

CALIFORNIA PINES COMMUNITY SERVICES DISTRICT

ACCOUNTING POLICIES AND PROCEDURES MANUAL



**Approved at a regular meeting of the
Board of Directors on May 22, 2019**

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1. INTRODUCTION

This manual puts in place basic accounting, billing, and cash control policies and procedures designed to protect and secure California Pines Community Services District (CPCSD), ensure the maintenance of accurate records of financial activities and ensure compliance with governmental and private funding source reporting requirements. Where this manual conflicts with specific Federal or State regulation or with CPCSD's Board policy, the regulations or board policy shall prevail.

1.1. RESPONSIBILITIES

1.1.1. The Board of Directors formulates financial policies, delegates' administration of the financial policies to the General Manager, and reviews operations and activities.

1.1.2. The General Manager has responsibility for all operations and activities, including financial management.

1.1.3. Exceptions to these policies may be made on an individual basis, as necessary, with the approval of the General Manager and Board of Directors.

1.1.4. The Office Facilitator is responsible to the General Manager for all financial operations.

1.2. GENERAL POLICIES

1.2.1. Current job descriptions are maintained for all employment positions, indicating duties and responsibilities.

1.2.2. There are separations of financial duties and responsibilities so that no staff member has sole control over cash receipts, bank reconciliations or other accounting functions.

1.2.3. Financial Procedures are reviewed annually by the Board of Directors and General Manager.

1.2.4. Separate General Ledger accounts are maintained as required by funding source regulations.

1.2.5. Accounting forms and timesheets are typewritten or completed in ink. Whiteout or correction tape is not to be used.

1.2.6. Passwords must comply with organizational standards. They are to be treated confidentially and are not shared with other staff. Policies may be established requiring the expiration

of passwords where appropriate. All passwords and subsequent changes are to be provided to the General Manager immediately.

1.3. COMPLIANCE WITH EXTERNAL POLICIES

CPCSD's accounting policies and procedures are consistent with:

1.3.1. Generally Accepted Accounting Principles (GAAP).

1.3.2. OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations".

1.3.3. GASB 34

1.4. SECURITY AND ACCESS

To ensure that only authorized staff can access the financial, personnel, payroll, computer, on-line and paper records of the organization:

1.4.1. Security and access is determined by the General Manager.

1.4.2. Access to computer or on-line systems for accounting, personnel, payroll, and online and phone banking is controlled by Board resolution naming those within the District who are authorized to access banking information (identified as signers on the accounts). Passwords are assigned by the General Manager or Office Facilitator. Within each system, access permission is set to allow the appropriate level of access depending on staff positions and job duties.

1.4.3. Upon separation of a staff member, the password is immediately locked to prohibit any unauthorized activities or entries and keys to CPCSD's office(s) are returned.

2. OVERVIEW OF CALIFORNIA PINES CSD ACCOUNTING SYSTEM

The financial records of CPCSD are maintained on QuickBooks Accounting Software using the accrual basis of accounting. Access to the accounting system is controlled to maintain the reliability and integrity of the data.

Security is set by the CPA to allow different levels of access. The CPA has full access to the entire system including setup and administration. The Office Facilitator has full access to the system in order to fulfill accounting duties such as issuing payroll and accounts payable.

2.1. DATA BACKUP

Backup is done daily to assure that the data is secure and will not be lost in the event of a computer failure. Daily backups for accounting system are done to an external hard drive. In the event of a fire or other catastrophe at the CPCSD Office, the external hard drives are removed from the office on a monthly basis and kept at a secured off-site location determined by the General Manager. Year-end backups are kept indefinitely. Data stored on CDs or thumb drives are stored in a locked cabinet in the CPCSD Office.

2.2. FUNDS RECEIVED

The funds received policies and procedures ensure that all in-coming funds are properly recorded and safeguarded through separation of duties and proper documentation. The General Manager designates which staff is authorized to collect in-coming CPCSD funds.

2.3. FUNDS DISBURSED

Specialized procedures govern check writing. Only the General Manager, District Treasurer or Board of Directors may authorize the issuance of checks. Two authorizations are required for the issuance of checks all CPCSD checking accounts. Access to the check printing system is limited to the office staff and is controlled by password protected software. Checks are stored in a locked cabinet which only the General Manager, and Office Facilitator have access to.

2.4. PAYROLL SYSTEM

Access to the payroll system is controlled to assure accurate and confidential data. Access is limited to accounting staff responsible for payroll processes. Payroll is processed by the Office Facilitator.

3. DETAILED ACCOUNTING PROCEDURES

3.1. FUNDS RECEIVED

3.1.1. Cash may be accepted from CPCSD customers for payment of water fees, copies, or other services.

3.1.2. Mail is to be opened promptly and distributed by the Office Staff. All checks, money orders and cash are promptly logged into the District's billing system, ensuring that account numbers are included on each check. The Office Facilitator is responsible for processing these receipts. The Office Facilitator will restrictively endorse the back of any checks received prior to distributing to the Human Resources Coordinator for deposit.

3.1.3. Documentation for receipts in the form of printouts from the District's billing system are retained with deposit records.

3.1.4. Funds awaiting bank deposit are kept in a locked file/safe with access limited to staff designated by the General Manager.

3.1.5. The Office Facilitator verifies the checks and cash to documentation received, and prepares deposit for delivery to bank.

3.1.6. The Office Facilitator is responsible for processing the deposits at least once per week. The Office Facilitator prepares the deposits for delivery to the bank; the Human Resources Coordinator verifies that the deposit is correct. The Office Facilitator or General Manager shall deliver the deposits in the event the Human Resources Coordinator is unavailable.

3.1.7. Cash deposits are made as needed. The General Manager or his/her designee transports the deposit **in a locked deposit bag** to the bank.

The Office Facilitator records all deposits that are made into the accounting system (Quick Books) . The check copies and documentation from the billing system are attached to the deposit slip. The Bank's deposit confirmation receipts are filed with monthly reconciliations.

3.1.8. For each deposit, the Office Facilitator, balances the starting change fund to \$100.00.

3.1.9. Documentation for each deposit is filed in chronological order into a bank deposit file/folder for the month.

3.2. PURCHASING POLICY

The Purchasing policy and procedures are designed to ensure that disbursements are properly made based on adequate documentation and proper authorization. All employees are required to follow this policy for all purchases of the Cal Pines Community Services District. All costs should be considered including sales tax, freight, and installation in defining “purchase” price for comparison with the dollar thresholds indicated in this policy.

It is the intent of this policy to ensure that District purchases are cost effective, encourage competition, and follow all applicable laws. Nothing in this policy shall preclude the District from using its own labor resources to complete any project for ordinary upkeep, maintenance, or repairs.

3.2.1. General Policy Provisions

For architectural, landscape architectural, engineering, environmental, land surveying, construction management and other professional services which are similar and require professional or expert judgment; selection will be based upon demonstrated competence, availability and on qualifications for the types of services to be performed, provided at fair and reasonable prices.

Orders for public works projects over \$1,000 shall require the payment of prevailing wages as mandated by California Law (California Labor Code Section 1720). Public works projects include construction, alteration, demolition or repair and/or maintenance work.

Orders for unbudgeted capital improvement items must be authorized by the Board of Directors at a properly noticed meeting prior to the order being placed.

3.2.1.1. Local Purchases \$0.00 to \$1,000

A completed “Request for Purchase” (RFP) shall be submitted to the District’s General Manager along with an invoice or receipt which has been approved by the appropriate supervisor and indicates budgetary account number(s).

Local purchases are defined as those purchases made within the District service boundaries or Klamath Falls, Susanville or Redding areas. Any purchases outside these defined areas are not considered local purchases, including purchases made online.

3.2.1.2. Other Purchases \$0.00 to \$5,000

A purchase order is required for all non-local purchases and for all local purchases over \$1,000. A purchase order which has the applicable budgeted funds available to it shall be requested from and approved by the District's General Manager prior to the order being placed.

3.2.1.3. Purchases of \$5,000.01 to \$10,000

A purchase order is required. An order shall be approved by the General Manager prior to the order being placed. In the absence of the General Manager, the District Treasurer and/or Board Chair should be contacted for approval of any purchases that are considered an emergency or when the health and welfare of the community is involved.

3.2.1.4. Purchases of \$10,00.01 - \$25,000.00

District staff will obtain three (3) competitive quotes (if available) and approval by the General Manager (and by the Board of Directors for any unbudgeted purchases) prior to the order being placed.-I think Board approval should also be required even if they are budgeted purchases

3.2.1.5. Purchases exceeding \$25,000.01

District staff will obtain a minimum of three (3) competitive quotes (if available) or follow formal public bidding/competitive procedures when required as outlined in the Public Contract Codes; and all purchases shall be approved by the Board of Directors. Participating in or matching other government or purchasing coalition contracts which have recently been competitively awarded qualifies as having met the formal public competitive requirement.

3.2.2. Formal Bidding Procedures

For budgeted capital improvement outlay purchases or unbudgeted purchases, the General Manager will request authorization to advertise for bids from the Board of Directors.

The responsible party will submit to the General Manager completed specifications for the item(s) to be bid. Upon request, the General Manager will assist in developing specifications.

The General Manager will review all Requests for Proposals or other solicitation documents before publication and conduct all bidding procedures except for those that are conducted by outside consulting firms.

Those bids opened by the General Manager will be evaluated with the assistance of the District Treasurer and appropriate manager prior to submitting the bid results to the Board of Directors for consideration of award.

Note: Any changes which increase the cost of a formally-bid public works project must also be approved by the Board of Directors.

3.2.2.1. Exemptions from Bidding

1. Purchase of services (excluding new construction, alteration, maintenance, or repair services). Also, if service is a substantial or critical portion of an article purchase, other methods of solicitation may be considered including but not limited to bid award based upon best value or solicitations which consider other cost, quality or service factors.
2. Purchase of commodities or services of (utilities) light, water, power, heat, transportation, telephone service or other means of communication. Or means for the disposition of garbage, sewage or refuse matter.
3. When contracting with suppliers awarded State of California price schedules, commodity contracts, master agreements, cooperative agreements, and other types of agreements that leverage the state’s buying power (for goods, information technology, and services).

