

# CALAVERAS COUNTY WATER DISTRICT FINANCE COMMITTEE MEETING

## AGENDA

**Tuesday, December 15, 2020  
1:00 p.m.**

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

**Based on guidance from the California Governor's Office and Department of Public Health, in order to minimize the potential spread of the COVID-19 virus, the Calaveras County Water District will convene its public meeting of the Finance Committee telephonically until further notice.**

**The following alternatives are available to members of the public to watch these meetings and provide comments to the Committee before and during the meeting**

**Microsoft Teams meeting**  
**Join on your computer or mobile app**  
[Click here to join the meeting](#)  
**Or call in (audio only)**  
**+1 689-206-0281**  
**Phone Conference ID: 216 114 642 #**

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

## ORDER OF BUSINESS

### CALL TO ORDER / PLEDGE OF ALLEGIANCE

1. **PUBLIC COMMENT:** Comments limited to three minutes per person.
2. **APPROVAL OF MINUTES:** For the meetings of October 20, and November 15, 2020.
3. **NEW BUSINESS**
  - 3a. Report on the Monthly Financial Reports for November 2020  
(Rebecca Callen, Director of Administrative Services)
  - 3b. Discussion and Direction Regarding the Past Due Accounts, Process, and Policy Changes  
(Rebecca Callen, Director of Administrative Services)

3c. Discussion on Chandler Investments Update  
(Rebecca Callen, Director of Administrative Services)

4. **DIRECTOR OF ADMINISTRATIVE SERVICES COMMENTS**

5. **GENERAL MANAGER COMMENTS**

6. **DIRECTOR COMMENTS**

7. **FUTURE AGENDA ITEMS**

8. **NEXT COMMITTEE MEETING**

9. **ADJOURNMENT**

MINUTES  
FINANCE COMMITTEE MEETING  
OCTOBER 20, 2020

The following Committee Members were present:

Bertha Underhill	Director
Cindy Secada	Director

Staff Present:

Michael Minkler	General Manager
Rebecca Callen	Director of Administrative Services
Patti Christensen	Accountant II

Public Present:

None

**ORDER OF BUSINESS**

**CALL TO ORDER / PLEDGE OF ALLEGIANCE**

**Meeting called to order at 1:04 p.m., Director Underhill led the Pledge of Allegiance**

1. Public Comment: None.
2. Approval of Minutes: Minutes approved for the meetings of August 18, 2020 and September 22, 2020.
3. New Business:
  - 3a. Report on the Monthly Financial Reports for September 2020:

Ms. Callen stated this is the standard financial reporting for the month ending September 2020. She mentioned that water and consumption revenue is higher than expected due to more people living in the area because of COVID-19 and it will be hard to determine if this will continue through the rest of the fiscal year. Director Underhill asked if the excess revenue could go to the Special Project Fund and Ms. Callen stated this will be part of the mid-year budget discussion since expenditures have increased as well. There was a brief explanation of the Capital R&R report activity.
  - 3b. Discussion/Direction regarding District's Financial Management Policy No. 5.00, Budget and Fiscal Policies and Budget Amendment:

Ms. Callen said this policy has come up many times, and she brought up that the PG&E Settlement is sitting in limbo until there is Board direction. Ms. Callen talked about the mechanics of moving the PG&E settlement funds into the Interest Reserve Fund and the request to transfer it into the renamed Water Resources and FERC Relicensing Reserve. Director Secada asked if there are rules regarding the use of the reserves. Ms. Callen stated that all Interest Reserve Fund expenditures must be approved by the Board before they can be expended. The policy does describe what the intent of the reserves are, and staff will continue to work on guidance narrative. There was much discussion regarding the FERC relicensing process now and in the future.

Direction was given to bring this to the full Board.
4. Director of Administrative Services Comments:

Ms. Callen mentioned that she is working through the Tyler software contract on the utility billing system to align it with the AMR/AMI project.

MINUTES  
FINANCE COMMITTEE MEETING  
OCTOBER 20, 2020

5. General Manager Comments:

Mr. Minkler stated that the final tie-ins on the Ebbetts Pass Reach 1 project will be completed this week, leaving only punch list items to complete the project. He also mentioned the new External Affairs Manager, Jessica Self, will start next week.

6. Director Comments:

Director Secada attended a webinar today (ACWA Region 3 Economic Drivers of Sustainable Forest Management Matter for California's Headwaters) and enjoyed the content. There was talk about Steve Wilensky, one of the webinar panelists, and his involvement with the program. The IRWM meeting is tomorrow.

Director Underhill also talked about Steve Wilensky and the commitment he has to the CHIPS program. She mentioned attending the White Pines Park Committee meeting.

7. Future Agenda Items:

- Reserve Policy
- Direction on Revenue from Forest Fuel Reduction Program

8. Next Committee Meeting:

November 17, 2020 at 1 p.m.

9. Adjournment:

Meeting adjourned at 1:43 p.m.

Respectfully Submitted,

*P Christensen*

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Patti Christensen, Accountant II

Approved:

*Rebecca Callen*

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Rebecca Callen, Director of Administrative Services

MINUTES  
FINANCE COMMITTEE MEETING  
NOVEMBER 17, 2020

The following Committee Members were present:

Bertha Underhill	Director
Cindy Secada	Director

Staff Present:

Michael Minkler	General Manager
Rebecca Callen	Director of Administrative Services
Patti Christensen	Accountant II
Zachary Thompson	Accountant II

Public Present:

None

**ORDER OF BUSINESS**

**CALL TO ORDER / PLEDGE OF ALLEGIANCE**

**Meeting called to order at 1:02 p.m., Director Underhill led the Pledge of Allegiance**

1. Public Comment: None.

2. Approval of Minutes: None.

3. New Business:

3a. Report on the Monthly Financial Reports for October 2020:

Ms. Callen stated this is a condensed version of the monthly reports due to staff constraints. Ms. Callen asked if the Directors had any questions which there were none.

Ms. Callen brought up that budget clean up items are coming during the mid-year budget process in January. There was a discussion on the CalOES/FEMA grant application submitted for COVID-19 related expenditures.

3b. Discussion/Direction regarding the Establishment of a Watershed Health Program Reserve Fund:

Ms. Callen stated the project (West Arnold Fuel Break Project) is finished and there have been discussions on what to do with the net revenue earned from this project. Mr. Minkler said there have been changes to this program since the agenda was published, and the Highway 4 Special Meeting early next month will have to be postponed because of COVID-19 restrictions. Mr. Minkler spoke of the program and said the rescheduled meeting will likely occur in March or April. Director Underhill questioned the original name of the program, and Director Secada asked how this program will be funded in the future.

4. Director of Administrative Services Comments:

Ms. Callen said we are moving forward with the Tyler transition and are on track. She talked about a memo sent out by the County Assessor to the Special Districts regarding a change to the low value allowance threshold that would limit the parcels that get placed on the tax rolls. Ms. Callen added a comment that the District's new employee, Zachary Thompson, is now on board and he is a great addition to the Finance team.

MINUTES  
FINANCE COMMITTEE MEETING  
NOVEMBER 17, 2020

5. General Manager Comments:

Mr. Minkler brought up the Slurry Line virtual public meeting that is scheduled this week asking if the Directors would be participating. The purpose of the meeting is to give citizens an opportunity to ask questions to assist them with completing the survey that was sent out previously. He also said management is very concerned with the direction the COVID-19 pandemic is heading and they are reaching out to staff on safety protocols. Mr. Minkler added that staff will be moving into the central warehouse on December 1. Notices of Completion for both Ebbetts Pass Reach 1 and the Techite projects will be presented at the Board meeting in December. Ms. Callen added that Jessica Self, the External Affairs Manager, has sent out a survey to the Ebbetts Pass Reach 1 impacted customers for feedback.

6. Director Comments:

Director Secada asked if the COVID-19 restrictions would affect the Tyler implementation. Ms. Callen said a component of the transition is on-site training and there will be modifications to accommodate this.

Director Underhill mentioned that the Ebbetts Pass Reach 1 project still has equipment/piping in Avery and wondered what was going on. Mr. Minkler said that this could be equipment and supplies that are being relocated.

7. Future Agenda Items:

- Standard Financial Reporting

8. Next Committee Meeting:

December 15, 2020

9. Adjournment:

Meeting adjourned at 2:03 p.m.

Respectfully Submitted,

*P Christensen*

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Patti Christensen, Accountant II

Approved:

*Rebecca Callen*

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Rebecca Callen, Director of Administrative Services

# Agenda Item

DATE: December 15, 2020  
TO: Finance Committee  
FROM: Rebecca Callen, Director of Administrative Services  
SUBJECT: Report on the Monthly Financial Reports for November 2020

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## **RECOMMENDED ACTION:**

Receive Report on November 2020 Monthly Financial Reports.

## **SUMMARY:**

The following financial reports are for the month ending November 30, 2020:

Budget Status Report – This is a high-level summary of operating revenues and expenditures with analysis points based on historical trends for the same period of reporting (period being the reporting months to date), budget to actual, and overall District and Departmental status.

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

Capital Improvement Program Cash Flow/Expenditure Summary – A status report of Capital Improvement Program water and wastewater projects to date.

The following two reports were presented, and approved by the Board at the December 09, 2020 Board Meeting:

Claim Summary – The claim summary is a summary of services, supplies, reimbursements and other vendor claims paid by the District in the reporting month.

Investment Transactions – A summary of investment balances, interest received, and a listing of individual transactions that occurred during the reporting month.

## **FINANCIAL CONSIDERATIONS:**

None

*Attachment: Budget Status Report – November 2020  
Capital R&R Report – November 2020*

## November 2020 Budget Status Report (PRE-AUDIT)

The Budget Status Report represents a standard of analysis to identify material issues with the understanding that line-item variances are normal, and the areas of concern are isolated to **Account Types** that fall short of budget and historical trends or Account Types that are at or over the benchmark.

Analysis has been done to evaluate 4-year trends related to revenues and operating expenses. Most importantly, comparing like periods across multiple fiscal years compares high front cost line items (i.e. insurance, supply costs, etc. that occur in the first part of the year) and eliminates them as an issue when they trend in line with prior year amounts. Additionally, a comparison of Year-to-Date activity versus budget further identifies if there are any impending issues.

Cleanup of budget items will occur at Mid-Year, which is slated to occur in January 2021, once December is closed. At that time, reallocation of budget within departments will occur, adjustment of budget between funds to align with actual trends will occur, and recognition of any unanticipated revenue or unforeseen expenditures will be addressed. In the meantime, any line items that look like they **could** trend to overrun by year end are being communicated internally to address changes in activities to bring the trend into alignment with the current budget. For those items that cannot be absorbed or were not contemplated in the 2020-21 budget but were mandated, those will be discussed and acted on that the Mid-Year meeting.

