (h))

#### **5.01.20.09 Negotiable Certificates of Deposit**

Investments are limited to deposits issued by a nationally or state-chartered bank or a savings association or federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that:

- The amount of the NCD insured up to the FDIC limit does not require any credit ratings.
- Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or better by at least one NRSRO; or long-term obligations rated in a rating category of "A" or its equivalent or better by at least one NRSRO.

Negotiable Certificates of Deposit shall not exceed 30 percent of the District's surplus money, which may be invested pursuant to this policy. Per section 53638 of the California Government Code, any deposit shall not exceed the total paid-up capital and surplus of any depository bank, nor shall the deposit exceed the total net worth of any institution. Maximum investment maturity is restricted to five years. Investments in Negotiable Certificates of Deposit prohibited by Government Code Section 53635 (i) shall not be made. (Legal Authority Government Code Section 53601 (i))

#### **5.01.20.10 Time Certificates of Deposit**

The District may invest in collateralized certificates of deposits issued by a state or nationally chartered bank, a state or federal association or a state or federal credit union (Government Code Sections 53601(h)). A written depository contract is required with all institutions that hold District deposits. Securities placed in a collateral pool must provide coverage for at least 110 percent of all deposits that are placed in the institution. Acceptable pooled collateral is governed by California Government Code Section 53651. Real estate mortgages are not considered acceptable collateral by the District, even though they are permitted in Government Code Section 53651(m). All banks are required to provide the District with a regular statement of pooled collateral. This report will state that they are meeting the 110 percent collateral rule (Government Code Section 53652(a)), a listing of all collateral with location and market value, plus an accountability of the total amount of deposits secured by the pool.

District funds shall be invested only in commercial banks and savings and loans rated in the rating category of "A" or better by one NRSRO.

In the event that a bank does not meet the minimum ratings, a tri-party collateral arrangement may be substituted in lieu of a rating lower than "A". The third-party institution must be acceptable to the District and have an account in the name of the Calaveras County Water District. The market value of the collateral in the account must not fall below 110 percent of the value of the deposit(s) at any time. The securities in the account must conform to Government Code Section 53651 with the exception that real estate mortgages are not acceptable collateral. The District will maintain a first perfected security interest in the securities pledged against the deposit and shall have a contractual right to liquidation of pledged securities upon the bankruptcy, insolvency or other default of the counter party.

Deposits of up to \$250,000 are allowable in any institution that insures its deposits with the

Federal Deposit Insurance Corporation, regardless of Moody's Investors Service or Standard and Poor's Corporation ratings. Per section 53638 of the California Government Code, any deposit shall not exceed the total paid-up capital and surplus of any depository bank, nor shall the deposit exceed the total net worth of any institution.

Maximum maturity is restricted to two (2) years. (Legal Authority - Govt Code Section 53651)

#### **5.01.20.10 Repurchase Agreements**

A Repurchase Agreement is the purchase of a security pursuant to an agreement by which the counterparty will deliver the underlying security by book entry, physical delivery or by a third-party custodial agreement. Repurchase Agreements shall have a maximum maturity of one year and shall not exceed 20 percent of the District's funds. The collateralization level for Repurchase Agreements shall be a minimum of 102 percent of the market value of the principal and accrued interest. The right of substitution will be granted provided that permissible collateral is maintained. In order to conform with the provisions of the Federal Bankruptcy Code that provides for the liquidation of securities held collateral for Repurchase Agreements, the only securities acceptable as collateral shall be securities that are direct obligations of and guaranteed by the United States Government, or its Agencies or with a maximum maturity of five (5) years.

The District shall maintain a first perfected security interest in the securities subject to the Repurchase Agreement and shall have a contractual right to the liquidation of purchased securities upon the bankruptcy, insolvency or other default of the counter party. Repurchase Agreements may only be made with banks and primary dealers with which the District has entered into a Master Repurchase Agreement modeled after the Public Securities Associations' Master Repurchase Agreement. In all other respects, Repurchase Agreements shall conform to the restrictions set forth in Government Code Sections 53601 (j). (Legal Authority - Government Code Sections 53601 (j))