3.2.2.2. Exceptions to Bidding

In any of the following instances, the requirements of bidding may be dispensed with if decided by the Board of Directors:

1. When the item (merchandise or service) can be obtained from only one source.
2. When the item is required or is economically preferable to match or be compatible with other furnishings, materials or equipment presently on hand and the purchase is made from the manufacturer or supplier who supplied other such furnishings, materials or equipment.
3. When the item has been standardized by the District and can be purchased from only one source or is purchased from the original manufacturer or supplier.
4. When the Board of Directors determines that due to special circumstances, it is in the District’s best interest to purchase an item or enter into a contract without compliance with the bidding procedures (i.e. competitive proposals would not be useful, would not produce an advantage or would be undesirable, impractical, or impossible).

5. When all bids are considered unsatisfactory or excessive and are rejected by the Board of Directors by a two-thirds vote, the District may do any necessary work and make necessary expenditures in lieu of contracting for the proposed work.
6. When the Board of Directors declares an emergency by a four-fifths vote, after finding that conditions will not permit a delay resulting from a competitive solicitation for bids. All actions thereafter taken will be reported to the Board until the emergency action is terminated (at the earliest possible date that conditions warrant).

Nothing in the policy shall prevent the General Manager of the District from ordering any action necessary and appropriate to respond to sudden, unexpected occurrences that pose a clear and imminent danger requiring immediate action to prevent, or mitigate the loss or impairment of life, health, property and essential public services.

If any portion of this policy is in conflict with rules, regulations or legislation having authority over the California Pines Community Services District, said rules, regulations or legislation shall prevail.

3.2.3. Approvals and Authorization

3.2.3.1. The Board of Directors and General Manager will authorize the following expenditures: General operations and maintenance expenses, payroll, purchases of equipment, contracts for services, any purchase over the amount of \$2,000. Authorization for expenditures may be delegated. Delegation of expenditure authority will be in writing and approved by the Board of Directors.

3.2.3.2. Payment for supplies or services will be made based on invoices, not statements.

3.2.3.3. The General Manager will maintain a Purchase Order book with numbered Purchase Order forms in duplicate. Request for Purchase Orders will be submitted to the General Manager in writing, describing the purchase along with all necessary documentation (RFP, quote, bid, etc.). Once approved by the appropriate parties, the General Manager will issue the Purchase Order. The original (white) copy will be sent to the vendor. The 2nd (yellow) copy will be retained in the Purchase Order book. Purchase Orders will also be entered into QuickBooks using the "Purchase Order" template for Cal Pines Community Services District. This will assist CPCSD staff to maintain both a hard copy and electronic copy of each Purchase Order.

3.2.3.4. Exceptions to Purchase Orders: to maintain efficiency, a purchase order is not required for:

- Radio/Newspaper/Media publications commitments under \$1,000
- General fees from the District's Legal Counsel(s)
- Customer Refunds
- Debt Service Payments
- Freight Charges
- Bulk Fuel purchases
- Insurance Premiums and other insurance claim payments
- Laboratory testing
- Lease/Purchase payments (must be approved by the Board)
- On-site Repair or service jobs under \$1,000
- Standard deliveries of gravel or asphalt materials for road repairs
- Administered Safety supplies (i.e. safety shoes, first aid supplies, etc.)
- Service Contracts less than \$1,000 annually and service contract renewals
- Travel Expenses (requires an RFP or other necessary approvals prior to travel)
- Utility bills (unless a new service or cancellation of service is requested)
- Or other authorized renewals or continuing payments

3.2.3.5. Requests for Payment (RFP) and Purchase Orders (if required) are submitted with the original invoice attached. The RFP is coded by the staff requesting the payment as to the fund and expense code to be charged. The RFP is signed by an authorized staff member indicating approval of the expenditure.

3.2.3.6. Invoices are processed by the Office Facilitator. Each invoice is entered as a payable in the accounting system and the check stub and all corresponding documentation is stapled together and retained per the Record Retention Policy.

3.2.4. Missing Invoices/Receipts

In the event that an invoice for services, reimbursement or supplies is lost, a memo explaining the expense and detailing the cost is submitted for approval by the General Manager and District Treasurer.

3.2.5. Vendor Documentation

All applicable vendors must submit an IRS Form W-9 Request for Tax Payer Identification and Certification or equivalent to the Accounting Department, prior to payment. A determination is made by the Office Facilitator on the need to file an annual IRS Form 1099-Misc. on payments made to vendors. Form W-9's should be mailed to all current applicable vendors each year prior to Form 1099 preparation to assure information is current.

3.2.6. Check Writing Procedures

3.2.6.1. Checks are processed as needed.

3.2.6.2. Checks are written through the District's accounting software. The General Manager will designate staff with access to the check printing system. When authorized by the General Manager, the Office Facilitator write checks.

3.2.6.3. Checks are automatically numbered by the accounting system maintained by the Office Facilitator.

3.2.6.4. Checks are not to be postdated or made out to cash. On rare occasions where the District cannot be invoiced by a vendor, a check can be signed by the District Treasurer, and then filled out at the time of purchase by the General Manager. No other CPCSD Staff shall be issued a blank check for purchases. This exception should only be used as a last resort if invoicing is unavailable.

3.2.6.5. The "Payment Record" portion of the check printed by QuickBooks is attached to the Invoice plus any other documentation, such as purchase order #'s or shipping documents, and filed by alphabetical order of the vendor's name in the District's vendor files maintained by the Office Facilitator.

3.2.6.6. Voided or spoiled checks will have the signature block torn off and will then be filed in numerical order in a locked file cabinet maintained by the Office Facilitator.

3.2.6.7. Checks are recorded in the accounting system by the Office Facilitator and a report of disbursement is given to the District Treasurer or one Board member if the Treasurer is unavailable for review and approval.

3.2.7. Check Approval Process

This procedure is designed to ensure that all checks have adequate documentation and authorization and that there are no missing checks or checks written to phantom vendors.

3.2.7.1. The RFP/invoice is reviewed for proper account coding, appropriateness of expenditure, and authorized signatures.

3.2.7.2. The RFP is compared with the invoice and the check amount. The copy of the check is initialed by the General Manager to indicate the review has been completed and the documentation is in order.

3.2.7.3. The batch of checks is reviewed by the General Manager and District Treasurer in check number sequence to assure no checks are unaccounted. One Board member will review the batch if the District Treasurer is unavailable.

3.2.7.4. The Disbursement report will be reviewed by the General Manager and provided to the District Treasurer or one Board Member if the Treasurer is unavailable to assure that the first check in each batch of checks begins with the next sequential check after last batch processed. The Disbursement reports are retained with fiscal year vendor files.

3.2.7.5. If there are no questions to be resolved, the Disbursement report and signed checks are returned to the Office Facilitator as authorization to mail or release the check to the vendor.

3.2.7.6. Checks are mailed to vendors by the office staff unless specific arrangements had been made in advance for pickup of checks at the office. If a check is picked up, the person picking up the check must provide identification which agrees with the payee on the check or must have verifiable written authorization from the payee to pick up the check.

3.2.8. Electronic Payment and Transfers

These procedures ensure that unauthorized transfers will not be made. Procedures may vary based on the system of the banking institution. Required documentation for all transfers is the same as for Requests for Payment.

3.2.8.1. Electronic banking allows wire transfers, electronic transfers, stop payments on checks, and account balance inquiries be initiated and completed via computer or telephone.

3.2.8.2. Wire transfers, electronic transfers, and stop payments shall be set up by the General Manager/Office Facilitator after written approval is received from the Board Chair and District Treasurer.

3.2.8.3. Password security is set to allow wire transfers, electronic transfers, and stop payments to be set up by staff designated by the Board of Directors.

3.2.8.4. Transfers must be authorized by the Board of Directors and the General Manager and can only be transferred between Cal Pines Community Services District accounts.

3.2.8.5. When a wire transfer, electronic transfer, or stop payment has been set up by the accounting staff, the documentation supporting the transaction is given to the District Treasurer for verification.

3.3. PAYROLL

These procedures are designed to assure that payroll is based on proper authorization and required documentation, is paid at the approved rate, is only paid to actual employees, and to assure that proper and timely reporting is made to federal, state, and local taxing authorities. Cal Pines Community Services District uses QuickBooks Payroll Service to assist the Office Facilitator to manually process payroll and required payroll tax deposits.

3.3.1. CPCSD payroll is processed on a twice monthly basis. Pay periods are 1st through the 15th, and the 16th through the end of the month. Paychecks are issued on the 16th and the last day of the month (see Policy #2300) but checks may be issued earlier if approved by the General Manager.

3.3.2. Payroll is based on time sheets completed by employees and approved by the General Manager. Administrative staff's payroll is allocated using the default District allocation unless otherwise indicated. All other salaried, non-administrative, employees are required to record an hourly breakdown each month that reflects the department to which the employees' time is charged. This will serve as a timesheet and must be signed by the General Manager and retained with employees payroll records.

Default District allocation:

- Sewer – 20%
- Water – 20%
- Trash – 6%
- Airport – 1%
- Fire (Lake Station) – 20%

- Contracted Fire – 15%
- Lot Mowing – 10%
- Roads – 4%
- Vector – 4%

3.3.3. Time sheets will reflect the use of sick, vacation, or other leave time, if applicable. Overtime for non-exempt employees requires the prior approval of the employee's supervisor.

3.3.4. Time sheets must be completed in ink with no whiteout or correction tape. Changes are initialed by the employee. The time sheet will be signed by both the employee and the General Manager.

3.3.5. Salary and/or benefit changes must be approved by the Board of Directors. A memo detailing the changes and the effective day shall be maintained with the employee's personnel file.