### All District Revenues

This analysis includes operating, capital, expansion, and reserve funds:

								Benchmark
Revenue YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊕ W01-Sales & Charges	7,626,967	7,643,979	7,831,627	8,235,062	13,433,501	5,198,439	61.30%	
⊕ W02-Water/Sewer Fees	9,148	4,830	13,083	17,660	55,000	37,340	32.11%	
⊕ W03-Misc. Operating Revenue	53,292	69,470	46,885	169,047	49,000	(120,047)	344.99%	
⊕ X02-Grant Revenue	37,845		87,402	55,882	-	(55,882)	0.00%	
⊕ X03-Interest Income	66,654	147,586	184,905	70,656	160,500	89,844	44.02%	
⊕ X04-Expansion/Assemt Fees	227,828	431,357	759,420	1,308,377	-	(1,308,377)	0.00%	
⊕ X05-Power Sales	338,042	322,941	357,390	318,459	747,000	428,541	42.63%	
⊕ X06-Other Revenue	10,668	20,391	304,703	374,486	1,124,000	749,514	33.32%	
⊕ X30-Transfers In	1,638,085	865,704	4,401,654	3,387,454	2,899,922	(487,532)	116.81%	
<b>Grand Total</b>	<b>10,008,531</b>	<b>9,506,257</b>	<b>13,987,068</b>	<b>13,937,085</b>	<b>21,252,161</b>	<b>7,315,076</b>	<b>65.58%</b>	

Analysis of ALL District Revenues identifies the accounts to note:

- Sales & Charges
- Water/Sewer Fees
- Misc. Operating Revenue
- Other Revenue
- Transfers In



## Sales & Charges

							Benchmark	
Revenue YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
W01-Sales & Charges	7,626,967	7,643,979	7,831,627	8,235,062	13,433,501	5,198,439	61.30%	
41000-Water/Sewer Sales/Resid	5,359,979	5,395,747	5,584,091	5,923,854	13,011,501	7,087,647	45.53%	
41010-Capital Program Charges			0	0	-	(0)	0.00%	
41010-Capital R&R-Sewer	518,129	519,463	523,516	531,216	-	(531,216)	0.00%	
41010-Capital R&R-Water	1,536,414	1,522,824	1,507,945	1,573,030	-	(1,573,030)	0.00%	
41010-Sewer Capital Program Charges	(0)	0			-	-	0.00%	
41010-Water Capital Program Charges	-	0			-	-	0.00%	
41200-Water Sales-Fire Hydrant	101,302	92,927	95,984	116,803	165,000	48,197	70.79%	
44100-Account Establishment Fees	24,355	24,016	24,179	39,282	44,000	4,718	89.28%	
44110-Delinquent Account Charge	86,788	89,001	95,912	50,878	213,000	162,122	23.89%	

41200: Hydrant revenue is trending higher than budget due to increased construction activity within the County.

44100: Customer Service reports that properties are changing hands more now than in the past, another factor is the increase in new connections.

44110: Budgeted amount should be considered for a mid-year budget adjustment to fall in line with the trending amount to ensure accurate budgeting for upcoming years.

## Water/Sewer Fees

							Benchmark	
Revenue YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
W02-Water/Sewer Fees	9,148	4,830	13,083	17,660	55,000	37,340	32.11%	
44300-Install Water Meter	8,148	4,830	11,083	17,660	55,000	37,340	32.11%	
48100-Concept Approval Fees	1,000		2,000		-	-	0.00%	

44300: Revenue generated from the installation of new water meters is on an upward trend but not performing well in relation to the budgeted amounts. This account should be considered for a mid-year budget adjustment to realign revenue and budgets accordingly.

## Miscellaneous Operating Revenue

							Benchmark	
Revenue YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
<b>W03-Misc. Operating Revenue</b>	<b>22,647</b>	<b>41,563</b>	<b>46,885</b>	<b>169,047</b>	49,000	(120,047)	344.99%	
42000-Inspection Fees	594	695	3,043	6,552	4,000	(2,552)	163.80%	
42000-Water Inspection Fee	244	122			-	-	0.00%	
42100-Plan Check Fees	1,280	900			2,000	2,000	0.00%	
44200-Backflow Certification Testing	3,250		3,150	265	3,000	2,735	8.83%	
44500-Repair Labor/Materials	8,647	13,016	17,680	36,568	20,000	(16,568)	182.84%	
44510-Misc Operating Revenue	-	320			-	-	0.00%	
44510-Reimbursable Expense	6,041	6,410	20,757	22,966	10,000	(12,966)	229.66%	
44600-Copies of Documents	19				-	-	0.00%	
44900-Other Water/Sewer Charges		(195)	(225)	(145)	0	145	0.00%	
48190-Miscellaneous Operating Rev	1,551	19,244	2,479	102,842	10,000	(92,842)	1028.42%	
48190-Other Operating Revenue	1,020	1,050			-	-	0.00%	

42000: Developer activity has increased substantially over the summer resulting in an increase in Inspection Fee revenue, with Copperopolis seeing the most activity.

44200: Backflow Certification Testing should have no material effect regarding Misc. Operating Revenues. The amounts budgeted for this account are in-line with prior year trends.

44500: Repair Labor/Materials is made up of construction costs associated with the new connections, again the majority being in Copperopolis.

44510: The Reimbursable Expense is made up of staff time billed on developer projects, and the reimbursement of CPPA electricity charges for meters used by Blue Lake Springs and Gentium Golf.

48190: The Utility Department had a Fuel Reduction Program at the Arnold wastewater facility. Sierra Pacific Industries has paid the District \$91K in lumber sales, although most of these funds will be disbursed to the CHIPS program.

## Other Revenue

							Benchmark	
Revenue YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
<b>X06-Other Revenue</b>	<b>41,314</b>	<b>48,298</b>	<b>304,703</b>	<b>374,486</b>	1,124,000	749,514	33.32%	
48130-Rental Income	5,120	1,000			-	-	0.00%	
48130-Rental Revenue	30,646	27,907	33,425	33,332	73,000	39,668	45.66%	
52430-Area of Benefit Reimbursement	(3,794)				-	-	0.00%	
54600-Other Non-Op Revenue				5,075	-	(5,075)	0.00%	
54600-Other Non-Operating Revenue			262,878	336,079	920,000	583,921	36.53%	
54605-Misc Developer Reimbursements	9,343	19,391	8,399		-	-	0.00%	

54600: The Budget Status Report as of October 31, 2020 showed the \$2.4M from PG&E for the 2015 Butte Fire settlement as FY 19-20 revenue. During the FY 18-19 audit process the auditors determined that these funds should be recorded as income in FY 18-19 and they have been subsequently removed from FY 19-20. Most of the remaining revenue is made up of invoicing NCPA/MID for FERC fees and other government agencies billings for reimbursements. The related expense will be recorded in the Water Resources budget.

## Transfers In

							Benchmark	
Revenue YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
<input checked="" type="checkbox"/> X30-Transfers In	1,638,085	865,704	4,401,654	3,387,454	2,899,922	(487,532)	116.81%	
59100-Transfer In From Funds	695,598		4,401,654	3,387,454	2,899,922	(487,532)	116.81%	
59100-Transfers In	202,832	199,574			-	-	0.00%	
59100-Transfers In From Funds	739,655	666,130			-	-	0.00%	

59100: This is made up of the transfer of the PG&E Settlement funds from the District's Operating Account to the Interest Reserve Fund, and Debt Service Reclassifications.

## District Operating Revenues

These revenues are isolated to Water, Sewer, and the District General Fund.

							Benchmark	
Revenue YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
W01-Sales & Charges	5,572,425	5,601,691	5,800,167	6,130,816	13,433,501	7,302,685	45.64%	
W02-Water/Sewer Fees	9,148	4,830	13,083	17,660	55,000	37,340	32.11%	
W03-Misc. Operating Revenue	22,647	41,563	46,885	162,795	49,000	(113,795)	332.23%	
X02-Grant Revenue	37,845		70,824	-	-	-	0.00%	
X03-Interest Income	19,332	46,781	64,587	3,682	160,500	156,818	2.29%	
X05-Power Sales	338,042	322,941	357,390	318,459	747,000	428,541	42.63%	
X06-Other Revenue	39,988	47,298	304,703	374,486	1,124,000	749,514	33.32%	
X30-Transfers In	942,487	865,704	4,200,856	941,659	2,899,922	1,958,263	32.47%	
<b>Grand Total</b>	<b>6,981,914</b>	<b>6,930,808</b>	<b>10,858,495</b>	<b>7,949,557</b>	<b>21,252,161</b>	<b>13,302,604</b>	<b>37.41%</b>	

The main Account Types to note are:

- Interest Income  
*(See below)*
- Water/Sewer Fees
- Misc. Operating Revenue
- Other Revenue
- Transfers In  
*(See above for explanations)*

## Interest Income

							Benchmark	
Revenue YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
X03-Interest Income	19,332	46,781	64,587	3,682	160,500	156,818	2.29%	
51100-Interest Income/CCWD Invest	19,332	46,781	64,587	3,682	160,500	156,818	2.29%	

51100: Interest rates have continued to decline, and it is unlikely that the Operating accounts will meet the budget by the end of the year.

## District Operating Expenses

District Operating Expenses are over the 42% benchmark.

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
Y01-Sal/Wage/Benefits	3,752,072	3,869,198	3,872,388	3,814,793	9,771,263	5,956,470	39.04%	
Y02-Utility Service	446,114	410,784	415,160	428,634	1,010,735	582,101	42.41%	
Y03-Materials/Supplies	456,296	454,635	562,496	651,142	1,272,551	621,409	51.17%	
Y04-Outside Services	272,516	254,433	407,110	372,947	978,125	605,178	38.13%	
Y05-Professional Services	201,894	149,843	116,955	141,571	553,001	411,430	25.60%	
Y06-Vehicle/Equipment	129,057	159,753	222,557	175,714	418,720	243,006	41.96%	
Y07-Office Expenses	87,245	113,319	120,405	128,976	164,909	35,933	78.21%	
Y08-Travel/Training	14,170	26,064	29,708	13,358	72,087	58,729	18.53%	
Y10-Purchased Water	1,326				298,263	298,263	0.00%	
Y11-Retired Employee	217,628	222,749	254,583	237,953	620,000	382,047	38.38%	
Y12-Bad Debts	23,662	23,617	12,711	16,048	52,000	35,952	30.86%	
Y13-Misc Op Expenses	213,732	149,644	662,774	637,893	1,527,324	889,431	41.77%	
Y15-Director Costs	48,870	45,076	45,531	42,066	162,794	120,728	25.84%	
Y16-Legal	85,448	90,633	91,635	93,181	275,000	181,819	33.88%	
Z02-Debt Repayment	1,261,571	995,957	1,095,839	1,150,467	3,146,402	1,995,935	36.56%	
Z03-Capital Equipment	114,053	80,959	185,800	276,802	800,864	524,062	34.56%	
Z04-Misc Non Operating	8,921	8,465	7,603	1,875	37,721	35,846	4.97%	
Z30-Transfers Out			3,331,493	2,494,605	-	(2,494,605)	0.00%	
<b>Grand Total</b>	<b>7,334,575</b>	<b>7,055,127</b>	<b>11,434,749</b>	<b>10,678,025</b>	<b>21,161,759</b>	<b>10,483,734</b>	<b>50.46%</b>	

The main Account Types to note are:

- Materials/Supplies
- Office Expenses

*Operating expenses continued on the next page.*

## Materials/Supplies

							Benchmark	
Expense YTD Totals		Fiscal Year				Current	Remaining	42%
Account Type		2018	2019	2020	2021	Budget	Balance	Of Budget
<b>Y03-Materials/Supplies</b>		<b>456,296</b>	<b>454,635</b>	<b>562,496</b>	<b>651,142</b>	1,272,551	621,409	51.17%
60310-Materials and Supplies		46,898	83,271	55,823	57,855	147,051	89,196	39.34%
60311-Herbicide		274	35		928	1,500	572	61.86%
60312-Safety Eq Repl consumables		16,919	14,432	17,026	17,634	40,000	22,366	44.08%
60313-Tools		17,331	41,852	26,332	12,793	30,500	17,707	41.94%
60314-Uniforms - New		10,718	7,044	11,060	5,433	12,000	6,567	45.28%
60320-Safety Material and Supplies				137		8,000	8,000	0.00%
60325-Lab Supplies Consumables		6,841	17,402	20,271	23,138	40,000	16,862	57.84%
60327-Ozone System Parts		667		6,072	448	10,000	9,552	4.48%
60328-UV Parts and Supplies		25,448	8,327	60,417	86,305	102,000	15,695	84.61%
60331-Electrical Parts Replacement		20,230	25,061	19,985	26,884	80,000	53,116	33.60%
60332-Leak Repair Supplies		50,727	33,779	49,552	80,247	100,000	19,753	80.25%
60333-Road Repair Materials		11,588	15,699	8,032	9,885	25,000	15,115	39.54%
60334-SCADA Radio Supplies		3,056	8,824	5,282	553	40,000	39,447	1.38%
60335-Septic Tanks - New & Repairs		1,977	1,975	6,739	6,119	20,000	13,881	30.59%
60338-Meters New Conn and Repl		14,581	13,208	38,375	18,635	55,000	36,365	33.88%
60350-Aerator/Compressor etc repair		21,393	6,035	1,083	7,757	18,000	10,243	43.10%
60353-Computers/peripherals		412	279	9,494	1,102	6,000	4,898	18.37%
60354-Control Sys/Pressure Transducer				6,599	2,384	10,000	7,616	23.84%
60355-Headworks/Solids Removal Rep.		1,365	2,055	3,662	6,277	20,000	13,723	31.39%
60356-HVAC		3,231	7,499	4,538	3,978	8,500	4,522	46.80%
60357-Mixers		26,449	15,238	9,492	3,438	15,000	11,562	22.92%
60359-Pumps/Motors Repair		16,374	17,878	52,132	53,747	100,000	46,253	53.75%
60360-Solids Handling Equip Repair				1,051		5,000	5,000	0.00%
60390-Admin. Technologies/Comm.		2,923	10,610	16,373	10,655	20,000	9,345	53.28%
60395-Chemicals		156,894	124,130	132,970	214,947	340,000	125,053	63.22%

There are some identified discrepancies, both higher and lower, within the account type which is currently 9.17% over budget benchmark. Materials and supplies are expected to fall in line with budget by year end.

## Office Expenses

							Benchmark	
Expense YTD Totals		Fiscal Year				Current	Remaining	42%
Account Type		2018	2019	2020	2021	Budget	Balance	Of Budget
<b>Y07-Office Expenses</b>		<b>87,245</b>	<b>113,319</b>	<b>120,405</b>	<b>128,976</b>	164,909	35,933	78.21%
60700-Forms and Supplies			84	861	527	3,351	2,824	15.74%
60710-Permits and Licenses		2,777	3,836	2,612	3,940	15,000	11,060	26.27%
60720-Postage		6,168	4,930	4,656	4,284	17,521	13,237	24.45%
60730-Publications/Subscriptions		445			7	2,751	2,744	0.25%
60732-Memberships and Dues		77,855	104,347	111,849	120,193	125,786	5,593	95.55%
60760-Recording/Title Reports			122	427	24	-	(24)	0.00%

60732: The majority of membership dues are typically paid for during the first part of the fiscal year. Membership renewals for Field staff associations will be ongoing.

**DEPARTMENTAL EXPENSE REPORTS**

**Dept 50 – Non-Departmental**

							<b>Benchmark</b>	
<b>Expense YTD Totals</b>	<b>Fiscal Year</b>				<b>Current</b>	<b>Remaining</b>	<b>42%</b>	
<b>Account Type</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Budget</b>	<b>Balance</b>	<b>Of Budget</b>	
⊕ Y02-Utility Service	11,623	9,698	9,360	4,325	24,783	20,458	17.45%	
⊕ Y03-Materials/Supplies	13,240	18,557	20,979	12,956	40,500	27,544	31.99%	
⊕ Y04-Outside Services	15,750	16,856	15,790	15,189	50,021	34,832	30.37%	
⊕ Y05-Professional Services		600	80		-	-	0.00%	
⊕ Y11-Retired Employee	217,628	222,749	254,583	237,953	620,000	382,047	38.38%	
⊕ Y13-Misc Op Expenses	120,332	120,343	206,031	228,998	216,334	(12,664)	105.85%	
⊕ Z02-Debt Repayment	1,261,571	995,957	1,095,839	1,150,467	3,146,402	1,995,935	36.56%	
⊕ Z04-Misc Non Operating	1,421	965			30,221	30,221	0.00%	
<b>Grand Total</b>	<b>1,641,565</b>	<b>1,385,726</b>	<b>1,602,661</b>	<b>1,649,888</b>	<b>4,128,261</b>	<b>2,478,373</b>	<b>39.97%</b>	

Analysis shows that there one account type to note:

- Misc. Op Expense

**Misc. Op Expense**

							<b>Benchmark</b>	
<b>Expense YTD Totals</b>	<b>Fiscal Year</b>				<b>Current</b>	<b>Remaining</b>	<b>42%</b>	
<b>Account Type</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Budget</b>	<b>Balance</b>	<b>Of Budget</b>	
⊖ Y13-Misc Op Expenses	120,332	120,343	206,031	228,998	216,334	(12,664)	105.85%	
61410-Insurance	120,332	117,061	206,031	228,998	216,334	(12,664)	105.85%	
61430-State/Federal/County Fees		3,282			-	-	0.00%	

61410: During the FY 20-21 budget process the insurance expense was increased based on the data received from ACWA/JPIA. The actual premiums came in a little over budget.

Dept. 54 - Utility Services

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊕ Y01-Sal/Wage/Benefits	2,678,949	2,645,954	2,666,666	2,813,713	6,960,956	4,147,243	40.42%	
⊕ Y02-Utility Service	434,492	401,086	405,800	424,309	985,952	561,643	43.04%	
⊕ Y03-Materials/Supplies	439,397	407,096	523,678	626,756	1,199,000	572,244	52.27%	
⊕ Y04-Outside Services	206,083	162,679	324,606	278,871	741,900	463,029	37.59%	
⊕ Y05-Professional Services	11,355	17,501	28,528	32,676	89,300	56,624	36.59%	
⊕ Y06-Vehicle/Equipement	129,057	159,753	222,557	175,714	418,720	243,006	41.96%	
⊕ Y07-Office Expenses	11,580	7,579	9,630	15,838	31,500	15,662	50.28%	
⊕ Y08-Travel/Training	7,547	17,249	13,488	8,744	35,185	26,441	24.85%	
⊕ Y10-Purchased Water	1,326				5,000	5,000	0.00%	
⊕ Y13-Misc Op Expenses	1,362	1,714	147,945	6,187	236,000	229,813	2.62%	
⊕ Z03-Capital Equipment	96,463	70,795	185,800	276,802	703,084	426,282	39.37%	
⊕ Z04-Misc Non Operating				-	-	-	0.00%	
<b>Grand Total</b>	<b>4,017,612</b>	<b>3,891,405</b>	<b>4,528,698</b>	<b>4,659,611</b>	<b>11,406,597</b>	<b>6,746,986</b>	<b>40.85%</b>	

The accounts to note are:

- Materials/Supplies
- Office Expenses

Operating expenses continued on the next page.



## Materials/Supplies

Expense YTD Totals							Benchmark	
Account Type	Fiscal Year				Current Budget	Remaining Balance	42% Of Budget	
	2018	2019	2020	2021				
<b>Y03-Materials/Supplies</b>	<b>439,397</b>	<b>407,096</b>	<b>523,678</b>	<b>626,756</b>	1,199,000	572,244	52.27%	
60310-Materials and Supplies	32,922	47,069	33,514	44,124	102,000	57,876	43.26%	
60311-Herbicide	274	35		928	1,500	572	61.86%	
60312-Safety Eq Repl consumables	16,919	14,432	17,026	17,634	40,000	22,366	44.08%	
60313-Tools	17,331	41,125	26,332	12,793	30,000	17,207	42.64%	
60314-Uniforms - New	10,718	7,044	11,060	5,433	12,000	6,567	45.28%	
60325-Lab Supplies Consumables	6,841	17,402	20,271	23,138	40,000	16,862	57.84%	
60327-Ozone System Parts	667		6,072	448	10,000	9,552	4.48%	
60328-UV Parts and Supplies	25,448	8,327	60,417	86,305	102,000	15,695	84.61%	
60331-Electrical Parts Replacement	20,230	25,061	19,985	26,884	80,000	53,116	33.60%	
60332-Leak Repair Supplies	50,727	33,779	49,552	80,247	100,000	19,753	80.25%	
60333-Road Repair Materials	11,588	15,699	8,032	9,885	25,000	15,115	39.54%	
60334-SCADA Radio Supplies	3,056	8,824	5,282	553	40,000	39,447	1.38%	
60335-Septic Tanks - New & Repairs	1,977	1,975	6,739	6,119	20,000	13,881	30.59%	
60338-Meters New Conn and Repl	14,581	13,208	38,375	18,635	55,000	36,365	33.88%	
60350-Aerator/Compressor etc repair	21,393	6,035	1,083	7,757	18,000	10,243	43.10%	
60353-Computers/peripherals	412	279	9,494	1,102	6,000	4,898	18.37%	
60354-Control Sys/Pressure Tranducer			6,599	2,384	10,000	7,616	23.84%	
60355-Headworks/Solids Removal Rep.	1,365	2,055	3,662	6,277	20,000	13,723	31.39%	
60356-HVAC	3,231	7,499	4,538	3,978	8,500	4,522	46.80%	
60357-Mixers	26,449	15,238	9,492	3,438	15,000	11,562	22.92%	
60359-Pumps/Motors Repair	16,374	17,878	52,132	53,747	100,000	46,253	53.75%	
60360-Solids Handling Equip Repair			1,051		5,000	5,000	0.00%	
60395-Chemicals	156,894	124,130	132,970	214,947	340,000	125,053	63.22%	

See page 7 for an explanation.