#### **5.01.20.11 Medium Term Notes**

Medium-term notes are obligations of corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. The securities must be rated in the rating category of "A" or its equivalent better by a nationally recognized statistical rating organization. Purchase of medium-term notes shall not exceed 30% of the total portfolio, and not have maturity in excess of five (5) years. (Legal Authority-Government Code Sections 53601(k))

#### **5.01.20.12 Money Market Mutual Funds**

Mutual funds qualifying for District investment must restrict their portfolios to issues approved by the same state investment statute that defines investment alternatives for cities. Additionally, these mutual funds must adhere to Federal statutes regarding the size of the mutual fund and its safety, must attain the highest ranking of two of the three largest rating services and must retain an investment advisor registered with the Securities and Exchange Commission with not less than five (5) years' experience investing assets of at least five hundred million dollars (\$500,000,000). The mutual funds must invest solely in investments, which the District itself could legally purchase. Investments in mutual funds shall not exceed 20 percent of the District's surplus fund. (Legal Authority-Government Code Section 53601(l))

**5.01.20.13 Asset-Backed, Mortgage-Backed, Mortgage Passthrough securities, and Collateralized Mortgage Obligations**

- The securities are rated in a rating category of “AA” or its equivalent or better by a NRSRO.
- No more than 20% of the total portfolio may be invested in these securities.
- No more than 5% of the portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer. There is no issuer limitation on any Mortgage security where the issuer is the US Treasury or a Federal Agency/GSE.
- The maximum legal final maturity does not exceed five (5) years.

**5.01.20.14 Share of Beneficial Interest in a Joint Powers Authority**

As authorized by Government Code Section 53601(p).

**5.01.20.15 Money Market Mutual Funds**

- Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.
- The securities are rated in a rating category of “AA” or its equivalent or better by a NRSRO.
- No more than 30% of the total portfolio may be invested in these securities.
- No more than 10% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five (5) years.

**5.01.20.16 Passbook Deposits**

As authorized by Government Code Section 53637.

## Appendix - B

### Glossary of Cash Management Terms

**Accrued Interest** - Interest earned but not yet received.

**Active Deposits** - Funds which are immediately required for disbursement.

**Amortization** - An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

**Arbitrage** - Transactions by which securities are bought and sold in different markets at the same time for the sake of the profit arising from a yield difference in the two markets.

**Asked Price** - The price a broker dealer offers to sell securities.

**Average Life** - The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

**Banker's Acceptance** - A high quality, short-term money market instrument used to finance international trade. There has never been an instance of a failure to pay a banker's acceptance in full at its maturity date.

**Basis Point** - One basis point is one hundredth of one percent (.01).

**Bid Price** - The price a broker dealer offers to purchase securities.

**Bond** - A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

**Book Entry** - The system maintained by the Federal Reserve, by which most money market securities are delivered to an investor's custodial bank. The Federal Reserve maintains a computerized record of the ownership of these securities and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment).

**Book Value** - The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

**Broker** - Someone who brings buyers and sellers together and is compensated for his/her service.

**Callable Bond** - A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

**Call Price** - The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

**Call Risk** - The risk to a bondholder that a bond may be redeemed prior to maturity.

**Cash Sale/Purchase** - A transaction, which calls for delivery and payment of securities on the same day that the transaction is initiated.

**CDARS** - The Certificate of Deposit Account Registry Service (CDARS) program places funds into certificates of deposit issued by banks in the CDARS network. This occurs in increments of less than the standard FDIC insurance maximum to ensure that both principal and interest are eligible for full FDIC insurance deposit. Maturities range from four weeks to three years. Interest rates are set by the competitive market place.

**Certificate of Deposit** - A deposit of funds for a specified period of time that earns interest at a specified rate. Commonly known as "CDs." Maturities range from a few weeks to several years. Interest rates are set by the competitive market place.

**Collateral** - Securities, evidence of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

**Commercial Paper** - Short-term, negotiable unsecured promissory notes of corporations.

**Comprehensive Annual Financial Report (CAFR)** - The official annual financial report for the District. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principals (GAAP).

**Convexity** - A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

**Coupon** - The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

**Credit Analysis** - A critical review and appraisal of the economic and financial conditions or of the ability to meet debt obligations.