3.3.6. Payroll records are maintained by the Office Facilitator in a confidential manner. Information regarding payroll will not be discussed with other staff. Files must be in locked cabinets with access limited to designated personnel.

3.3.7. Documents that verify tax withholding and authorize other deductions such as health insurance premiums or voluntary contributions are filed in the payroll files by the Office Facilitator. Separate files containing the I-9 forms for each current employee are maintained by the Human Resource Coordinator.

3.4. PAYROLL PREPARATION AND PAYMENT

3.4.1. Payroll is prepared from employee time sheets which have been completed and signed by the employee and reviewed, approved, and signed by the General Manager.

3.4.2. The Office Facilitator will check each time sheet for computational errors.

3.4.3. For non-exempt salaried staff, unscheduled time worked will be paid at their hourly rate of pay, or cover shift rate for Fire Station coverage.

3.4.4. The General Manager or other designee reviews the payroll vouchers or checks, to assure that all of the checks are for actual employees or other required payments (i.e. garnishments).

3.4.5. Once approved by the General Manager, the District Treasurer verifies the payroll is accurate and complete by verification against submission data.

3.4.6. Employees receive duplicate vouchers which detail all deductions such as garnishments or deductions for the employee's Defined Benefit Plan. Otherwise, checks are printed and issued to employees on scheduled pay days.

3.4.7. Payroll tax deposits are made by the Office Facilitator. Reports are reviewed by the District Treasurer to verify the accuracy of the deposits.

3.5. PURCHASING

3.5.1. Leases

3.5.1.1. Only the Board of Directors can sign lease agreements.

3.5.1.2. Copies of all leases will be maintained by the Office Facilitator. An RFP authorizing payment of the lease for the fiscal year is maintained by the Accounting Department. The RFP will be reviewed by the General Manager and Board of Directors annually.

3.5.2. Consultant/Contract Services

3.5.2.1. In accordance with the District's Policies, all contracts for materials and supplies for construction or completion of any building, structure or improvement, when the costs exceeds \$25,000 shall be contracted in accordance with the provisions of Section 20680 of the California Public Contract Code.

3.5.2.2. The Board of Directors will review and approve proposed projects, usually a "Scope of Work" from the consultant, at properly noticed meetings of the Board. The Board of Directors may authorize the Board Chair or the General Manager to sign the contract once the project and/or Scope of Work is approved.

3.5.2.3. Consideration is made regarding in-house capabilities to accomplish services before contracting for them.

3.5.2.4. Written contracts clearly defining work to be performed is maintained for each consultant and contract services by the Office Facilitator. This contract will be retained for the length of the contract + 2 years.

3.5.2.5. The qualifications and reasonable charges for fees are considered in hiring consultants and proof of insurance and Form W-9, at minimum, will be required.

3.5.2.6. Requests for Proposals will be issued for all payments to consultants or professional services.

3.5.3. Furniture and Equipment

3.5.3.1. All furniture and equipment purchases must be pre-approved by the General Manager.

3.6. LOANS

3.6.1. Third Party Loans

3.6.1.1. Loans from outside sources (other agencies, banks, etc.) are authorized through board action and initiated by the General Manager or other designee.

3.6.1.2. Upon repayment of funds, the promissory note is returned to the General Manager.

3.6.1.3. Loans from the District to an employee are prohibited.

3.7. BANK ACCOUNTS

The Board of Directors may authorize by resolution the Board Chair, Vice-Chair, and/or District Treasurer to establish bank accounts and set signatory authority.

3.7.1. Bank accounts are established to meet the needs of the organization for separation of funds and the specific requirements of funding sources. Separate accounts for specific federal or state programs which exceed the FDIC limits must be collateralized by the bank to ensure the safety of the deposit. All other accounts, where possible, are established to maximize the use and earnings of cash.

3.7.1.1. A complete listing of all accounts and the account numbers shall be maintained by the Office Facilitator.

3.7.1.2. Bank Reconciliations for each account are completed monthly by the Office Facilitator with a copy reviewed by the District Treasurer.

3.7.1.3. The bank statements printed by the Office Facilitator as they become available on line each month. Statements are then reconciled each month by the Office Facilitator. Does the bank also mail a copy?

3.7.1.4. Reconciled bank statements are reviewed by the District Treasurer or designee monthly.

3.7.1.5. Outstanding checks more than 90 days old are investigated and stop payments issued as deemed necessary by the General Manager. Replacement checks are reissued after appropriate documentation has been collected.

3.8. ACCOUNTS RECEIVABLE

For each water user account, the General Manager will designate the staff responsible for preparation of invoices, payment requests, or reports necessary to secure payment to Cal Pines Community Services District. The following procedures ensure that all requests for funds are properly recorded and tracked.

Owner- A subscriber or non-subscriber of District water and the holder of record fee title of property within the District.

Tenant- A user of water supplied by the District who is a resident non-owner of property within the District and while not responsible for payment of statements, shall be obligated to comply with all other rules and regulations established by the District.

IMPLEMENTATION:

3.8.1.1. When a property is being rented, the District will send a monthly water invoice to the owner of each property, not the tenant. (see Policy Statement #3129) It is the owner's responsibility to make sure the invoice is paid. The owner is responsible for all charges and fees that accrue on the account. In accordance with the District's policies, all late charges and shut off notices will be mailed to the account's mailing address. The District will make a good faith effort to make contact with an adult residing at the premises by phone or in person at least 48 hours prior to any termination of service. If we are unable to make personal contact, a notification tag will be hung at the property indicating the shut off date and approximate time of disconnection.

3.8.1.2. The District will accept payments from either the tenant or owner; however only the owner will be listed on the account and water invoices will only be mailed to the owner's address we have on file. All credits will be applied to the owners' account.

3.8.1.3. The owner will contact the District with the current tenants' mailing address, e-mail address (if applicable) and phone number. The District will keep this information on file as an emergency contact for the property.

3.8.1.4. The owner may request in writing that their tenant(s) receive a copy of the monthly water invoice, request must be in writing. The purpose of the written request is to confirm his/her understanding that the owner is ultimately responsible for all charges upon their water account. It is also the owner's responsibility to contact the District if they no longer want their tenants to receive an copy of the invoice.

3.8.1.5. The District will not do adjustments to bills unless the home is sold to a new owner.

3.8.2. Treated Water Sales

3.8.2.1. Customer meters are read by District staff and/or volunteers between the 20th and 25th of each month.

3.8.2.2. The Office Facilitator or other office staff enters those meter reads into the District's billing system. If meter reads indicate abnormal usage, the Office Facilitator will issue a re-read of those meters. All meter reads and re-reads must be logged into the billing system no later than the 25th of each month.

3.8.2.3. Monthly water fees are charged to customers on the last day of each month for the prior month's usage. Bills are stuffed in envelopes by District staff and are mailed out on the last business day of each month.

3.8.2.4. Customers are expected to pay their account in full each month by the last day of the month. The District allows a fifteen day grace period before delinquent notices are sent notifying customers of pending shut off date (5 days from notice, see Policy #3129) and the additional fees that will be added to the customers' account if service is interrupted due to non-payment .

Every 5 Day Notice of Impending Service Disconnection shall include the following:

1. The name and address of the customer whose account is delinquent.

2. The amount of the delinquency.
3. The date by which payment is required in order to avoid termination.
4. The procedure by which the customer may initiate a complaint or request to enter into a “amortization agreement” and avoid disconnection.
5. The telephone number of a representative of CPCSD who can provide additional information.

3.8.2.5. Following established District policy, Termination of Service due to non-payment will occur at least (7 business) days after the 5 Day Notice of Impending Service Disconnection is mailed. All customers who haven't submitted payment will receive a “48 Hour Disconnection Notification”. The District will make a good faith effort to make contact with an adult residing at the premises by phone or in person at least 48 hours prior to any termination of service. If we are unable to make personal contact, a notification tag will be hung at customer's property indicating the shut off date and approximate time at least 48 hours prior to termination of service. Every Notice of termination of service shall include the following:

1. The name and address of the customer whose account is delinquent.
2. The amount of the delinquency.
3. The date by which payment is required in order to avoid termination.
4. The telephone number of a representative of CPCSD who can provide additional information.

The District shall not terminate service for non-payment in any of the following situations:

1. During the pendency of an investigation by the District of a customer dispute or complaint.
2. When a customer has been granted an extension of the period for payment of a bill.
3. On the certification of a licensed physician and surgeon that to do so will be life threatening to the customer and the customer is financially unable to pay for service within the normal payment period and is willing to enter into an amortization agreement (not to exceed 12 months) with the District with respect to all charges that the customer is unable to pay prior to delinquency. Termination shall commence if the customer fails to comply with the amortization agreement.

3.8.2.6. If a customer fails to comply with an amortization agreement, the District shall not terminate service without giving notice to the customer at least 48 hours prior to termination of

the conditions the customer is required to meet to avoid termination, but the notice does not entitle the customer to any further payment arrangements. Full payment of the account balance is due to avoid service termination.

3.8.2.7. The Office Facilitator will issue work orders authorizing the disconnection of service for those accounts that remain unpaid. Water service will not be disconnected on Fridays, Saturdays, and Sundays, legal holidays or any time during which the business offices of CPCSD are not open to the public.

3.8.2.8. Accounts receivable are reviewed by the Board of Directors and General Manager monthly or quarterly to ensure that receivables have a reasonable expectation of being collected and any necessary steps are to taken to ensure collection. If there is no reasonable expectation of collection, a decision is made on what action to take.

3.8.3. Amortization Agreements

Agreements are to provide payment agreements for customers who have excessive water usage due to a line break or some other kind of failure in the water system on the customer's property or on the customer's side of the meter. This policy is not meant to be used for customers who fall behind in paying the basic monthly rate charged by the District. Customers are responsible for all water usage at their property even if there is a break in the water lines on their property. Unfortunately, some leaks can go undetected until the meter is read by District staff or the homeowner discovers it.