## Office Expenses

Expense YTD Totals							Benchmark	
Account Type	Fiscal Year				Current Budget	Remaining Balance	42% Of Budget	
	2018	2019	2020	2021				
<b>Y07-Office Expenses</b>	<b>11,580</b>	<b>7,579</b>	<b>9,630</b>	<b>15,838</b>	31,500	15,662	50.28%	
60710-Permits and Licenses	2,777	3,836	2,612	3,940	15,000	11,060	26.27%	
60730-Publications/Subscriptions	445				2,000	2,000	0.00%	
60732-Memberships and Dues	8,359	3,743	7,019	11,898	14,500	2,602	82.05%	

See page 7 for an explanation.

Dept 56 – General Management

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊕ Y01-Sal/Wage/Benefits	297,399	322,143	269,860	279,632	670,813	391,181	41.69%	
⊕ Y03-Materials/Supplies	618	609	1,098	472	10,800	10,328	4.37%	
⊕ Y04-Outside Services	1,219	21,766	6,510	8,291	15,051	6,760	55.09%	
⊕ Y05-Professional Services	22,830	46,192	23,772	21,528	149,300	127,772	14.42%	
⊕ Y07-Office Expenses	37,647	46,537	43,791	44,137	47,697	3,560	92.54%	
⊕ Y08-Travel/Training	4,056	6,696	12,163	1,369	17,251	15,882	7.94%	
⊕ Y13-Misc Op Expenses			-	-	2,000	2,000	0.00%	
⊕ Y16-Legal	45,404	52,925	42,401	46,034	160,000	113,966	28.77%	
⊕ Z04-Misc Non Operating		(0)	103		-	-	0.00%	
<b>Grand Total</b>	<b>409,174</b>	<b>496,867</b>	<b>399,700</b>	<b>401,463</b>	<b>1,072,912</b>	<b>671,449</b>	<b>37.42%</b>	

Although General Management is trending under budget there are a few noteworthy items:

- Outside Services
- Office Expenses

**Outside Services**

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊖ Y04-Outside Services	1,219	21,766	6,510	8,291	15,051	6,760	55.09%	
60420-Drug and Alcohol Testing		1,540		1,600	2,200	600	72.73%	
60429-Recruiting	1,219	20,226	6,510	6,691	12,851	6,160	52.07%	

60420: Various positions throughout the District required new or additional screening and should fall in line with the budget by year end.

60429: Advertising for various positions throughout the District: External Affairs Manager, Construction & Maintenance Manager, Engineering Coordinator, and Accountant II.

**Office Expenses**

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊖ Y07-Office Expenses	37,647	46,537	43,791	44,137	47,697	3,560	92.54%	
60700-Forms and Supplies		84			800	800	0.00%	
60730-Publications/Subscriptions				7	151	144	4.62%	
60732-Memberships and Dues	37,647	46,453	43,791	44,130	46,746	2,616	94.40%	

60732: The majority of membership dues are paid for during the first few months of the year.

Dept 57 – Board of Directors

						Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	42%
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget
⊕ Y01-Sal/Wage/Benefits	579	718			-	-	0.00%
⊕ Y03-Materials/Supplies	76	38			-	-	0.00%
⊕ Y15-Director Costs	48,870	45,076	45,531	42,066	162,794	120,728	25.84%
<b>Grand Total</b>	<b>49,525</b>	<b>45,832</b>	<b>45,531</b>	<b>42,066</b>	<b>162,794</b>	<b>120,728</b>	<b>25.84%</b>

Something to note for this department is that all Director expenditures are in Account Type Y15. The breakdown table of Account Type Y15 is as follows:

						Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	42%
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget
⊖ Y15-Director Costs	48,870	45,076	45,531	42,066	162,794	120,728	25.84%
60000-Salaries/Wages	10,200	10,800	9,120	9,840	43,200	33,360	22.78%
60100-Benefits	31,990	30,664	28,840	31,810	98,443	66,633	32.31%
60102-Medical Reimbursements				440	2,000	1,560	22.00%
60310-Materials and Supplies			261	16	751	735	2.10%
60810-Training Conf and Travel	4,101	943	5,164	(803)	15,000	15,803	-5.36%
60811-Meeting Cost/Supplies	58				-	-	0.00%
60820-Director Other Travel Costs				763	3,400	2,637	22.45%
60820-Other Travel Costs	2,522	2,669	2,146		-	-	0.00%

Further analysis shows a credit balance in Training Conf and Travel expense due to refunds of the ACWA Fall Conference registration fees because of COVID-19.

Dept 58 – Engineering

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊕ Y01-Sal/Wage/Benefits	187,983	271,111	380,865	190,532	668,865	478,333	28.49%	
⊕ Y03-Materials/Supplies		227	3,389		1,000	1,000	0.00%	
⊕ Y04-Outside Services	7,270	6,139	11,750	16,351	15,106	(1,245)	108.24%	
⊕ Y05-Professional Services	5,609		(5,135)	21,563	57,451	35,888	37.53%	
⊕ Y07-Office Expenses	230	122	657	24	1,800	1,777	1.31%	
⊕ Y08-Travel/Training	1,456	15	1,817		8,100	8,100	0.00%	
<b>Grand Total</b>	<b>202,548</b>	<b>277,613</b>	<b>393,343</b>	<b>228,469</b>	<b>752,322</b>	<b>523,853</b>	<b>30.37%</b>	

Account Type Outside Services is higher than previous years and higher than the benchmark.

Outside Services

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊖ Y04-Outside Services	7,270	6,139	11,750	16,351	15,106	(1,245)	108.24%	
60410-Service Maintenance Contracts	7,270	6,139	9,855	16,351	15,106	(1,245)	108.24%	
60431-Computer Lic Maint Contracts			1,895		-	-	0.00%	

60410: Two service contracts have been paid for the year, with two remaining to be billed to the District. The amount of these contracts to date has exceeded the overall budget line item by 8.24%.

Dept 59 – Administrative Services

								Benchmark
Expense YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊕ Y01-Sal/Wage/Benefits	459,193	489,636	472,488	450,578	1,255,222	804,644	35.90%	
⊕ Y03-Materials/Supplies	2,923	10,610	13,353	10,957	20,751	9,794	52.80%	
⊕ Y04-Outside Services	42,193	46,992	48,454	54,245	156,047	101,802	34.76%	
⊕ Y05-Professional Services	80,927	55,187	55,185	37,316	127,450	90,134	29.28%	
⊕ Y07-Office Expenses	6,478	5,340	5,962	4,972	20,468	15,496	24.29%	
⊕ Y08-Travel/Training	535	401	938	2,895	6,800	3,905	42.58%	
⊕ Y12-Bad Debts	23,662	23,617	12,711	16,048	52,000	35,952	30.86%	
⊕ Y13-Misc Op Expenses	22,295	23,167	51,399	57,321	146,990	89,669	39.00%	
⊕ Z03-Capital Equipment	17,590	10,165			97,780	97,780	0.00%	
⊕ Z04-Misc Non Operating	7,500	7,500	7,500	1,875	7,500	5,625	25.00%	
⊕ Z30-Transfers Out			3,331,493	2,494,605	-	(2,494,605)	0.00%	
<b>Grand Total</b>	<b>663,296</b>	<b>672,615</b>	<b>3,999,483</b>	<b>3,130,811</b>	<b>1,891,008</b>	<b>(1,239,803)</b>	<b>165.56%</b>	

Although Administrative Services is trending under budget there are account(s) we should make note of:

- Materials/Supplies

**Materials/Supplies**

								Benchmark
Expense YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊖ Y03-Materials/Supplies	2,923	10,610	13,353	10,957	20,751	9,794	52.80%	
60310-Materials and Supplies			158	302	751	449	40.25%	
60390-Admin. Technologies/Comm.	2,923	10,610	13,195	10,655	20,000	9,345	53.28%	

60390: Purchases of monitors, laptops, docking stations, and keyboards for staff working remotely due to COVID-19, and two Surface Pro computers for the Collections crew. Most new purchases have been completed and spending should fall in line with budget by year end.

Dept 60 – Water Resources

								Benchmark
Expense YTD Totals	Fiscal Year <input type="text"/>				Current	Remaining	42%	
Account Type <input type="text"/>	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊕ Y01-Sal/Wage/Benefits	127,968	139,635	82,508	80,338	215,407	135,069	37.30%	
⊕ Y03-Materials/Supplies	42	17,498			500	500	0.00%	
⊕ Y05-Professional Services	81,173	30,363	14,525	28,488	129,500	101,012	22.00%	
⊕ Y07-Office Expenses	31,310	53,742	60,365	64,006	63,444	(562)	100.89%	
⊕ Y08-Travel/Training	576	1,703	1,301	350	4,751	4,401	7.37%	
⊕ Y13-Misc Op Expenses	69,743	4,420	257,400	345,388	926,000	580,612	37.30%	
⊕ Y16-Legal	40,044	37,708	49,234	47,147	115,000	67,853	41.00%	
<b>Grand Total</b>	<b>350,855</b>	<b>285,069</b>	<b>465,333</b>	<b>565,718</b>	<b>1,747,865</b>	<b>1,182,147</b>	<b>32.37%</b>	

Although Administrative Services is trending under budget there are account(s) we should make note of:

- Office Expenses

Office Expenses

								Benchmark
Expense YTD Totals	Fiscal Year <input type="text"/>				Current	Remaining	42%	
Account Type <input type="text"/>	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊖ Y07-Office Expenses	31,310	53,742	60,365	64,006	63,444	(562)	100.89%	
60732-Memberships and Dues	31,310	53,742	60,365	64,006	63,444	(562)	100.89%	

60732: All association membership dues have been paid for the year.

Water Capital Renovation and Replacement Fund  
 July 1, 2013 through November 30, 2020