**Current Yield** - The interest paid on an investment expressed as a percentage of the current price of the security.

**Custodian** - A bank or other financial institution that keeps custody of stock certificates and other assets.

**Defeased Bond Issue** - Issues that have sufficient money to retire outstanding debt when due so that the District is released from the contracts and covenants in the bond document.

**Delivery vs. Payment (DVP)** - Delivery of securities with a simultaneous exchange of money for the securities.

**Derivative** - Securities that are based on, or derived from, some underlying asset, reference date, or index.

**Discount** - The difference between the cost of a security and its value at maturity when quoted at lower than face value.

**Diversification** - Dividing investment funds among a variety of securities offering independent returns and risk profiles.

**Duration** - A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables:

term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

**Fair Value** - The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Fannie Mae** - Trade name for the Federal National Mortgage Association (FNMA), a U.S. sponsored corporation.

**Fed Wire** - A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

**Federal Deposit Insurance Corporation (FDIC)** - Insurance provided to customers of a subscribing bank, which guarantees deposits to a set limit (currently \$250,000) per account.

**Federal Reserve System** - The central bank of the U.S. which consists of a seven-member Board of Governors, 12 regional banks and 5,700 commercial banks that are members.

**Freddie Mac** - Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. sponsored corporation.

**Ginnie Mae** - Trade name for the Government National Mortgage Association (GNMA), a direct obligation bearing the full faith and credit of the U.S. Government.

**Government Accounting Standards Board (GASB)** - A standard-setting body, associated with the Financial Accounting Foundation, which prescribes standard accounting practices for governmental units.

**Government Securities** - An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, and Bonds."

**Guaranteed Investment Contracts (GICS)** - An agreement acknowledging receipt of funds, for deposit, specifying terms for withdrawal, and guaranteeing a rate of interest to be paid.

**Inactive Deposits (Idle Funds)** - Funds not immediately needed for disbursement.

**Interest Rate** - The annual yield earned on an investment, expressed as a percentage.

**Interest Rate Risk** - The risk associated with declines or rises in interest rates, which cause an investment in a fixed-income security to increase or decrease in value.

**Inverted Yield Curve** - A chart formation that illustrates long-term securities having lower yields than short term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

**Investment Agreements** - An agreement with a financial institution to borrow public funds subject to certain negotiated terms and conditions concerning collateral, liquidity and interest rates.

**Investment Company Act of 1940** - Federal legislation which sets the standards by which investment companies such as mutual funds are regulated in the areas of advertising, promotion, performance reporting

requirements, and securities valuations.

**Investment Policy** - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

**Investment-grade Obligations** - An investment instrument suitable for purchase by institutional investors under the independent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating District.

**Liquidity** - An asset that can easily and rapidly be converted into cash without significant loss of value.

**Local District** - County, City, City and County, including a chartered city or county, school district, community college district, public district, or any public or municipal corporation.

**Local Agency Investment Fund (LAIF)** - A pooled investment vehicle for local agencies in California sponsored by the State of California and administered by the State Treasurer.

**Local Government Investment Pool** - A pooled investment vehicle sponsored by a local District or a group of local agencies for use by other local agencies.

**Mark-to-Market** - The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

**Market Risk** - The risk that the value of a security will rise or decline as a result of changes in market conditions.

**Market Value** - Current market price of a security. The price at which a security is trading and could presumably be purchased or sold.

**Maturity** - The date upon which the principal or stated value of an investment becomes due and payable.

**Merrill Lynch 1 - 3 Year Treasury Index** - Represents all U.S. Treasury securities with maturities ranging from 1-3 years.

**Modified Duration** - A measure of exposure to market risk of a security or a portfolio. It is the percent change in the price of a security (portfolio) or a 100-basis point change in the securities' (portfolio's) yield.

**Moody's** - Moody's Investment Service, Inc. One of the three best-known rating agencies in the United States, the others being Standard and Poor's Corporation (S&P) and Fitch IBCA, Inc. (Fitch).

**Money Market Mutual Fund** - Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

**Mutual Funds** - An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.



2. Disseminate timely and accurate information regarding the fund's holdings, performance, and management, and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus, which is updated and filed by the SEC annually.