If excessive water usage due to a line break or other similar system failure at the customer's property results in a bill the customer is unable to pay in one lump sum, the customer can request a "Payment Arrangement Agreement" from the District. The Customer must complete the "Payment Arrangement Agreement" form. It must be approved by the General Manager. Customers must provide proof of a line break or other similar system failure. This includes copies of invoices from plumbers for the repair, receipts for parts, or a visual inspection by District staff.

Customers must pay their monthly water charge in addition to the agreed upon amount for the excessive usage. All payments must be received by the District by the last day of each month, no later than Noon. Accounts not paid in full by the agreed date and time is subject to immediate

disconnection of service. A Termination of Service Fee will be charged to the customer's account. The full amount due will be paid before the service will be restored.

3.8.4. Surplus Equipment

3.8.4.1. Determination of Surplus Property

The term "surplus property" shall mean any property other than real property that is no longer needed or useable by the District. The General Manager shall annually review the District's equipment and inventory and complete a surplus property form for each item deemed surplus. The General Manager shall present a list of surplus property to the Board for its review and approval prior to disposition of the property.

3.8.4.2. Methods of Disposition

The General Manager is responsible for the disposition of District surplus property. Once the Board has approved the list of surplus property, the General Manager shall determine which of the following methods of disposition to use; the priority for disposition shall be in the order listed below:

1. Trade In – Property declared as surplus may be offered as a trade-in for credit toward the acquisition of new property. All trade-in offers will be submitted for the review and approval of the General Manager.
2. Return to Manufacturer – Surplus property may, when possible, be returned to the manufacturer for buy-back or credit toward the purchase of new property.
3. Sale – The District may offer surplus property for sale. All surplus property is for sale "as-is" and "where-is" with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility, or usability of the property offered for sale.
4. Appropriate methods of sale are as follows:
 - a. Public Auction – Surplus property may be sold at public auction. The District may contract with a professional auctioneer.
 - b. Sealed Bids – Sealed bids may be solicited for the sale of surplus property. Surplus property disposed of in this manner shall be sold to the highest responsive bidder.
 - c. Negotiated Sale – Surplus property may be sold directly to a purchaser if it is determined that only one known buyer is available or interested in acquiring the property.

- d. Selling for Scrap – Surplus property with a minimal fair market value may be sold as scrap.
- 5. Donation or Disposal – If the District is unable to sell surplus property after using the methods provided in sections 1 through 3, above, or if the cost of locating a buyer exceeds the estimated sale price of surplus property, the property may be donated to a charitable organization, recycled, destroyed, or disposed of as junk.

3.8.4.3. Proceeds

All sales of surplus property shall be paid to the District by certified check, money order, or in manner agreeable to the General Manager. The General Manager shall be authorized to sign bills of sale and any other documents evidencing the transfer of title to such surplus property by and on behalf of the District.

3.8.4.4. District Employees and Officers

District employees, directors and officers are prohibited from purchasing surplus property offered for sale by the District.

4. OTHER FINANCIAL SAFEGUARDS

4.1. PERSONNEL RECORDS SYSTEM

Access to the personnel records system is controlled to assure the confidentiality, privacy, and appropriate access to records and reliability of data. Access is limited to the General Manager, and key administrative staff. Hard copy personnel files are maintained in locked file cabinets. The files contain all personnel related information in sections, including:

4.1.1. Employee selection documents (resume, application, test results, offer letter, etc.).

4.1.2. Employee performance documents (evaluations and disciplinary actions).

4.1.3. Employee development (training certificates, education records, specialized licenses).

4.1.4. Miscellaneous data (employee handbook receipt, requests to inspect personnel file, leave of absence requests, attendance records, letter of resignation, termination records and other employment related documents).

Additionally, one file containing all Form I-9's for current employees eligible to work in the United States is maintained. Access is controlled by the General Manager.

4.2. DISTRICT CREDIT CARDS

Cal Pines Community Services District authorizes credit cards for key staff for the purpose of facilitating business purchases including business travel that is not easily handled through normal disbursement processing. Due to the potential for theft, misuse, and auditing problems, use of Cal Pines Community Services District credit cards is monitored carefully. The **Office Facilitator** reviews all credit card purchases, and **the General Manager and District Treasurer** must approve all payments. Misuse of credit cards or failure to follow these procedures will lead to restrictions or loss of credit card privileges.

4.2.1. Card Use - Each card holder is given instruction when they receive the card designed to ensure that the cards are used for Cal Pines Community Services District business only and to protect against misuse and theft and must sign a declaration of his/her understanding.

4.2.2. Lost or Stolen Cards - The **General Manager** must be notified immediately if a card is lost or stolen. If the **General Manager** is unavailable, the **Office Facilitator** or other designee will be contacted.

4.2.3. Credit Limits - Appropriate credit limits are established by the **Board of Directors** for each card and a list of all card holder and card holder numbers is maintained by the **Office Facilitator**. **In an effort to minimize disruptions to District operations, the General Manager may adjust the card holder's credit limit for one-time purchases approved by the Board of Directors.**

4.2.4. Termination of Credit Cards - Credit cards for employees who resign or are terminated are canceled immediately by the **General Manager** or other designee.

4.3. EMPLOYEE BENEFITS

These procedures are designed to ensure that employees receive the appropriate benefits as specified in the Personnel Policy.

4.3.1. Paid Time Off

4.3.1.1. Vacation, sick leave and comp time balances are maintained in QuickBooks Payroll software. Balances appear on employee paycheck vouchers.

4.3.1.2. Cal Pines Community Services District funds the vacation accrual on an annual basis to ensure that Cal Pines Community Services District liability for accrued leave is fully funded.

4.3.1.3. Sick leave is not funded. There is no liability for payment to an employee for accrued sick leave when an employee leaves Cal Pines Community Services District employment.

4.3.1.4. The General Manager is responsible for authorizing, and the Office Facilitator is responsible for processing all requests for time off and ensuring employees are provided paid time off benefits as outlined in the CPCSD Employee Handbook.

4.3.2. RETIREMENT

Cal Pines Community Services District offers CalPers Defined Benefit Plan. The Office Facilitator will send all contributions to the plan.

4.3.3. Other Employee Benefits

The General Manager is responsible for the administration and documentation of all benefits as listed in the CPCSD Employee Handbook. The benefits may be adjusted by a majority vote of the Board of Directors at a properly noticed meeting of the Board.

4.4. TRAVEL

Travel policies and procedures assure that all travel costs are pre-authorized, documented and are consistent with applicable regulations.

4.4.1. Mileage Reimbursement

4.4.1.1. The reimbursement rate for privately owned vehicles is the rate paid by Federal agencies for the use of private vehicles, unless otherwise established by the **Board of Directors**, not to exceed the current GSA rates.

4.4.1.2. Mileage reimbursement forms must be completed in ink or typed and signed by the employee and submitted to the **General Manager**. Reimbursement for mileage expense is made along with other vendor payments.

4.4.1.3. Mileage Reimbursement records are maintained by the **General Manager or Office Facilitator**.

4.4.1.4. Employees are required to have proof of auto insurance on file with the **General Manager**. Employees will not be reimbursed for mileage unless proof of insurance is on file for the period in which mileage is incurred.

4.4.2. Travel out of service area

4.4.2.1. Travel out of the Cal Pines Community Services District service area must be pre-approved by the **General Manager** or other designee. Travel out of state requires pre-approval by the **Board of Directors**.

4.4.2.2. Federal per diem guidelines apply unless otherwise established by the board, not to exceed the current Federal GSA rates. Exceptions may be approved by the **Board of Directors**.

4.4.2.3. The **General Manager** or other designee may approve travel advances for employees. When authorized, the **Office Facilitator** will process a Travel Advance Request for employees based on estimated per diem and other anticipated travel costs.

4.4.2.4. Following a trip, employees will submit to the **Office Facilitator** a properly authorized Travel Expense Report. The report must detail all expenses, and required receipts must be attached. The report will reconcile the advance funds received and will show funds to be returned to Cal Pines Community Services District or additional expenses to be paid to the employee.

4.4.3. Board of Directors Travel and Reimbursements

4.4.3.1. Cal Pines Community Services District Board members may be paid allowances and reimbursements for business expenses incurred in the performance of their duties.

4.4.3.2. Claims for reimbursement must be approved by the **General Manager**.

4.5. ALLOCATION OF COSTS

The purpose of the cost allocation policy is to ensure that all programs are charged their fair share of the costs whose benefits are not readily identifiable with a specific program or funding source but are necessary to the general operation of the organization.

4.5.1. Indirect Costs - Indirect costs are those costs that are not attributable to a specific cost center and which generally benefit the organization as a whole, such as salaries, benefits and other

costs relating to the General Manager, accounting staff, and other administrative staff. Costs relating to the Board of Directors are also considered indirect costs.

4.5.2. OMB Circular A122 established the federal requirements for determination of allowable and unallowable direct and indirect costs and the preparation of cost allocation proposals.

4.6. PROPERTY, INVENTORY AND CONTROL

Cal Pines Community Services District property inventory procedures provide for management control of Cal Pines Community Services District owned property and documentation of property for potential insurance losses and tax reporting. All property in excess of \$100.00 in value but less than the established capitalization threshold at the time of original purchase is included in inventory.

4.6.1. Cal Pines Community Services District will maintain property records to reflect furniture and equipment purchased, including tagging of these items, and include location, changes, deletions, etc.

4.6.2. Every year a physical inventory and of all furniture and equipment plus estimates of supplies on hand is completed prior to year end. Any discrepancies are brought to the attention of the General Manager for appropriate action.

4.6.3. Equipment to be retired is documented with an explanation for release. The listing of equipment to be retired is authorized by the General Manager. Any salvage value received is so noted on the records as miscellaneous income.