	Through Jun 30, 2020	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Y-T-D FY 20-21	Total to Date
<b>Revenues:</b>							
Capital R&R Water Revenues	\$ 20,582,475	\$ 975,474	\$ 597,556	\$ -	\$ -	\$ 1,573,030	\$ 22,155,505
Interest Income	584,368	29	14,742	-	-	14,771	599,139
Capital R&R Loan *	6,622,000	-	-	-	-	-	6,622,000
Grant Revenues	5,244,297	-	-	-	-	-	5,244,297
<b>Total Revenues</b>	<b>\$ 33,033,141</b>	<b>\$ 975,503</b>	<b>\$ 612,298</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,587,801</b>	<b>\$ 34,620,942</b>
<b>Expenditures:</b>							
Ebbetts Pass Techite Line	\$ 725,630	\$ 419,557	\$ 327,025	\$ -	\$ -	\$ 746,583	\$ 1,472,213
Ebbetts Pass Reach 1	6,256,221	795,681	741,375	-	-	1,537,056	7,793,277
Jenny Lind A-B Trans Line	24,489	2,682	2,901	-	-	5,583	30,072
Jenny Lind Pretreatment Facility	5,041,174	34,376	8,605	-	-	42,981	5,084,154
EP Redwood Tanks HMGP	38,416	428	4,366	-	-	4,794	43,210
AMR/AMI Radio Read Meter Progr	191,199	11,350	3,234	-	-	14,584	205,783
Hunters Raw Water Pump Renov	5,216	-	-	-	-	-	5,216
Meadowmont Pump Station Impro	84,169	-	-	-	-	-	84,169
Wallace SCADA Improvements	19,400	10,837	1,670	-	-	12,507	31,907
West Point Backup Water Filter	434	225	1,083	-	-	1,308	1,741
West Point SCADA Improvements	434	-	-	-	-	-	434
Big Trees Pump Station 1,4,5 Repl	107	-	-	-	-	-	107
Reeds Turnpike P/S Repl	214	873	210	-	-	1,083	1,296
CC Tank B P/S Renovation	-	-	-	-	-	-	-
Tank Management Plan	69,324	-	-	-	-	-	69,324
Pipeline Replacement	723,765	14,419	5,830	-	-	20,250	744,015
White Pines/Blnt Drain Rehab	-	-	29,082	-	-	29,082	29,082
CC SCADA Improvements	-	-	15,510	-	-	15,510	15,510
Turbidimeter/Analyzer	-	-	90,772	-	-	90,772	90,772
Completed Projects (see Funding)	8,581,996	-	-	-	-	-	8,581,996
<b>Total Expenditures</b>	<b>\$ 21,762,189</b>	<b>\$ 1,290,429</b>	<b>\$ 1,231,663</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,522,092</b>	<b>\$ 24,284,280</b>
<b>Beginning Balance</b>		<b>\$ 8,857,119</b>	<b>\$ 7,948,894</b>	<b>\$ 7,329,529</b>	<b>\$ 7,329,529</b>	<b>\$ 8,857,119</b>	<b>\$ -</b>
Total Revenues	33,033,141	975,503	612,298	-	-	1,587,801	34,620,942
Less							
Loan Payments	2,413,833	593,300	-	-	-	593,300	3,007,133
Project Costs	21,762,189	1,290,429	1,231,663	-	-	2,522,092	24,284,280
<b>Ending Balance</b>	<b>\$ 8,857,119</b>	<b>\$ 7,948,894</b>	<b>\$ 7,329,529</b>	<b>\$ 7,329,529</b>	<b>\$ 7,329,529</b>	<b>\$ 7,329,529</b>	<b>\$ 7,329,529</b>

\* R&R/USDA Loans - Outstanding P&I D \$ 4,146,156

Water Capital Renovation and Replacement Funding  
 July 1, 2013 through November 30, 2020

Project Funding	Project Budget	Expenses To Date	Balance	Operating Funds	Expansion Funds	Capital R&R	Grant Revenues
Ebbetts Pass Techite Line	\$ 2,463,000	\$ 1,472,213	\$ 990,787	\$ -	\$ -	\$ 2,463,000	\$ -
Ebbetts Pass Reach 1	8,353,000	7,793,277	559,723	-	1,000,000	7,353,000	-
Jenny Lind A-B Trans Line	5,513,000	30,072	5,482,928	-	-	5,513,000	-
Jenny Lind Pretreatment Facility	5,067,000	5,084,154	(17,154)	-	-	1,655,250	3,411,750
EP Redwood Tanks HMGP	3,038,000	43,210	2,994,790	-	-	938,000	2,100,000
AMR/AMI Radio Read Meter Progr	6,112,000	205,783	5,906,217	-	-	4,112,000	2,000,000
Hunters Raw Water Pump Renov	2,015,000	5,216	2,009,784	-	-	2,015,000	-
Meadowmont Pump Station Impro	234,000	84,169	149,831	-	-	234,000	-
Wallace SCADA Improvements	101,000	31,907	69,093	-	-	101,000	-
West Point Backup Water Filter	2,000,000	1,741	1,998,259	-	-	2,000,000	-
West Point SCADA Improvements	110,000	434	109,566	-	-	110,000	-
Big Trees Pump Station 1,4,5 Repl	860,000	107	859,893	-	-	860,000	-
Reeds Turnpike P/S Repl	350,000	1,296	348,704	-	-	350,000	-
CC Tank B P/S Renovation	910,000	-	910,000	-	-	910,000	-
Tank Management Plan	3,726,000	69,324	3,656,676	-	-	3,726,000	-
Pipeline Replacement	600,000	744,015	(144,015)	-	-	600,000	-
Big Trees Tank Replacement	1,160,000	1,430,906	(270,906)	290,000	-	-	870,000
Ebbetts Pass Reach 3a	5,360,000	5,829,093	(469,093)	-	-	3,982,000	1,378,000
Jenny Lind Pressure Reg Station	190,000	316,944	(126,944)	-	-	190,000	-
Vista Del Lago/SR 26 Relocate	190,000	200,671	(10,671)	-	-	200,671	-
Lake Tulloch Drought Emergency	750,000	749,414	586	-	-	749,414	-
Ebbetts Pass WTP Filter Rehab	480,000	468,762	11,238	-	-	480,000	-
Lake Tulloch Raw Water Pump Ren	3,500,000	102,292	3,397,708	-	-	3,500,000	-
White Pines Lake Restoration	200,000	67,747	132,253	-	-	200,000	-
Capital Program Management	50,000	54,969	(4,969)	-	-	54,969	-
<b>Total Expenditures</b>	<b>\$ 53,332,000</b>	<b>\$ 24,787,717</b>	<b>\$ 28,544,283</b>	<b>\$ 290,000</b>	<b>\$ 1,000,000</b>	<b>\$ 42,297,304</b>	<b>\$ 9,759,750</b>

(1) completed project



Wastewater Capital Renovation and Replacement Fund  
 July 1, 2013 through November 30, 2020

	Through Jun 30, 2020	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Y-T-D FY 20-21	Total to Date
<b>Revenues:</b>							
Capital R&R Wastewater Revenues	7,480,038	\$ 329,881	\$ 201,335	\$ -	\$ -	\$ 531,216	\$ 8,011,254
Interest Income	187,346	15	9,361	-	-	9,375	196,721
Capital R&R Loan *	2,300,001	-	-	-	-	-	2,300,001
Grant Revenues	132,908	-	-	-	-	-	132,908
<b>Total Revenues</b>	<b>\$ 10,100,292</b>	<b>\$ 329,896</b>	<b>\$ 210,695</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 540,591</b>	<b>\$ 10,640,883</b>
<b>Expenditures:</b>							
Copper Cove L/S 6,8; Force Main Bypass	\$ 162,743	\$ -	\$ 1,037	\$ -	\$ -	\$ 1,037	\$ 163,780
Copper Cove LS 15 & 18 Renovation	\$ 214,805	109	1,881	-	-	1,990	216,795
Wallace Renovation/SCADA/PLC	\$ 2,934	3,988	4,647	-	-	8,636	11,569
West Point/Wilseyville Construction	\$ 5,315	5,885	3,329	-	-	9,214	14,529
Arnold Secondary Clarifier	\$ 23,841	43,698	12,291	-	-	55,988	79,830
Arnold Leach Field Improvements	\$ 3,655	-	1,277	-	-	1,277	4,931
La Contenta Biolac, Clarifier and UV	\$ 635	319	-	-	-	319	954
Copper Cove TP/UV Improvements	\$ 28,527	-	848	-	-	848	29,375
Huckleberry Lift Station Rehab	\$ 88,638	-	-	-	-	-	88,638
Indian Rock East Sand Filter Rehab	\$ 658	4,495	-	-	-	4,495	5,153
Southworth Collection I&I Mitigation	\$ 101,885	6,142	-	-	-	6,142	108,027
Vallecito/DF Headworks Screen	\$ 107	-	241,313	-	-	241,313	241,419
Non-CIP Capital Projects	\$ -	2,541	40,503	-	-	43,043	43,043
Completed Projects (see Funding)	2,336,367	-	-	-	-	-	2,336,367
<b>Total Expenditures</b>	<b>\$ 2,970,111</b>	<b>\$ 67,176</b>	<b>\$ 307,124</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 374,301</b>	<b>\$ 3,344,412</b>
<b>Beginning Balance</b>		<b>\$ 4,945,398</b>	<b>\$ 5,008,569</b>	<b>\$ 4,912,140</b>	<b>\$ 4,912,140</b>	<b>\$ 4,945,398</b>	<b>\$ -</b>
Total Revenues	10,100,292	329,896	210,695	-	-	540,591	10,640,883
Less							-
Loan Payments/Expenses	2,184,784	199,548	-	-	-	199,548	2,384,332
Project Costs	2,970,111	67,176	307,124	-	-	374,301	3,344,412
<b>Ending Balance</b>	<b>\$ 4,945,398</b>	<b>\$ 5,008,569</b>	<b>\$ 4,912,140</b>	<b>\$ 4,912,140</b>	<b>\$ 4,912,140</b>	<b>\$ 4,912,140</b>	<b>\$ 4,912,140</b>

\* Sewer R&R Loan - Outstanding P&I Due: \$ 197,428

Wastewater Capital Renovation and Replacement Funding  
 July 1, 2013 through November 30, 2020

Project Funding	Project Budget	Expenses To Date	Balance	Operating Funds	Expansion Funds	Capital R&R	Grant Revenues
Copper Cove L/S 6,8; Force Main Bypass	3,652,000	163,780	3,488,220	-	-	3,652,000	-
Copper Cove LS 15 & 18 Renovation	2,656,000	216,795	2,439,205	-	-	2,656,000	-
Wallace Renovation/SCADA/PLC	124,000	11,569	112,431	-	-	100,000	-
West Point/Wilseyville Construction	4,757,000	14,529	4,742,471	-	-	-	4,750,000
Arnold Secondary Clarifier	2,010,000	79,830	1,930,170	-	402,000	1,608,000	-
Arnold Leach Field Improvements	702,000	4,931	697,069	-	140,400	561,600	-
La Contenta Biolac, Clarifier and UV	4,000,000	954	3,999,046	-	2,000,000	2,000,000	-
Copper Cove TP/UV Improvements	13,016,000	29,375	12,986,625	-	6,508,000	6,508,000	-
Huckleberry Lift Station Rehab	480,000	88,638	391,362	-	-	480,000	-
Indian Rock East Sand Filter Rehab	200,000	5,153	194,847	-	-	200,000	-
Southworth Collection I&I Mitigation	150,000	108,027	41,973	-	-	100,000	-
Vallecito/DF Headworks Screen	275,000	241,419	33,581	-	-	275,000	-
Capital Non-CIP Projects	111,000	43,043	67,957	-	-	111,000	-
Vallecito I&I/Equalization (1)	400,000	39,285	360,715	-	-	-	-
Copper Cove Reclaim Permit (1)	250,000	221,825	28,175	-	-	-	-
WP/Wilseyville Consolidation (1)	45,000	5,728	39,272	-	-	-	-
Copper Cove Lift Station 22 (1)	1,600,000	1,516,935	83,065	-	-	-	-
Poker Flat LS 9, 10 and 11 (1)	285,000	493,406	(208,406)	-	-	-	-
Vallecito Recycle Water Distributic (1)	280,000	156,457	123,543	-	-	100,000	180,000
Capital Program Management (1)	50,000	59,188	(9,188)	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 35,043,000</b>	<b>\$ 3,500,869</b>	<b>\$ 31,542,131</b>	<b>\$ -</b>	<b>\$ 9,050,400</b>	<b>\$ 11,943,600</b>	<b>\$ 4,930,000</b>