**National Association of Securities Dealers (NASD)** - A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

**Net Asset Value** - The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets, which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below)  $[(\text{Total assets}) - (\text{Liabilities})] / (\text{Number of shares outstanding})$

**Negotiable Certificate of Deposit** - A large denomination certificate of deposit, which can be sold in the open market prior to maturity.

**New Issue** - Term used when a security is originally "brought" to market.

**Nominal Yield** - The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

**New Issue** - Term used when a security is originally "brought" to market.

**No Load Fund** - A mutual fund, which does not levy a sales charge on the purchase of its shares.

**Note** - A written promise to pay a specified amount to a certain entity on demand or on a specified date.

**Par Value** - The amount of principal, which must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

**Perfected Delivery** - Refers to an investment where the actual security or collateral is held by an independent third party representing the purchasing entity.

**Portfolio** - Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent, or other asset. The purpose of a portfolio is to reduce risk by diversification.

**Positive Yield Curve** - A chart formation that illustrates short-term securities having lower yields than long-term securities.

**Premium** - The amount by which the price paid for a security exceeds the security's par value.

**Primary Dealer** - A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

**Prime Rate** - A preferred interest rate charged by commercial banks to their most credit worthy customers. Many interest rates are keyed to this rate.

**Principal** - The face value or par value of a debt instrument, or the amount of capital invested in a given security.

**Prospectus** - A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC that typically includes information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements also known as an "official statement".

**Prudent Investor Standard aka as Prudent Person Rule** - A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing funds. The test of whether the standard is being met is if a prudent person acting in a similar situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

**Purchase Date** - The date in which a security is purchased for settlement on that or a later date.

**Rate of Return** - The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

**Repurchase Agreement (REPO)** - A transaction where the seller agrees to buy back from the buyer (District) the securities at an agreed upon price on demand or at a specified date.

**Reverse Repurchase Agreement (REVERSE REPO)** - A transaction where the seller (District) agrees to buy back from the buyer the securities at an agreed upon price on demand or at a specified date.

**Risk** - Degree of uncertainty of return on an asset.

**Rule 2a-7 of the Investment Company Act** - Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar (\$1.00).

**Rule G-37 of the Securities Rulemaking Board** - Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

**Safekeeping** - Holding of assets (e.g., securities) by a financial institution.

**Safekeeping Service** - Offers storage and protection of assets provided by an institution serving as an agent.

**Sallie Mae** - Trade name for the Student Loan Marketing Association (SLMA), a U.S. sponsored corporation.

**Secondary Market** - A market made for the purchase and sale of outstanding issues following the initial distribution.

**Securities and Exchange Commission (SEC)** - The federal District responsible for supervising and regulating the securities industry.

**Settlement Date** - The date on which a trade is cleared by delivery *of* securities against funds.

**Serial Bond** - A bond issue, usually *of* a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

**Sinking Fund** - Money, accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

**Standard and Poor's Corporation (S&P)** - One *of* the three best *known* rating agencies in the United States, the others being Moody's Investment Service, Inc. and Fitch IBCA, Inc. (Fitch).

**Swap** - Trading one asset for another.

**Tax and Revenue Anticipation Notes (TRANS)** - Notes issued in anticipation *of* receiving tax proceeds *or* other revenues at a future date.

**Term Bond** - Bonds comprising a large part or all of a particular issue, which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

**Time Certificate of Deposit** - A non-negotiable certificate of deposit, which cannot be sold prior to maturity.

**Total Return** - The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return.

**Treasury Bills** - U.S. Treasury Bills which are short-term, direct obligations of the U.S. Government issued with original maturities of 13 weeks, 26 weeks and 52 weeks; sold in minimum amounts of \$10,000 in multiples of \$5,000 above the minimum. Issued in book entry form only. T-bills are sold on a discount basis.

**Trustee or trust company or trust department of a bank** - A financial institution with trust powers which acts in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

**Underwriter** - A dealer which purchases a new issue of municipal securities for resale.

**U.S. Government Agencies** - Instruments issued by various U.S. Government Agencies most of which are secured only by the credit worthiness of the particular District.

**U.S. Treasury Obligations** - Debt obligations of the United States Government sold by the Treasury Department in the form of Bills, Notes, and Bonds. Bills are short-term obligations that mature in one year or less and are sold on the basis of a rate of discount. Notes are obligations, which mature between one (1) year and ten (10) years. Bonds are long-term obligations, which generally mature in ten (10) years or more.