4.6.4. FIXED AND CAPITAL ASSETS

Cal Pines Community Services District has established a capitalization threshold of \$5,000.00 for property expected to benefit the operations of the organization for multiple years to be considered a fixed asset.

4.6.4.1. All property with an acquisition cost in excess of \$5,000 is purchased with Cal Pines Community Services District funds so that no property has federal character.

4.6.4.2. The cost of all property acquired through federal or state funds will be clearly designated on the Statement of Financial Position as Paid in Capital, including depreciation of such assets.

4.6.4.3. Capital Assets include buildings and improvements.

4.6.4.4. Property purchased meeting the fixed asset definition is tagged with a pre-numbered asset tag noting Cal Pines Community Services District and added to the list of assets maintained by the accounting department. This list is categorized by type of fixed asset, i.e. buildings,

furniture and equipment, plant assets, etc. and includes the asset number, date of installation, cost including taxes, shipping and installation fees, and life expectancy for depreciation purposes.

4.6.5. EQUIPMENT DEPRECIATION

The purpose of depreciation is to recognize the decreased value of the property over time (useful life) and to quantify this 'usage' as an expense to each cost center deriving benefit from its use.

4.6.5.1. A fixed asset, as previously defined, is depreciated according to the Cal Pines Community Services District Depreciation Policy #3115this policy number will change

4.6.5.2. The Depreciation Policy sets the useful life of property types (Buildings, Capital Assets, Furniture & Equipment, Vehicles, etc.) Depreciation Schedules are prepared for the full fiscal year utilizing the guidelines of the Depreciation Policy.

4.6.5.3. A separate schedule is made for each property/asset type. The schedule is maintained by the **Office Facilitator**. As depreciable property is purchased, it is added to the depreciation schedule in the month following purchase/installation.

4.6.5.4. A recurring journal entry is set up for posting each year, charging the depreciation expense to the appropriate fund(s).

4.7. AUDITS

Cal Pines Community Services District is required to have a financial audit on an annual basis. Periodically, as determined by the State Controller, a Request for Proposal is sent to audit firms qualified to provide the type of audit that meets Cal Pines Community Services District. Acceptance of the audit contract will be evidenced by a signed audit engagement letter that contains the type of service to be provided, the timeframe for providing the service, the cost for the service including incidental expenses, the term of the engagement and a clause stating "if unanticipated issues arise during the course of the audit that will result in additional fees, the audit firm will notify CPCSD and obtain written approval prior to incurring additional costs".

The audit will be presented to the board by the auditor and accepted by the Board of Directors based upon recommendation.

4.8. TAXES AND REPORTING REQUIREMENTS

4.8.1. The auditor prepares Form 990 “IRS Return of Organization Exempt from Income Tax,” and other forms required by the State of California. The Office Facilitator is responsible for submitting the unaudited Financial Transactions Report and audited year end trial balance to the State Controller’s Office by the deadlines issued by their office.

4.9. GRANTS AND CONTRACTS

Contract and grant documents are reviewed and approved by appropriate program staff, as well as the **General Manager**, prior to being approved by the **Board of Directors**.

4.9.1. The **General Manager** will carefully review each award to ensure that Cal Pines Community Services District will be in compliance with all financial provisions.

4.9.2. Original copies of signed grants and contracts are filed in the contract file with copies to the **General Manager**.

4.9.3. The **General Manager** will designate the appropriate staff responsible for preparation of reports, payment requests and/or invoices.

4.9.4. The **Office Facilitator** will maintain individual contract files containing copies of the grant/contract, any amendments, relevant correspondence regarding the grant/contract, and reports of expenditures or billings.

4.10. BUDGETS

Budgets provide a standard by which to measure performance, encourage planning, and allocate resources in accordance with funding source requirements. Budgets should use reasonable assumptions of income and expenses. All budget assumptions should be documented to facilitate a thorough analysis and evaluation, not only of the budget, but of the actual revenue and expenditures as they relate to the budget.

4.10.1. The organization budget is prepared by the **Office Facilitator with input from the General Manager and Board of Directors**. **Budgets are estimates of the financial transactions for the year, based on previous years’ spending and evaluating operation changes or needs.**

4.10.2. Budgets are submitted to the **General Manager** for review and approval prior to submission to the **Board of Directors**.

4.10.3. The **Office Facilitator** will submit an annual organization budget to the Board of Directors for their approval.

4.10.4. The Operations & Maintenance (O&M) and Capital Improvement Projects (CIP) budgets are established and approved by the Board of Directors. **A long-term (5 – 15 year) plan for the Asset Management Program and Capital Improvements shall be reviewed annually and modified as needed.**

4.10.5. Reports outlining budgeted amounts compared to actual spending will be presented to the Board of Directors once per month at the regular meeting of the Board. This may be changed by Board action to once per quarter.

4.11. INTERNAL REPORTING

Reports assist the Board of Directors, General Manager, and funders with managing and controlling of program activities and financial resources.

4.11.1. Monthly financial reports, including a revenue and expense report for all accounts and balance sheet where appropriate, will be provided to the **Board of Directors** at their regular monthly meeting.

4.11.2. The **Office Facilitator** will prepare monthly and quarterly reports as required by funding sources.

4.11.3. The **General Manager** or designee will review the reports to the funding sources.

4.11.4. The **General Manager** will prepare and maintain, on a current basis, a listing of reports and due dates for funding sources.

4.11.5. It is the responsibility of the **General Manager** to ensure that all financial reports are submitted on a timely basis.

5. RECORD RETENTION

The purpose of this policy is to provide guidelines to staff regarding the retention or disposal of CPCSD records; provide for the identification, maintenance, safeguarding and disposal of records in the

normal course of business; ensure prompt and accurate retrieval of records; and ensure compliance with legal and regulatory requirements.

Vital and important records, regardless of recording media, are those having legal, financial, operational, or historical value to the District.

5.1. AUTHORIZATION

The General Manager is authorized by the Board of Directors to interpret and implement this policy, and to cause to be destroyed any or all such records, papers and documents that meet the qualifications governing the retention and disposal of records, specified below.

5.2. GUIDELINES

Pursuant to the provisions of California Government Code §61000 et seq. California Community Service Districts, and the guidelines prepared by the State Controller's office and the Controller's Advisory Committee for Special Districts, the following qualifications will govern the retention and disposal of records of the Cal Pines Community Services District.

5.2.1. Duplicate records, papers and documents may be destroyed at any time without the necessity of Board authorization or copying to photographic or electronic media.

5.2.2. Originals of records, papers and documents more than two (2) years old that were prepared or received in any manner other than pursuant to State or Federal statute may be destroyed without the necessity of copying to photographic or electronic media.

5.2.3. In no instances are records, papers or documents to be destroyed where there is a continuing need for such records for such matters as pending litigation, special projects, etc.

5.2.4. Records, papers or documents which are not expressly required by law to be filed and preserved may be destroyed if all of the following conditions are met:

5.2.4.1. Any accounting record except the journals and ledgers which are more than five years old and which were prepared or received in any manner other than pursuant to State statute may be authorized for destruction, provided that:

5.2.5. There is no continuing need for said record, i.e., long-term transactions, special projects, pending litigations, etc;

5.2.6. There exists in a permanent file, an audit report or reports covering the inclusive period of said record, and that;

5.2.7. Said audit report or reports were prepared pursuant to procedures outlined in Government Code Section 26909 and other State or Federal audit requirements, and that; and,

5.2.8. Said audit or audits contain the expression of an unqualified opinion.

5.2.9. Any accounting record created for a specific event or action may be destroyed upon authorization five years after said event has in all respects terminated. Any source document detailed in a register, journal, ledger or statement may be authorized for destruction five years from the end of the fiscal period to which it applies. The following may be destroyed at any time:

5.2.9.1. Duplicated (original-subject to aforementioned requirements).

5.2.9.2. Rough drafts, notes or working papers (except audit).

5.2.9.3. Cards, listings, nonpermanent indices, other papers used for controlling work or transitory files.

5.2.10. All payroll and personnel records shall be retained indefinitely. Originals may upon authorization be destroyed after seven years retention, provided said records have been microfilmed and qualify for destruction section 4, above. Payroll and personnel records include the following:

5.2.10.1. Accident reports, injury claims and settlements.

5.2.10.2. Medical histories.

5.2.10.3. Injury frequency charts.

5.2.10.4. Applications, changes and terminations of employees.

5.2.10.5. Insurance records of employees.

5.2.10.6. Time cards.

5.2.10.7. Classification specifications (job descriptions).

5.2.10.8. Performance evaluation forms.

5.2.10.9. Earning records and summaries.

5.2.10.10. Retirements.

5.2.11. All assessing records may upon authorization be destroyed after seven years retention from lien date; however, their records may be destroyed three years after the lien date when said records are microfilmed as provided for section 4, above.

5.2.12. Records of proceedings for the authorization of long-term debt, bonds, warrants, loans, etc., after issuance or execution may be destroyed if microfilmed as provided for in section 4, above. Terms and conditions of bonds warrants, and other long-term agreements should be retained until final payment, and thereafter may be destroyed in less than ten years if microfilmed as provided for in section 4, above. Paid bonds, warrant certificates and interest coupons may be destroyed after six months if detailed payment records are kept for ten years.

5.2.13. Minutes of the meetings of the Board of Directors are usually retained indefinitely in their original form. However, they may upon authorization be destroyed if said minutes are microfilmed as provided for in section 4, above. Recording tapes (or other media) of Board meetings will be kept for a period of one year from the date of the recorded meeting, after which they will be destroyed.

5.2.14. Construction records, such as bids, correspondence, change orders, etc., shall not be kept in excess of seven years unless they pertain to a project which includes a guarantee or grant and, in that event, they shall be kept for the life of the guarantee or grant plus seven years. As-built plans for any public facility or works shall be retained as long as said facility is in existence.

5.2.15. Contracts should be retained for its life plus seven years. Any unaccepted bid or proposal for the construction or installation of any building, structure or other public work which is more than two (2) years old may be destroyed.