(1) completed project

**CALAVERAS COUNTY WATER DISTRICT**  
 Capital Improvement Program Cash Flow/Expenditure Summary  
 As of November 30, 2020

Project Description		Estimated Project Cost	FY 20/21 Cash Flow	Prior Years Expenditures	FY 20/21 Expenditures	Encumbrances	Remaining Cash Flow FY 20/21	Remaining Total Proj Cost
<b>Water Projects</b>								
11101	120	District Corp Yard	600,000	300,000	228,609	-	300,000	371,391
11100	852	Wallace SCADA System Improvements	101,000	-	18,060	12,507	(12,507)	70,433
11066G	125	Pipeline Replacement Program (JL)	600,000	100,000	308,877	20,250	79,750	270,874
11083J	125	Clearwell #2 / Repair & Paint	216,000	-	16,529	-	-	199,471
11083L	125	Larkspur Tank / Repair & Paint	373,000	50,000	23,278	-	50,000	349,722
11083S	125	Sawmill/Hunter's Tanks / Repair & Paint	1,510,000	-	10,655	-	-	1,499,345
11083W	125	Wallace Tanks / Repair & Paint	456,000	-	6,924	-	-	449,076
11083C	125	Clearwell & Tank B / Repair & Paint	1,171,000	10,000	11,196	-	10,000	1,159,804
11084	125	EP Techite Water Line Replacement	2,463,000	1,950,000	280,172	746,583	1,203,417	1,436,245
11085	125	EP Reach 1 Water Line Replacement	8,353,000	3,499,679	6,256,155	1,537,056	1,962,623	559,789
11088	125	Jenny Lind Tank A-B Trans Line	5,513,000	500,000	24,489	5,583	494,417	5,482,928
11092	125	Jenny Lind Pre-Treatment	5,067,000	39,940	5,035,095	42,981	(3,041)	(11,075)
11095	125	EP Redwood Tanks Replacement	3,038,000	500,000	38,416	4,794	495,206	2,994,790
11096	125	WP AMR/AMI Meter Program	6,112,000	2,000,000	189,827	14,584	1,985,416	5,907,589
11098	125	EP Hunters WTP Filter Rehab*	480,000	23,500	401,691	-	23,500	78,309
11099	125	Meadowmont P/S Improvement	234,000	149,831	29,879	-	149,831	204,121
11103	125	Hunter's Raw Water Pumps Renovation	2,015,000	10,000	5,216	-	10,000	2,009,784
11104	125	Lake Tulloch Submerged Water Line Cross	3,500,000	-	-	-	-	3,500,000
11106	125	West Point Backup Water Filter	2,000,000	500,000	434	1,308	498,692	1,998,259
11107	125	WP SCADA Improvements	110,000	10,000	434	-	10,000	109,566
11108	125	Big Trees Pump Stations 1, 4 & 5 Repl	860,000	10,000	107	-	10,000	859,893
11110	125	Reeds Turnpike Pump Station Repl	350,000	50,000	214	1,083	48,917	348,704
11111	125	Copper Cove Tank B Pump Station Renov	910,000	10,000	107	-	10,000	909,893
11112	125	White Pines Dam/Blanket Drain Rehab	65,000	65,000	-	29,082	35,918	35,918
11113	125	CC SCADA Improvements	60,000	60,000	-	15,510	44,490	44,490
11114	125	Turbidimeter/Analyzer Replacement	100,100	100,100	-	81,695	18,405	18,405
10072	125	Bow Drive Waterline Repl	60,000	60,000	-	52,500	7,500	7,500
	125	Capital Non-CIP Projects	468,000	468,000	-	-	468,000	468,000
	125	EP Larkspur Pump Station Rehab	300,000	300,000	-	-	300,000	300,000
	125	Avery Pumps/Motor Control Soft Starts	60,000	60,000	-	-	60,000	60,000
	125	JL Filters 3/4/5 Rehab/Coating	660,000	330,000	-	-	330,000	660,000
	125	JL Tank C Replacement	500,000	10,000	-	-	10,000	500,000
	125	CC Zone B-C Trans Pipeline & Pump Stn	9,010,000	10,000	-	-	10,000	9,010,000
	125	West Point Acorn Pump Station/Trans Ppln	2,010,000	10,000	-	-	10,000	2,010,000
	125	West Point Middle Fork Pump Station	1,610,000	10,000	-	-	10,000	1,610,000
various	R/G	Misc Road Repairs / CalOES	257,655	257,655	-	175,746	81,909	81,909
	O	Slurry Line Improvements	80,000	80,000	-	-	80,000	80,000
<b>Total Fund 120/125 - Water Projects</b>		<b>61,272,755</b>	<b>11,533,705</b>	<b>12,886,361</b>	<b>2,741,261</b>	<b>-</b>	<b>8,792,444</b>	<b>45,645,133</b>

**CALAVERAS COUNTY WATER DISTRICT**  
**Capital Improvement Program Cash Flow/Expenditure Summary**  
As of November 30, 2020

Project Description		Estimated Project Cost	FY 20/21 Cash Flow	Prior Years Expenditures	FY 20/21 Expenditures	Encumbrances	Remaining Cash Flow FY 20/21	Remaining Total Proj Cost	
<b>Sewer Projects</b>									
15076	135	CC L/S 8, 12 & 13 Force Main Bypass	3,652,000	500,000	165,743	1,037	-	498,963	3,485,220
15080	135	CC L/S #15 & 18 Renovations	2,656,000	300,000	169,875	1,990	-	298,010	2,484,135
15082	135	Vallecito WWTP Strg Expansion	280,000	-	157,674	-	-	-	122,326
15087	135	Wallace Treatment Plant Renovations (10033)	124,000	100,000	2,934	8,636	-	91,364	112,430
15091	135	West Point/Wilseyville Consol Constr	4,757,000	450,000	10,536	9,214	-	440,786	4,737,251
15092	135	Huckleberry L/S Rehab/Expansion***	480,000	65,000	88,638	-	-	65,000	391,362
15093	135	Southworth Collection System/I&I Mitigation	150,000	50,000	101,885	6,142	-	43,858	41,973
15094	135	CC Secondary/Tertiary/UV Improvements	13,016,000	200,000	28,527	848	-	199,152	12,986,625
15095	135	Arnold Secondary Clarifier	2,010,000	500,000	17,637	55,988	-	444,012	1,936,375
15096	135	Arnold Leach Field Improvements	702,000	100,000	3,655	1,277	-	98,723	697,069
15097	135	LC Biolac, Clarifier & UV Improvements	4,000,000	-	635	319	-	(319)	3,999,046
15098	135	Indian Rock East Sand Filter Rehab	200,000	200,000	658	4,495	-	195,505	194,847
15099	135	Vallecito/DF Headworks Screen	275,000	275,000	107	241,313	-	33,687	33,581
15100	135	Capital Non-CIP Projects	111,000	111,000	-	43,043	-	67,957	67,957
11114	135	Turbidimeter/Analyzer Repl Project	11,000	11,000	-	9,077	-	1,923	1,923
	135	LaContenta Spray Fields	200,000	200,000	-	-	-	200,000	200,000
	135	Tertiary Filter Rehab	250,000	25,000	-	-	-	25,000	250,000
	135	Effluent Storage Tank Rehab	250,000	25,000	-	-	-	25,000	250,000
	135	Reclamation Plant Filter Rehab	230,000	230,000	-	-	-	230,000	230,000
	135	Sludge Tank/Belt Press Improvements	50,000	50,000	-	-	-	50,000	50,000
<b>Total Fund 130/135 - Sewer Projects</b>			<b>33,404,000</b>	<b>3,392,000</b>	<b>743,449</b>	<b>383,378</b>	<b>-</b>	<b>2,081,146</b>	<b>26,297,697</b>

# Agenda Item

DATE: December 15, 2020

TO: Finance Committee

FROM: Rebecca Callen, Director of Administrative Services

SUBJECT: Discussion and Direction Regarding the Past Due Accounts, Process, and Policy Changes

## RECOMMENDED ACTION:

Discussion and direction regarding recommended changes in the past due process, amendments to Rules and Regulations, the lien process, and payment plan strategies.

## SUMMARY:

### Current Status of Delinquent Accounts

As of March of 2020, the District was required to stop any shut offs due to non-payment, as required under Governors Executive Order N-28-20. No final date has been given as to when this will be lifted.

As recently reported to the State, the Water System Delinquency Impacts are as follows:

Zip Code	Less than \$100	\$100-\$200	\$200-\$300	\$300-\$400	\$400-\$500	\$500-\$600	\$600-\$700	\$700-\$800	\$800-\$900	\$900-\$1000	More than \$1000	Total
95228	0	2	7	6	4	4	14	0	0	3	21	61
95252	0	6	15	20	11	22	8	6	3	2	11	104
95254	0	0	0	0	0	0	0	0	0	0	1	1
95255	0	1	0	3	0	9	2	0	1	1	8	25
95257	0	1	1	1	0	3	0	0	0	0	1	7
95223	0	7	20	11	7	0	5	0	1	3	19	73
95224	0	1	0	1	0	1	1	0	0	0	0	4
95223	0	0	0	0	0	17	0	0	0	0	0	17
95229	0	0	0	1	4	0	1	0	10	0	0	16
95247	0	1	0	1	1	2	3	1	2	1	9	21
95246	0	0	1	1	0	3	0	0	0	0	0	5
95251	0	0	2	1	2	1	1	0	11	0	1	19
95233	0	0	1	2	1	1	0	0	0	0	0	5
<b>Total</b>	<b>0</b>	<b>19</b>	<b>47</b>	<b>48</b>	<b>30</b>	<b>63</b>	<b>35</b>	<b>7</b>	<b>28</b>	<b>10</b>	<b>71</b>	<b>358</b>

The District had a total of 358 delinquent accounts more than 90 days with amount delinquent categorized above.

The total amount, at the time of this report, was \$241,222 in delinquent charges owed to the District.

## **The Past Due Process**

### **The Current Process**

On a monthly basis staff are running a Past Due process whereby they are identifying all accounts that are delinquent. Per 22.00.01 of the District Rules and Regulations, a delinquent account is any account that remains unpaid by close of business 25 calendar days after the date of issuance of the water or wastewater bill, unless the customer has made alternative payment arrangements.

Per 22.00.02, the District will apply a ten-dollar (\$10), first late fee and mail a reminder notice with an additional ten (10) days to pay from date printed on the notice.

### **Recommended Change Using IVR (Interactive Voice Response)**

With the use of IVR technology, there is an overwhelming benefit in more productive communications with customers and it is suggested that instead of using mail as the primary route for communication, the District utilize IVR (Interactive Voice Response) technology to send out reminders and only mail to non-responsive accounts. This would allow the District to keep the late fee at the ten dollars (\$10) and have more positive payment responses. Currently, a District employee will spend one day printing, stuffing envelopes, and mailing these reminders twice a month, plus the time to prepare the Past Due list (which would remain). While there is a cost for utilizing IVR, this change would drastically reduce the staff resources and mail costs needed to communicate with delinquent customers more effectively and prevent the first Past Due fee from needing to be increased.