**Weighted Average Maturity (WAM)** - The average maturity of all the securities that comprise a portfolio that is typically expressed in days or years.

**Yield** - The rate of annual income returns on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

**Yield to Maturity** - The rate of income returns on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

**Yield Curve** - A graphic representation that shows the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity.

**Zero-coupon Securities** - Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.

# Agenda Item

DATE: July 16, 2019

TO: Finance Committee

FROM: Jeffrey Meyer, Director of Administrative Services

SUBJECT: Discussion/Direction regarding District's Financial Management Policy No. 5.09, Surplus Equipment Policy

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## **RECOMMENDED ACTION:**

Discussion/Direction regarding District's Financial Management Policy No. 5.09, Surplus Equipment Policy.

## **SUMMARY:**

On May 15, 2019 the Board of Directors authorized the General Manager to enter into an open-end vehicle lease agreement with Enterprise Fleet Management. Terms of the lease agreement provide the District the option to return vehicles to Enterprise Fleet Management for re-sale prior to the end of the finance term. Staff has reviewed the District's current Financial Management Policy No. 5.09, Surplus Equipment Policy, and determined updates are necessary to accommodate such practices.

Staff will review the proposed changes (attached) and request comments and direction from the Finance Committee on the proposed policy prior to presenting the proposed policy to the Board for adoption.

## **FINANCIAL CONSIDERATIONS:**

None at this time.

*Attachment: District Financial Management Policy No. 5.09, Surplus Equipment Policy (proposed)*

**5.09.00 Stewardship of Public Assets**

Assets purchased with tax or ratepayer money must be conserved and properly accounted for during their useful life. The proper disposal of items no longer useful to Calaveras County Water District ("District") is part of the District's responsibility to preserve the public trust.

**5.09.01 No Insider Benefit**

No employee, director or family member of either will have access to surplus equipment items except at an independent public auction. ~~This restriction extends even to the perception that employees are receiving special benefit from items declared surplus to the needs of the District.~~

**5.09.02 Effects all Assets Except Real Property or Buildings**

This policy covers any asset tracked through the Fixed Asset System. Real property, land and buildings are covered by Financial Management Policy 5.10.

**5.09.03 Declaration of Surplus**

The District Board of Directors will take formal action to declare items surplus if the estimated value of the property exceeds \$2,500.

**5.09.04 Declaration Schedule**

The status of assets tracked through the Fixed Asset System will be reviewed in conjunction with the annual audit. Subsequently, items found to be surplus shall be presented to the Board of Directors for declaration as surplus.

Items can be placed on the surplus list at any time during the year. Due to storage space limitations, listed surplus property can also be presented to the Board of Directors at any time during the year for a declaration.

**5.09.05 Internal Notification**

The list of items to be declared surplus must be reviewed by the General Manager prior to submittal to the Board of Directors.

**5.09.06 Internal Claiming of Items**

Any ~~CCWD-District~~ Department may claim and remove surplus items on the proposed surplus list before determination by the General Manager. The stewardship responsibility for that asset will be transferred to the claiming department.

**5.09.07 General Manager or Designee Actions Authorized**

The General Manager or designee is assigned the responsibility and authority to separate items listed as surplus into categories. At a minimum the categories will be: 1) Junk, 2) Scrap, 3) Vehicles and 4) Surplus.

If the estimated value of the surplus property is \$2,500 or less per item, the General Manager may authorize staff to dispose of the property in any manner deemed to be in the best interest of the District.

**5.09.08 Junk and Scrap Items Disposal**

Items of no useful value that are classified as junk or scrap shall be disposed of for scrap value if possible. If there is no scrap value the items will be transported to a secured landfill or other appropriate waste removal facility and dumped.

**5.09.09 No Salvage of Junk or Scrap Items Authorized**

It is a violation of this policy for any person ~~or District, CCWD~~-employee ~~or private citizen;~~ to remove, obtain or take any item that is being placed into a landfill as junk; ~~unless a receipt has been issued and the District has received payment.~~

**5.09.10 Vehicle Disposal**

It is the policy of ~~CCWD~~the District to dispose of an equipment item requiring registration through the California Department of Vehicles by using a commercial auction company or through trade-in. This category of surplus items will not be available for claiming by other public agencies.