5.2.16. Property records, such as documents of title, shall be kept until the property is transferred or otherwise no longer owned by the District.

5.3. RETENTION OF ELECTRONIC MAIL (E-MAIL) POLICY

5.3.1. The purpose of this portion of the policy is to: provide guidelines to staff regarding the retention or disposal of Cal Pines Community Services District electronic mail (“e-mail”) which generates correspondence and other documentation considered public records (hereinafter “Official District Records”) in need of protection/retention in accordance with the California Public Records Act (Gov. Code §§ 6250-6276.48). The Cal Pines Community Services District’s (the “District”) e-mail system is intended as a medium of communication only. Therefore, the District’s e-mail system should not be used to store or maintain documents, including, but not limited to, Official District Records.

5.3.2. In the event a records request or court-issued demand is made for e-mail, the employees having control over such e-mail, once they become aware of the request or demand, shall use their best efforts, by any responsible means available, to temporarily preserve any e-mail which is in existence until it is determined whether such e-mail is subject to preservation, public inspection or disclosure.

5.3.3. The Public Records Act states that “public records” include “any writing containing information relating to the conduct of the public’s business prepared, owned, used or retained by any state or local agency regardless of physical form or characteristics.” (Gov. Code § 6252, subd. (e).) The Public Records Act also defines “writing” as “handwriting, typewriting, printing, photostating, photographing, photocopying, transmitting by electronic mail or facsimile, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combination thereof, and any record thereby created, regardless of the manner in which the record has been stored.” (Gov. Code § 6252, subd. (g), emphasis added.)

5.3.4. According to the preceding definitions, e-mail messages and any attachments regardless of format are, in fact, public records and are subject to the provisions of the Public Records Act as well as legal requirements for retention of public records. The preceding definitions also include any messages sent through a Blackberry or other electronic device that end up as e-mail to or from any District employee.

5.3.5. It is the responsibility of individual employees to determine if e-mail is an Official District Record which must be retained in accordance with the District’s Records Retention Policy. Generally, an e-mail message and any attachments regardless of format may be considered an Official District Record if it: (1) is created or received in connection with official District business; (2) documents the formulation and implementation of District policies and decisions; or (3) initiates, authorizes or completes a transaction of official District business.

5.3.6. Preliminary drafts, notes or interagency or intra-agency memoranda which are not retained by the District in the ordinary course of business are generally not considered to be Official District Records subject to disclosure.

Employees are encouraged to delete documents which are not otherwise required to be kept by law or whose preservation is not necessary or convenient to the discharge of your duties or the conduct of

the District's business. Examples of e-mail messages that are not generally considered Official District Records may include: (1) personal messages and announcements not related to official District business; (2) messages with attached copies or extracts of documents distributed for convenience or reference (with the original documents being preserved according to the District's Records Retention Policy); and (3) messages that are essentially cover notes or distribution slips. The District's General Counsel can assist you in determining whether an e-mail message is required to be retained and/or is necessary or convenient to the discharge of your duties or the conduct of the District's business.

5.3.7. Any e-mail message, including any attachments regardless of format, which can be considered an Official District Record must be preserved in accordance with the retention periods specified in the District's Records Retention Policy. Generally, the District employee who sends an e-mail that qualifies as an Official District Record should be the person responsible for preserving that e-mail, but persons responsible for a particular program or project file shall also be responsible for preserving all e-mail they send or receive related to that program or project. District employees may print and file hard copies of e-mail messages that must be preserved. Employees may also save e-mail messages electronically, in electronic folders separate from their regular e-mail inboxes. However, e-mail messages must not be stored in an employee's regular inbox. Many types of e-mail can also be stored electronically as a Word document. The District's Information Technology staff can assist employees with setting up electronic folders or other methods of electronically archiving e-mail messages. However, all e-mail messages that are retained electronically must be easy to retrieve, view and print out, if necessary.

5.3.8. For projects that involve two or more employees, any e-mails pertaining to a specific project should be retained in that project's central file(s). Employees should work with Information Technology staff on the best method for central storage of e-mails on a project to make sure the e-mails remain easily accessible to everyone.

5.3.9. In addition, any e-mail messages that relate to a claim or a potential claim against the District must be preserved. Likewise, any e-mail messages that may relate to a lawsuit filed against the District, even if a subpoena or court order for such e-mail messages has not yet been issued, must be preserved. Under newly enacted federal rules regarding electronic discovery, any information stored electronically, including e-mail messages, must be produced for a requesting party. A court can impose severe penalties if e-mail messages relevant to a lawsuit are deliberately destroyed when it is known,

or should have reasonably been anticipated, that a claim or lawsuit could be filed against the District. There are no penalties if electronic information is “lost” through “the route operation of an electronic information system” (i.e., automatic deletion after a period of time; automatic overwriting of backup tapes, etc.). (Rule 37(f) of the Federal Rules of Civil Procedure.) However, the District has a duty to preserve any relevant data when there is even a hint of possible litigation. Therefore, when District employees become aware of a potential claim, an actual claim, or a lawsuit against the District, they must preserve any e-mail messages and attachments that have any information relevant to that matter. The District’s General Counsel can provide you with guidance on these issues.

6. RISK MANAGEMENT AND INSURANCE

In the implementation of the Risk Management, Cal Pines Community Services District will insure those risks which Cal Pines Community Services District deems appropriate using an insurance professional who is knowledgeable about the market, who understands or is willing to learn about Cal Pines Community Services District operations, is an assertive advocate for Cal Pines Community Services District’s interests, and is organized and responsive to Cal Pines Community Services District’s needs. Special District Risk Management Association (SDRMA) has covered the CPCSD for a number of years, providing us with both Liability and Worker’s Compensation coverage.

7. INVESTMENT POLICY

7.1. COMPLIANCE

The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) §53600.6 and §53630.1); and

Government Code Sections 5921 and 53601, et seq., allow the legislative body of a local agency to invest surplus monies not required for the immediate necessities of the local agency; and,

The **General** Manager is required to annually prepare and submit a statement of investment policy and such policy, and any changes thereto, is to be considered by the local agency's legislative body at a public meeting (CGC §53646(a)).

For these reasons, and to ensure prudent and responsible management of the public's funds, it is the policy of the CPCSD to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of CPCSD funds.

7.2. ACCOUNTS

This investment policy applies to all financial assets of CPCSD. These funds are accounted for in the Independent Annual Financial Report and include:

Demand Account:

Investments:

7.3. RESPONSIBILITIES

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (CGC §53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations for expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

7.4. OBJECTIVES

As specified in CGC §53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives of the investment activities, in priority order, shall be:

7.4.1. Safety - Safety of principal is the foremost objective of the investment program. Investments of CPCSD shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

7.4.2. Liquidity: The investment portfolio will remain sufficiently liquid to enable CPCSD to meet all operating requirements which might be reasonably anticipated.

7.4.3. Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

7.5. DELEGATION OF AUTHORITY

Authority to manage an investment program is derived from California Government Code Sections 53600, et seq. Management responsibility for the investment program is hereby delegated to the CPCSD Board of Directors, who shall establish written procedures for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the CPCSD Board of Directors. The General Manager shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Under the provisions of California Government Code §53600.3, the District Treasurer, Board of Directors, and CPCSD employees who handle District funds are trustees and fiduciary subjects to the prudent investor standard.

7.6. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

7.7. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The General Manager will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. No deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the General Manager shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the appropriate district officer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for CPCSD's account with the firm has reviewed CPCSD's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to CPCSD that are appropriate under the terms and conditions of the Investment Policy.

7.8. AUTHORIZED AND SUITABLE INVESTMENTS

The CPCSD is empowered by California Government Code §53601, et seq., to invest in the following:

7.8.1. Bonds issued by the CPCSD.

7.8.2. United State Treasury Bills, Notes & Bonds.

7.8.3. Registered state warrants or treasury notes or bonds issued by the State of California.

7.8.4. Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Finance Division Managers, other local agencies or Joint Powers Agencies.

7.8.5. Obligations issued by agencies or instrumentalities of the United States Government.

7.8.6. Bankers' acceptances with a term not to exceed 270 days. Not more than 40% of surplus funds can be invested in bankers' acceptances and no more than 30% of surplus funds can be invested in the banker's acceptances of any single commercial bank.

7.8.7. Prime commercial paper of U.S. corporations with assets greater than \$500 million, with a term not to exceed 180 days and the highest ranking issued by Moody's Investors Service (Moody's) or Standard & Poor's Corporation (S&P). Commercial paper cannot exceed 15% of total surplus funds, provided that, if the average maturity of all commercial paper does not exceed 31 days, up to 30% of surplus funds can be invested in commercial paper.

7.8.8. Negotiable certificates of deposit issued by federally or state-chartered banks or associations. Not more than 30% of surplus funds can be invested in certificates of deposit.

7.8.9. Repurchase/reverse repurchase agreements of any securities authorized by this section. Securities purchased under these agreements shall be no less than 102% of market value. (See special limits in CGC §53601.i.)

7.8.10. Medium term notes (not to exceed 5 years) of U.S. corporations rated "A" or better by Moody's or S&P. Not more than 30% of surplus funds can be invested in medium term notes.

7.8.11. Shares of beneficial interest issued by diversified management companies (money market mutual funds) investing in the securities and obligations authorized by this Section. Such funds must carry the highest rating of at least two of the three largest national rating agencies. Not more than 15% of surplus funds can be invested in money market mutual funds.

7.8.12. Funds held under the terms of a trust indenture or other contract or agreement may be invested according to the provisions of those indentures or agreements.

7.8.13. Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code (UCC) or applicable federal security regulations.

7.8.14. Any mortgage pass-through security, collateralized mortgage obligation, mortgaged backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable backed bond of a maximum maturity of five years. Securities in this category must be rated AA or better by a nationally recognized rating service. Not more than 30% of surplus funds may be invested in this category of securities.