## **Liens – Tax Roll and Clouding the Title**

### **Tax Roll Process**

Annually, the District submits delinquent account balances to the Auditor-Controller of Calaveras County to be placed on the Tax Roll. Per California Water Code 31701.5 the District can submit these delinquent charges, as approved by our Board and they will be treated as ad valorem taxes for the purposes of collection. Per Health and Safety Code 6520.10, on or before August 10, the district can consider delinquent charges that are 60 days or more as of July 1. This process gives the District nearly 100% collection success, compared to a very small amount that are collected through collection companies.

This timeline only allows the District to submit once per year and there is risk that all delinquencies from July 2 through the following August could be missed in this process should a property transfer or sell in that timeframe. Failure to get the delinquency amounts on title, only allow normal collection methods which have a small return.

## **Clouding the Title**

Prior to the “great recession” the District would record a lien with the County Recorder while awaiting the ability to submit to the Auditor the delinquent amounts to place on the tax roll. This process stopped due to the overwhelming number of foreclosures that made the process moot. Given the size of the current delinquency portfolio, the recommendation is to begin recording liens on any properties that have a delinquent balance greater than \$700 and have made no attempt to make payment. This will protect the District from losses of rate revenue.

## **Payment Plans**

### **Payment Plans Under SB998**

The last point of the Past Due discussion is the pathway out for customers who are trying to pay their delinquent accounts. Our current policy, 22.00.03, was written because of SB998 that required the District to adopt a payment plan policy. The policy restricts that ONLY one bill pay be contemplated in a payment policy and are limited to a period of no more than six (6) months to repay. Given the enormity of some of these delinquent amounts, additional options, and greater flexibility will be needed to allow for customers who have been making progress on their accounts to have more time and cover multiple bills. If a customer enters a payment arrangement, no lien would be submitted to the Auditor-Controller. However, to protect the District it is recommended that a lien still be recorded with the Recorder in the case, that the subject property be sold or transfer while the payment plan in in effect.

### **Payments Plans to Offer More Flexibility**

Recommendations on payment arrangement changes would be to allow for one (1) year for repayment, with no limit on the number of bills that are delinquent. The customer would also have to pay the recording fee as part of the payment plan.

Based on the discussions of this meeting, a full re-write of 22.00.03 will be brought forward to include the recommendations as part of the January Finance Committee with adoption by the full Board the end of January.

### **FINANCIAL CONSIDERATIONS:**

None at this time.

*Attachment: Resolution 2020-12 and Article III, Section 22 of Rules and Regulations*

**RESOLUTION 2020 - 12**

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

**AMENDING THE DISTRICT RULES AND REGULATIONS  
GOVERNING THE FURNISHING OF WATER AND/OR WASTEWATER  
SERVICES - ARTICLE III, SECTION 22**

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

**WHEREAS**, the Board has passed administrative fees and established procedures related to fees for returned payments and the collection of late payments on water and wastewater related fees in Resolution 2006-70, adopted on June 28, 2006, Adoption of New and Revised Administrative Fees in Regard to Delinquent Water and/or Wastewater Service Bills; and

**WHEREAS**, the Board amended Sections 22 A, B, C, D and E of the Rules and Regulations Governing the Furnishing of Water and/or Wastewater Services in Resolution 2017-14, adopted on March 22, 2017; and

**WHEREAS**, Senate Bill 998 (Dodd) "The Water Shutoff Protection Act" was passed into law in 2018 and required CCWD to change portions of its delinquency policy; and

**WHEREAS**, to meet the requirements of SB 998, the Board amended Section 22 of Article III of the Rules and Regulations Governing the Furnishing of Water and/or Wastewater Services, adopted by Resolution 2019-82 on December 11, 2019; and

**WHEREAS**, during the implementation of the updated policy addressing the Water Shutoff Protection Act, staff has reached the conclusion that certain clarifications within the policy language are needed to avoid customer confusion, and

**NOW THEREFORE, LET IT BE RESOLVED**, that the amendments to Section 22 of Article III of the Rules and Regulations Governing the Furnishing of Water and/or Wastewater Services attached hereto are hereby approved by the Board of Directors, and the amended policy is incorporated into Article III and shall become effective on February 12, 2020; and

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



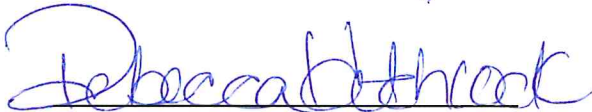
**PASSED AND ADOPTED** this 12<sup>th</sup> day of February 2019 by the following vote:

**AYES:** Directors Secada, Thomas, Ratterman, Davidson, and Underhill  
**NOES:** None  
**ABSTAIN:** None  
**ABSENT:** None

CALAVERAS COUNTY WATER DISTRICT

  
\_\_\_\_\_  
Bertha Underhill, President  
Board of Directors

**ATTEST:**

  
\_\_\_\_\_  
Rebecca Hitchcock  
Clerk to the Board

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

APPLICATION FOR SERVICE RATES AND BILLING

**Section 22. Delinquent Water and/or Wastewater Service Bills and Notification of Discontinuation of Water and/or Wastewater Service.**

**22.00.01 Delinquent Account Definition**

A delinquent account is any account that remains unpaid by the close of business 25 calendar days after the date of issuance of the water or wastewater bill, unless the customer has made alternative payment arrangements.

**22.00.02 Late Fees**

If a bill is not paid by the due date, the District will apply a ten dollar (\$10), first late fee to the delinquent account and mail a reminder notice to the customer explaining the delinquent amount and providing a due date that is ten (10) days from the date printed on the notice.

If the delinquent account is not paid within the ten (10) calendar day reminder notice period, a second past-due penalty of eighteen dollars (\$18) will be applied to the customer's account and a physical tag, providing the date when service will be disconnected if payment has not been received, will be placed in a prominent location at the property. This tag will include the delinquent amount due, information about payment plan and appeal options and the date the service will be discontinued if payment is not received.

**22.00.03 Alternative Payment Plans**

Residential customers who are unable to pay for water or wastewater service(s) within the standard payment period may request an alternative payment plan to avoid discontinuation of service(s). CCWD will consider the request and make a determination as to whether the alternative payment plan is warranted. Alternative payment plans will only be granted under the following circumstances:

**22.00.03.1 Threat to Health or Safety**

An alternative payment plan may be approved if the discontinuation of water or wastewater service will be life threatening or pose a serious threat to the health and safety of any resident. The request

for an alternative payment plan must include certification from a primary care provider (per WIC § 14088(b)(1)(A)) that the discontinuation of service will be life-threatening or pose a serious threat to the health and safety of any resident.

### **22.00.03.2 Financial Inability to Pay**

The customer or occupant must demonstrate that they are financially unable to pay for residential service(s) within the normal billing cycle. Acceptable forms of income verification are:

- Documentation from The Resource Connection, showing any member of the customer's household is a current recipient of CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplementary Payment Program, or California Special Supplemental Nutrition Program for Women, Infants and Children.
- The customer or occupant declares the household's annual income is less than 200 percent of the federal poverty level.

Payment plans that extend into the next billing period are considered an amortization plan, which must be in writing and signed by the customer. Such a plan will amortize the unpaid balance over a period agreed upon by the District and the customer not to exceed 6 (six) months from the date of the account becoming delinquent. The amortized payments will be combined with and subject to the due date of the customer's regular bills. The customer must comply with the terms of the amortization plan and remain current as charges accrue in each subsequent billing period. The customer may not request further amortization of any subsequent unpaid charges while paying delinquent charges pursuant to an existing amortization plan. Failure to comply with the terms of an amortization plan, or becoming delinquent on the current charges for more than sixty (60) days, will result in the issuance of a written disconnection notice, which will be physically delivered to the premises no fewer than 5 (five) business days in advance of discontinuation of service.

### **22.00.04 Appeals**

A customer may dispute a bill, or request an adjustment of charges through the District's Customer Service Department Manager, within 25 days following the billing date. If the Customer Service Manager denies the request or fails to respond within fifteen (15) days of the District's receipt of the appeal, the

customer may submit a written appeal to the Director of Administrative Services within 30 days of the date the account becomes delinquent, or ten (10) days after the receipt of the denial from the Customer Service Manager, whichever is later.

The Director of Administrative Services will issue a written determination within 15 days. If the Director of Administrative Services denies the appeal, the customer may appeal to the General Manager in writing within 15 days of the date the Director of Administrative Service's determination. The General Manager will provide the customer with a final decision on the appeal within 30 days from the date the written request was received. Late appeals will not be considered.

The District will not discontinue water and/or wastewater service to a customer if there is a pending appeal. If the final appeal is denied by the General Manager, a notice will be issued to the occupant at least five days prior to the discontinuation of service.

#### **22.00.05      Fee Waivers**

"In good standing" is defined as an account that does not have more than one past-due fee during the period of time being reviewed.

Once every two (2) years, District Customer Service Department staff may waive the reminder notice past-due penalty on customers' accounts, if the account is in good standing, no previous late fees have been waived within the past two (2) years and the account balance has been brought current.

Once every five (5) years, District Customer Service staff may waive the second past-due penalty on customers' accounts if the account is in good standing, no previous second past-due fees have been waived within the past five (5) years and the account balance has been brought current.

Additional adjustments that are requested by the customer will fall under Ordinance 2000-03 Credit Adjustment Policy.

#### **22.01            Service Discontinuation**

##### **22.01.01        Service Discontinuation Fee**

A customer will be charged a thirty-six-dollar (\$36) fee for each occasion that an employee of the District is dispatched to disconnect or shut off a service line pursuant to the provisions of Section 22.

### **22.01.02      Service Disconnection Notifications**

The District will not discontinue water service unless payment by the customer has been delinquent for at least 60 days. The District will make a reasonable, good faith effort to contact the customer in writing at least 10 (ten) days before discontinuation of service(s) for nonpayment. The written warning of discontinuation of service(s) will be sent to the mailing address designated on the account. If the mailing address and the address of the property to which water service is provided are different, a second notice will be mailed to the service address and addressed to "Occupant". The written disconnection notice will include:

- Customer's name and address
- Amount of the delinquency
- Date by which payment arrangements are required to avoid discontinuation of service
- Description of the process to apply for payment arrangements
- Description of the process to dispute or appeal a bill
- District contact information

The District will make a reasonable, good faith effort to notify the customer 48 hours in advance of disconnection of water service for non-payment. The notification will be based upon the preference (text, phone, or email) selected by the customer. Customers who have not selected a means of notification will be notified by phone.

### **22.01.03      Notice to Residential Occupants in Individually Metered Residence**

The District will make a reasonable, good faith effort to inform the occupants, by means of written notice, when the water service account is in arrears and subject to disconnection at least 7 days before water service is shut off. The written notice will advise the tenant/occupant that they have the right to become customers of the District without being required to pay the amount due on the delinquent account, as long as they are willing to assume financial responsibility for subsequent charges for water service at that address. In order for the amount due on the delinquent account to be waived, the tenant/occupant must provide verification of tenancy in the form of a signed owner authorization form or a rental agreement. The District will not consider requests from occupants/tenants to become customers, unless the account associated with their place of residence is in arrears and subject to water disconnection.