**5.09.11 Surplus Computer Equipment**

All surplus computer equipment offered for sale will be on an "as-is" basis.

Computer equipment will be offered for redemption in the following order:

1. Calaveras County Schools
2. Calaveras County Public Agencies

Any items remaining will be consigned to the District's public auction firm for sale.

**5.09.12 Benefits to Other Public Agencies**

It is the policy of the District to offer surplus items, except for vehicles, prior to assigning them to a public auction company, to other public agencies within Calaveras County as a method of conserving limited public money. However, the District, at its sole discretion, reserves the right to consign surplus items directly to a public auction company without offering them to other public agencies first.

**5.09.13 Viewing of Surplus Items Not Consigned**

Items declared surplus and not consigned will be held for viewing by other public agencies within Calaveras County. The items will be held a reasonable time before being shipped to a public auction company or a contracted vehicle leasing company for disposal.

**5.09.14 Other Calaveras County Public Agencies Claiming Privileges of Non-Consigned Items**

All agencies will be given access to the items at the same time and place. A time period will be established by District staff for solicitation of written bids by the public agencies. The highest bid received within the established timeframe will be awarded purchase of the surplus item(s) upon approval by the Board of Directors.

Alternatively, the General Manager may request the Board of Director's authorization to negotiate with an interested party or to dispose of the surplus property in another manner.

The agent of the purchasing public agency will sign a statement that the items will be used solely by that public agency and will not be for any employee's personal use.

**5.09.15 Removal of Surplus Items Not Consigned**

After Board or General Manager approval, ~~P~~public agencies purchasing surplus items may have two weeks to pay for and remove the items or they will be shipped to the public ~~A~~uction ~~C~~ompany or contracted vehicle leasing company for disposal.

**5.09.16 Public Auction Company**

In order to insure the public that ~~CCWD~~the District is receiving the highest value for surplus items, the services of a public auction company or contracted vehicle leasing company will be used to dispose of surplus items.

**5.09.17 Scrap Value as a General Fund Revenue**

The minor amount of money received from scrap items sold will be considered as General Fund revenue.

**5.09.18 Surplus Sales Revenues**

If records are available to show what specific fund first purchased the asset that is sold, the money will be returned to that fund. Otherwise, the revenue will be recorded as a General Fund resource. If a vehicle is sold through a contracted vehicle leasing company, the proceeds from the sale can be used to reduce the purchase price of any future replacement vehicle.



### 5.09.19 Junk and Scrap

Items that fall within this category, as determined by the General Manager, have no value and will be disposed of in a landfill or through a scrap metal disposal service.

### 5.09.20 Definitions

A. Vehicle Leasing Company – A company engaged by the District to provide cars, SUV's and trucks through an open-ended lease agreement.

A-B. Department - Various operating units within Calaveras County Water District, i.e. General Management, Administrative Services, Engineering, Finance, Utilities and Water Resources.

B-C. District - Calaveras County Water District ~~(CCWD)~~

C-D. Fixed Asset System - ~~Computerized~~ financial application used to record and track assets obtained by ~~CCWD~~ the District.

D-E. Independent Public Auction - A public auction held by a totally independent firm that sells items through a bid process to members of the public.

E-F. Junk - Items having no commercial value, or the cost of keeping it (handling, maintenance, storage) exceeds the estimated sales value, the ~~Board~~ General Manager may authorize its abandonment, destruction or deposit into a landfill.

F-G. Public Agency - Defined as a political subdivision of the State of California. Includes Calaveras County, City of Angels, water and sewer districts, Calaveras County Schools and other interested special districts within the county.

G-H. Public Auction Company - A private company holding auctions available to members of the public. Must be totally independent from ~~the District~~ CCWD.

H-I. Scrap - Material that is accumulated by the District usually as a product of repair. The material is completely disassembled and sorted. When an amount is sufficiently accumulated to offset the cost of disposal it shall be sold at the highest price obtainable.

I-J. Surplus Equipment - Assets that have reached the end of their useful life in completing the mission of ~~CCWD~~ the District.