7.8.15. Any other investment security authorized under the provisions of CGC §5922 and §53601. (Also, see CGC §53601 for a detailed summary of the limitations and special conditions that apply to each of the above listed investment securities. CGC §53601 is included by reference in this investment policy.)

7.8.16. Prohibited Investments - Under the provisions of CGC §53601.6 and §53631.5, CPCSD shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero-interest accrual if held to maturity.

7.9. COLLATERALIZATION

All certificates of deposits must be collateralized by U.S. Treasury Obligations. Collateral must be held by a third-party trustee and valued on a monthly basis. The percentage of collateralization on repurchase and reverse repurchase agreements will adhere to the amount required under CGC §53601(i)(2).

7.10. SAFEKEEPING AND CUSTODY

All security transactions entered into by the CPCSD shall be conducted on delivery-versus-payment (DVP)+ basis. All securities purchased or acquired shall be delivered to CPCSD by book entry, physical delivery or by third party custodial agreement as required by CGC §53601.

7.11. DIVERSIFICATION

CPCSD will diversify its investments by security type and institution. It is the policy of the CPCSD to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

7.11.1. Portfolio maturities shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.

7.11.2. Maturities selected shall provide for stability of income and liquidity.

7.11.3. Disbursement and payroll dates shall be covered through maturities investments, marketable U.S. Treasury bills or other cash equivalent instruments such as money market mutual funds.

7.12. REPORTING

In accordance with CGC §53646(b)(1), the General Manager shall submit to each member of the Board of Directors a quarterly investment report. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for CPCSD by third party contracted managers. The report will also include the source of the portfolio valuation. As specified in CGC §53646 (e), if all funds are placed in LAIF and/or FDIC-insured accounts the foregoing report elements may be replaced by copies

of the latest statements from such institutions. The report must also include a certification that: (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy; and, (2) CPCSD will meet its expenditure obligations for the next six months as required by CGC §53646(b)(2) and (3), respectively. The General Manager shall maintain a complete and timely record of all investment transactions.

7.13. INVESTMENT POLICY REVIEW

This Investment Policy shall be reviewed on an annual basis, and the Board of Directors must approve modifications.

8. IDENTITY THEFT PREVENTION PROGRAM (RED FLAG RULES)

Procedures for Customer Credit Security in Accordance with the Fair & Accurate Credit Transactions Act of 2003.

8.1. PURPOSE

This document was created in order to ensure the District's compliance with regulations ("Red Flag Rules") issued by the Federal Trade Commissions (FTC) as part of the implementation of the Fair and Accurate Credit Transaction Act of 2003 (FACTA). FACTA requires financial institutions and creditors to implement written programs that provide for identification, detection, and response to patterns, practices or specific activities that could indicate identity theft ("Red Flags"). The District must comply with the Red Flag Rules because it is considered a creditor; it receives payments for water service provided to its customers after the service is rendered.

The FTC regulations require that the program must:

1. Identify relevant Red Flags and incorporate them into the program.
2. Identify ways to detect Red Flags.
3. Describe appropriate responses to Red Flags.
4. Detail a plan for program updates.
5. Include a process for administration and oversight of the program.

This program shall, as appropriate, incorporate existing District policies and procedures that control reasonably foreseeable risks related to the protection of customer information.

8.2. ASSESSMENT OF EXISTING BUSINESS PRACTICES

Part 1 of the Identity Theft Prevention Program is used to identify areas of potential risk within the District's standard Customer Service business practices. The District has selected specific business processes associated with offering or maintaining accounts or engaging in other activities that could raise "red flags" indicating the potential for identity theft.

8.2.1. The District provides Customer Service personnel with the ability to request and review a customer's personal identifying information when engaging in any of the following activities:

- Open new accounts
- Access existing accounts
- Modify existing accounts
- Close existing accounts

Also, if the District has identified a past occurrence of identity theft that was linked to a customer's utility account (an unauthorized opening, modifying or closing of an account), then they must perform the actions set forth in the following Program.

8.3. IDENTIFICATION OF RED FLAGS

Part II of the Identity Theft Prevention Program assists the District in identifying Red Flags that may arise during routine handling of new and/or existing accounts. The District has identified the following items as potential Red Flag sources or categories that might indicate an instance of identity theft.

- Documents provided for identification appear to have been altered or forged.
- Photograph, physical description and/or other information on identification is not consistent with the appearance of the person presenting the identification.
- Information on the identification is not consistent with readily accessible information that is on file with the District, such as property tax records.
- Social security number presented is the same or similar to that of another customer.

- Information provided is inconsistent when compared against external information sources (address does not match any address listed online, and/or social security number has not been issued or is associated with a deceased person).
- Information provided by the customer is inconsistent with other information provided by the customer.
- Information provided is associated with known fraudulent activity (address and/or phone number on application is the same as the address provided on a previous fraudulent application).
- Information provided is of a type commonly associated with fraudulent activity (address on an application is fictitious and/or phone number is invalid).
- Customer fails to provide all required personal identifying information on an application or in response to notification that the application is incomplete (however, by law social security numbers must not be required).
- Customer cannot provide authentication information beyond that which generally would be available from a wallet.
- Account used in a way that is not consistent with prior use (such as abnormally high-water usage).
- Mail sent to the customer is returned repeatedly as undeliverable although transactions continue to be conducted in connection with the customer's account.
- District is notified that the customer is not receiving paper account statements.
- District is notified that it has opened a fraudulent account for a person engaged in identity theft.

8.4. DETECTION OF RED FLAGS

Part III of the Identity Theft Prevention Program addresses the process of detecting Red Flags as related to possible identity theft during the District's routine handling of new and/or existing accounts. The following is a list of detection methods that the District uses to prevent identity theft.

- Require customers to present government-issued identification information to open a new account. Types of necessary information include:

- Name
- Date of Birth
- Address (both physical and mailing address)
- Phone number
- Photo identification
- Verify customer's identity (for example, review a driver's license or other identification card).
- Independently contact the customer (in case of phone setup of new utility accounts).
- When fielding a request to access and/or modify an existing account (such as a change in billing address), verify identity of customer by requesting specific pieces of personal identifying information (identification with the new billing address and/or documentation proving shift of financial liability).

8.5. PART IV. PREVENTION AND MITIGATION

Part IV of the Identity Theft Prevention Program details response actions for District personnel if the personnel have observed a Red Flag associated with a new or existing utility account. One or more of the following actions will be taken by the District to rectify the situation.

- District will not open a new account (after review of the presented identifying information and discussion with General Manager).
- For an existing account, the District may discontinue the services associated with the account and/or:
 - Continue to monitor the account for evidence of identity theft and contact the customer to discuss possible actions.
 - Change the passwords, security codes, or other security devices that permit access to an existing account.
 - Reopen an existing account with a new account number.
 - Close an existing account.

- For all instance of suspected or confirmed identity theft, the District will notify local law enforcement and will provide them with all the relevant details associated with the identity theft event.

8.6. PROGRAM ADMINISTRATION

Program administration is an important part of the Identity Theft Prevention Program. This section details the training requirements, annual program review, approval and adoption process and annual reporting requirements that are associated with this Program.

8.6.1. Staff Training

Any employee with the ability to open a new account, or access/manage/close an existing account will receive training on identifying and detecting Red Flags. They will also be trained in the appropriate response actions in the event that an instance of identity theft is suspected. Key management personnel in appropriate departments will also receive training on the contents of this Program. As necessary, employees will be re-trained annually if the Program is updated to include new methods of identifying and detecting Red Flags, or if new response actions are implemented.

8.6.2. Program Review and Update

The District will review and update the Program annually to reflect changes in risks to customers from identity theft based on factors such as:

- Experiences of the District with identity theft.
- Changes in methods of identity theft.
- Changes in methods to detect, prevent, and mitigate identity theft.
- Changes in the types of accounts that the District offers or maintains.
- Changes in the business arrangements of the District, including mergers, acquisitions, alliances, joint ventures, and service provider arrangements.

8.6.3. Program Approval and Adoption

The Program has been reviewed and approved the Cal Pines Community Services District Board of Directors on _____ at a regular meeting of the Board of Directors.

The District's Board of Directors has assigned the Office Facilitator to be responsible for the oversight, development, implementation and administration of the Program. Annually, the designated staff member will develop the annual report as described in Section 8.6.4 that will

address compliance of the District with this Program. The District's Board of Directors is responsible for reviewing this report and approving material changes to the Program as necessary to address changing identity theft risks.

8.6.4. Annual Reporting

The District will provide an annual report to the District's Board of Directors that details the District's compliance with the Federal Trade Commission's Red Flag Rule. The report will address matters related to the Program and address several topic areas including:

- Effectiveness of the policies and procedures of the District in addressing the risk of identity theft in connection with the opening of new accounts and with respect to the management of existing accounts;
- Service provider arrangements;
- Significant incidents involving identity theft and management's response; and
- Recommendations for material changes to the Program.

8.6.5. Service Provider Oversight

Whenever the District engages a service provider to perform an activity in connection with one or more of the customer accounts, the District will verify that the activity of the service provider is conducted in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of identity theft. To accomplish this, the District will require the service provider by contract to have policies and procedures to detect relevant Red Flags that may arise in the performance of the service provider's activities, and either report the Red Flags to the District or to take appropriate steps to prevent or mitigate identity theft.

9. MISCELLANEOUS POLICIES

9.1. TEMPORARY RECONNECTION OF WATER SERVICE FOR REAL ESTATE PROPERTY INSPECTIONS

PURPOSE

To provide temporary water service to homes where service has been terminated due to non-payment.

It is normal practice for CPCSD to require all past due charges be paid prior to any water service reconnection. Foreclosed homes can acquire a large outstanding water bill once past due charges, late

fees, Service Termination fees and lien fees have been charged to the property's account. Once these homes are offered for sale, it is a benefit to the community to get these homes sold as soon as possible. Once a lien is filed on a property, the past due charges are paid when the home closes escrow or by the realtor whose job it is to sell the property. The District is aware that paying the past due charges on some of these homes can put an unfair burden on the realtors trying to sell these homes.

Therefore, the District will authorize a temporary reconnection in the event a realtor needs to have water service restored in order to complete a sale of a home. This temporary reconnection shall be used for completing all home inspections necessary to sell the property. This reconnection shall last no longer than 72 hours. If additional time is needed, an extension must be approved by the General Manager. A fee of \$75 will be charged for the administrative and field staff time required for this action as well as the use of up to 900 gallons of water during that time period.

Procedure:

1. The realtor and/or homeowner shall submit a written request (form on following page) for a temporary reconnection in order to complete a home inspection. The request must include the anticipated date of inspection. A payment of \$75 must accompany the request. The request must be made no less than 48 hours prior to the requested date of reconnection.
2. Administrative staff shall process the payment and issue the work order for the reconnection.
3. Field Staff will reconnect the water service only when a responsible individual representing the homeowner or realtor is on site and available to watch for leaks, open faucets, etc. A meter read shall be recorded at the time water service is restored. District staff will unlock meters Monday - Friday from 8:00am to 3:00pm excluding holidays – absolutely no exceptions.
4. Once the home inspection is complete or the 72 hours have elapsed, field staff shall disconnect water service at the property and take a final meter read.

REQUEST TO TEMPORARILY UNLOCK WATER METER TO ALLOW FOR REAL ESTATE INSPECTIONS

To accommodate real estate inspections, the Cal Pines Community Services District (CPCSD) will unlock the designated water meter for a specified period of time (up to 72 hours) to allow for real estate inspections – THIS IS NOT A RESUMPTION OF SERVICE. The CPCSD is not responsible for any damage that may be caused to the home upon restoring water service to the residence. The party requesting the temporary service shall bear all financial responsibility for any damage(s) that may occur during an active service and after the service is once again terminated.

<u>Payment of Fee</u>
Unlock Water Meter for Inspection(s) Only and Relock after Inspection(s) \$75.00

REQUESTED BY

NAME: _____
ADDRESS: _____
CITY: _____ STATE _____ ZIP _____
PHONE: () _____ - _____

SUBJECT PROPERTY

STREET ADDRESS: _____
APN: _____ - _____ - _____

BUYER'S REPRESENTATIVE

NAME: _____
PHONE: () _____ - _____
EMAIL: _____

SELLER'S REPRESENTATIVE

NAME: _____
PHONE: () _____ - _____
EMAIL: _____

ESCROW COMPANY

NAME: _____
ADDRESS: _____
CITY: _____ STATE _____ ZIP _____
PHONE: () _____ - _____
EMAIL: _____
CONTACT PERSON: _____

INSPECTION DETAILS

District requires at least **48 hours'** notice prior to inspection. District staff will unlock meters Monday - Friday from 8:00am to 3:00pm excluding holidays – absolutely no exceptions.

REQUESTED INSPECTION DATE: _____ **TIME:** _____

NOTE: Water service restoration for a property shall not occur until all unpaid water charges are paid in full. Prospective homeowners, real estate agents and escrow companies are encouraged to discuss this issue with CPCSD.

Signature of Responsible Party

Date

<u>OFFICE USE ONLY</u>	
Received By: _____	Check #: _____
Approved By: _____	Amt: \$ _____

Appendix A

Definitions for Records Retention and Disposal Policy

1. AUTHORIZATION. Approval from the General Manager, as authorized by the District's Board of Directors.
2. ACCOUNTING RECORDS. Include but are not limited to the following:
 - a. SOURCE DOCUMENTS
 - (1) Invoices
 - (2) Warrants
 - (3) Requisitions/Purchase Orders (attached to invoices)
 - (4) Cash Receipts
 - (5) Claims (attached to warrants in place of invoices)
 - (6) Bank Statements
 - (7) Bank Deposits
 - (8) Checks
 - (9) Bills
 - (10) Various accounting authorizations taken from Board minutes, resolutions or contracts
 - b. JOURNALS
 - (1) Cash Receipts
 - (2) Accounts Receivable or Payable Register
 - (3) Check or Warrant (payables)
 - (4) General Journal
 - (5) Payroll Journal
 - c. LEDGERS
 - (1) Expenditure
 - (2) Revenue
 - (3) Accounts Payable or Receivable Ledger
 - (4) Construction
 - (5) General Ledger
 - (6) Assets/Depreciation
 - d. TRIAL BALANCE
 - e. STATEMENTS (Interim or Certified - Individual or All Fund)
 - (1) Balance Sheet
 - (2) Analysis of Changes in Available Fund Balance
 - (3) Cash Receipts and Disbursements
 - (4) Inventory of Fixed Assets (Purchasing)

f. JOURNAL ENTRIES

g. Payroll and personnel records include but are not limited to the following:

- (1) Accident reports, injury claims and settlements
- (2) Applications, changes or terminations of employees
- (3) Earnings records and summaries
- (4) Fidelity Bonds
- (5) Garnishments
- (6) Insurance records of employees
- (7) Job Descriptions
- (8) Medical Histories
- (9) Retirements
- (10) Time Cards

h. OTHER

- (1) Inventory Records (Purchasing)
- (2) Capital Asset Records (Purchasing)
- (3) Depreciation Schedule
- (4) Cost Accounting Records

3. LIFE. The inclusive or operational or valid dates of a document.
4. RECORD. Any paper, bound book or booklet, card, photograph, drawing, chart, blueprint, map, tape, microfilm, or other document, issued by or received in a department, and maintained and used as information in the conduct of its operations.
5. RECORD COPY. The official District copy of a document or file.
6. RECORD SERIES. A group of records, generally filed together, and having the same reference and retention value.
7. RECORDS CENTER. The site selected for storage of inactive records.
8. RECORDS DISPOSAL. The planning for and/or the physical operation involved in the transfer of records to the Records Center, or the authorized destruction of records pursuant to the approved Records Retention Schedule.
9. RECORDS RETENTION SCHEDULE. The consolidated, approved schedule list of all District records which timetables the life and disposal of all records.
10. RETENTION CODE. Abbreviation of retention action which appears on the retention schedule.

11. VITAL RECORDS. Records which, because of the information they contain, are essential to one or all of the following:
- (a) The resumption and/or continuation of operations;
 - (b) The recreation of legal and financial status of the District, in case of a disaster;
 - (c) The fulfillment of obligations to bondholders, customers, and employees.

Vital records include but are not limited to the following:

- (1) Agreements
- (2) Annexations and detachments
- (3) As-built drawings
- (4) Audits
- (5) Contract drawings
- (6) Customer statements
- (7) Deeds
- (8) Depreciation schedule
- (9) Disposal of surplus & excess property
- (10) Disposal of scrap materials
- (11) District insurance records
- (12) District water rights
- (13) Employee accident reports, injury claims & settlements
- (14) Employee earning records
- (15) Employee fidelity bonds
- (16) Employee insurance records
- (17) Encroachment permits (by others)
- (18) Encroachment permits (by FPUD)
- (19) Facility improvement plans
- (20) Improvement districts
- (21) Individual water rights
- (22) Individual claims/settlements
- (22) Inventory
- (24) Journal vouchers
- (25) Ledgers
- (26) Licenses & permits (to operate)
- (27) Loans & grants
- (28) Maps
- (29) Minutes of Board meetings
- (30) Payroll register
- (31) Policies, Rules & Regulations
- (32) Purchase orders & requisitions
- (33) Restricted materials permits

Appendix B

Records Retention & Storage Summary

Group No.	Title or Description	Original	Duplicate	Retention Periods		
				Office	Record Center	Retain or Destroy
1	Records affecting title to real property or liens thereof.	X		2 yrs.	OP	ES
2	Records required to be kept permanently by statute.	X		2 yrs.	OP	ES
3	Minutes, ordinances & resolutions of Board.	X		2 yrs.	OP	ES
4	Documents with lasting historical, administrative, legal, fiscal, or research value.	X		2 yrs.	OP	ES
5	Correspondence, operational reports and information upon which District policy has been established.	X		2 yrs.	10 yrs.	12 yrs.
6	Duplicates of 5, above, when retention is necessary for reference.	X		2 yrs.		2 yrs.
7	Records requiring retention for more than five years, but no more than fifteen years by statute or administrative value.	X		2 yrs.	13 yrs.	15 yrs.
8	Duplicates needed for administrative purposes for five to fifteen years.		X	2 yrs.	13 yrs.	15 yrs.
9	All other original District records, or instruments, books or papers that are considered public documents not included in Groups 1 through 8.	X		2 yrs.	1 yr.	3 yrs.
10	Duplicates and other documents not public records required to be maintained for administrative purposes.	X	X	2 yrs.	3 yrs.	5 yrs.
11	Duplicate records requiring retention for administrative purposes such as reference material for making up budgets, planning and programming.		X	3 yrs.		3
12	Reference files (copies of documents which duplicate the record copies filed elsewhere in the District; documents which require no action and are non-record; rough drafts, notes, feeder reports, and similar working papers accumulated in preparation of a communication, study or other document, and cards, listings, indexes and other papers used for controlling work).		X	1 yr.		1 yr.

13	Transitory files, including letters of transmittal (when not a public record), suspense copies when reply has been received, routine requests for information and publication, tracer letters, feeder reports, and other duplicate copies no longer needed.	X	X	3 mos.		3 mos.
14	Original documents disposable upon occurrence of an event or an action (i.e., audit, job completion, completion of contract, etc.) or upon obsolescence, supersession, revocation.	X		2 yrs.	3 yrs.	5 yrs.
15	Policy files and reference sets of publications.		X	I		I
16	Duplicates or non-record documents required for administrative needs but destroyable on occurrence of an event or an action.		X	I		I

OP = Original or photographic copy.

ES = May be destroyed if stored in electronic media.

I = Indefinitely