Occupants who become CCWD customers under the provisions of this policy will be required to pay a new account establishment fee and deposit (per Article III, Section 21 B. of the Rules and Regulations Governing the Furnishing of Water and/or Wastewater Service).

The act of a residential dwelling occupant becoming a CCWD customer, does not alleviate the legal-deeded owner from being ultimately responsible for all fees and charges related to the property. Legal-deeded property owners who enter into landlord-tenant agreements are responsible for all delinquent charges pertaining to the property and will be subject to lien and/or collection through property tax rolls, per California Water Code, Division 12, Part 7, Chapter 2, §31701.5, and California Health and Safety Code, Division 5, Part 3, Chapter 6, §5473.

**22.01.04      Notice to Tenants/Occupants in a Multi-Unit Complex Served through a Master Meter**

The District will make a reasonable, good faith effort to inform the occupants, by means of written notice hung on the door of each residence, when the water service account is in arrears and subject to disconnection at least 10 (ten) days before water service is shut off. The written notice will advise the tenant/occupant that they have the right to become customers of the District without being required to pay the amount due on the delinquent account, as long as they are willing to assume financial responsibility for subsequent charges for water service at the address(es) served by the master meter. If one or more of the occupants are willing and able to assume responsibility for the subsequent charges for water service to the satisfaction of the District, or if there is a physical means, legally available to the District, of selectively terminating service to those occupants who have not met the requirements for service, the District will make service available to the occupants who have met those requirements and paid associated capacity, connection and new account establishment fees.

If the written disconnection notice is returned through the mail as undeliverable, the District will make a reasonable, good faith effort to visit the residence and leave a notice of discontinuation of service for non-payment.

**22.02              Service Reconnection**

A disconnected service line will only be reconnected when payment of all charges and indebtedness for water and/or wastewater service(s) has been made. A thirty-six-dollar (\$36.00) fee will be charged for each such reconnection during normal business hours, not to exceed fifty dollars (\$50.00). A higher fee will be charged if reconnection is requested outside of normal business hours, not to exceed \$150.00 (one hundred and fifty) through 2020. Reconnection fees shall be subject to an annual adjustment for changes in the Consumer Price Index beginning January 1, 2021.

**22.03              Returned Payments, Unpaid Credit Card Charges, Unhonored ACH Bank Payments, Stopped Payments, Disputed Payments.**

For each payment of water and/or wastewater service(s) that is returned unpaid to the District by its financial institution, a twenty-five-dollar (\$25) charge will be added to that account:

Once a payment has been returned by a financial institution, the District will require payment by certified funds (no checks accepted) for that account for the following 12-month period. If payment is denied twice within a 12-month period, regardless of payment method, the District will require payment by certified funds for the following 24 months.

**22.04            Annual Review of Charges.**

All fees and charges outlined in this section may be reviewed annually for possible adjustments relative to actual costs involved with each notification or action.

**22.05            Responsibilities and Authorities.**

The customer bears full responsibility for contacting the District regarding the status of any account for water and/or wastewater services immediately upon the receipt of any statement, bill, reminder or any other notice from the District.

**22.06            Tampering**

Any person who, with intent to obtain water without paying the full lawful charge, or with intent to enable another person/business to do so, or with intent to deprive the Calaveras County Water District of any part of the full lawful charge for utility services it provides, commits, authorizes, solicits, aids or abets any of the following will be guilty of a misdemeanor crime. All of the actions below are prosecutable offenses, and the District reserves the right to exercise any and every remedy permitted by law in the event of tampering with the District's lines, meters and/or equipment.

- (1) Diverts or causes to be diverted water services, by any means.
- (2) Prevents any utility meter, or other device used in determining the charge for services, from accurately performing its measuring function by tampering or any other means.
- (3) Tampers with any property owned by or used by the District to provide water services.
- (4) Makes or causes to be made any connection with or reconnection with property owned or used by the District to provide water without the authorization or consent of the District.
- (5) Uses or receives the direct benefit of all or a portion of utility services with knowledge or reason to believe that the diversion, tampering, or

unauthorized connection existed at the time of that use, or that the use or receipt was otherwise without the authorization or consent of the utility.

(6) Provides access to District water to any unauthorized user.

The District will cause the prosecution of all violations of Sections 498, 624 or 625 of the State of California Penal Code and all Ordinances or Regulations which make the interference with the orderly supply of water to the District's users a crime.

The District will not be responsible for any loss or damage caused by any negligence or wrongful act of a customer or his/her authorized/unauthorized tenant in operating or using any or all facilities, appliances or equipment for which water is supplied.

*Resolution 2017-14, March 22, 2017*

*Resolution 2019-\_\_\_, December 11, 2019*



# Agenda Item

DATE: December 15, 2020  
TO: Finance Committee  
FROM: Rebecca Callen, Director of Administrative Services  
SUBJECT: Discussion on Chandler Investments Update

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## **RECOMMENDED ACTION:**

None at this time. This item is only for discussion.

## **SUMMARY:**

The Board approved engaging with Chandler Asset Management on February 12, 2020. The decision was made to pull as much investment earnings out of LAIF as possible until transitioning to the approved longer term investment structure. At that time, LAIF was paying about 2% or 200 basis points. This was higher than the stock market and we strategically decided that until LAIF hit 50 basis points, or .50% the District would remain there.

As of 12/9/20, LAIF has hit 56 basis point, or .56% and with the property tax revenues coming in from all taxing jurisdictions that require investment in LAIF, it is projected that LAIF will drop down to 20-30 basis points within the next couple of weeks.

This allows the District to now move monies invested in LAIF to the US Bank Custodial account to be invested by Chandler per the Investment Policy adopted on June 24, 2020 which placed the average duration of the District Portfolio at 2.5 years.

The transition to the longer-term investment portfolio will occur over the next 6 months with approximately \$10 million to move within January, followed by \$2 million for each subsequent month to a target total of \$20 million, of the total \$33 million currently invested in LAIF. Depending on the Financial Planning model that will be developed for Capital Projects, this number could be sufficient or may need to be increased to allow for sufficient cashflow. As a reminder the change in the District portfolio is to allow for higher yields and asset growth. Currently, \$20 million as a target for assets under management with Chandler.

## **FINANCIAL CONSIDERATIONS:**

None at this time. These transfers will be reported out as part of the treasury reports.

**RESOLUTION 2020-43**

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

**AMENDING DISTRICT FINANCIAL MANAGEMENT  
POLICY NO. 5.01 – INVESTMENT POLICY**

**WHEREAS**, the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT adopted an Investment Policy by Resolution No. 93-27 on March 30, 1993, which policy has been amended in part or in its entirety since that time, and

**WHEREAS**, the Board most recently adopted Financial Management Policy No. 5.01 – Investment Policy by Resolution No 2019-80 on December 11, 2019; and

**WHEREAS**, the Board of Directors is required review and amend as appropriate the District's Investment Policy; and

**WHEREAS**, a thorough review by the Director of Administrative Services and Chandler Asset Management has made several changes to the policy; and

**NOW, THEREFORE BE IT RESOLVED**, that the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT does hereby amend Financial Management Policy No. 5.01 – Investment Policy, adopted by Resolution 2019-80, as attached hereto and made a part hereof, to be effective June 24, 2020.

**PASSED AND ADOPTED** this 24<sup>th</sup> day of June 2020 by the following vote:

AYES: Directors Thomas, Davidson, Ratterman, and Underhill  
NOES: None  
ABSTAIN: None  
ABSENT: Director Secada

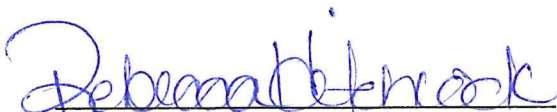
**CALAVERAS COUNTY WATER DISTRICT**



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Bertha Underhill  
President, Board of Directors

**ATTEST:**



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Rebecca Hitchcock  
Clerk to the Board

## Calaveras County Water District

### **5.01.01 Policy Statement**

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

### **5.01.02 Scope**

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

### **5.01.03 Prudent Investor Standard**

The District operates its investment portfolio under the Prudent Investor Standard (California Government Code Section 53600.3) which states, "...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

### **5.01.04 Investment Objectives**

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

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

Safety of principal is the foremost objective of the District. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the Agency will diversify its investments by investing funds among a variety of securities with independent returns.

#### **5.01.04.2 Liquidity**

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

#### **5.01.04.3 Rates of Return**

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

### **5.01.05 Delegation of Authority**

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

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

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

Officers and employees involved in the investment process shall refrain from personal business

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

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

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

Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

#### **5.01.07.1 Depositories**

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

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

#### **5.01.07.2 Brokers and Dealers**

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

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

### **5.01.08 Authorized and Suitable Investments**

The District is provided a broad spectrum of eligible investments under California Government Code Sections 53600 et al. Authorized investments are described in detail in Appendix A.

### **5.01.09 Competitive Bidding**

Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

### **5.01.10 Master Repurchase Agreement**

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

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

In order to conform with the provisions of the Federal Bankruptcy Code that provides for the liquidation of securities held as collateral for repurchase agreements, the only securities deemed acceptable as collateral shall be securities that are direct obligations of and guaranteed by the

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

U.S. Government, U.S Government Agencies or Government Sponsored Enterprises securities as permitted under this policy. The District will maintain a first perfected security interest in the securities subject to the repurchase agreement and shall have a contractual right to the liquidation of purchased securities upon the bankruptcy, insolvency or other default of the counter party.

### **5.01.11 Investment Pools**

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

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

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

### **5.01.12 Collateralization**

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

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

### **5.01.13 Safekeeping and Custody**

All securities owned by the District shall be held in safekeeping by a third-party bank trust department acting as agent for the District under the terms of a custody agreement executed by the bank and the District. **All securities shall be received and delivered using standard delivery**



**versus payment (DVP) procedures.** The third-party bank trustee agreement must comply with Section 53608 of the California Government Code. No outside broker/dealer or advisor may have access to District funds; accounts or investments and any transfer of funds must be approved by the General Manager or designee or his/her designee.

## 5.01.14 Diversification and Risk

### Mitigating Credit Risk in the Portfolio

Credit risk is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. The Agency will mitigate credit risk by adopting the following strategies:

- The diversification requirements included in Appendix A of this policy are designed to mitigate credit risk in the portfolio.
- No more than 5% of the total portfolio may be deposited with or invested in securities issued by any single issuer unless otherwise specified in this policy.
- The District may elect to sell a security prior to its maturity and record a capital gain or loss in order to manage the quality, liquidity or yield of the portfolio in response to market conditions or District's risk preferences.
- If securities owned by the District are downgraded to a level below the quality required by this investment policy, it will be the District's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.
  - If a security is downgraded, the General Manager or designee will use discretion in determining whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors.
  - If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Board of Directors.

### Mitigating Market Risk in the Portfolio

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

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

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

- The maximum stated final maturity of individual securities in the portfolio will be five (5) years, except as otherwise stated in this policy.
- If the District utilizes a strategy that targets a duration target, the duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the District based on the District's investment objectives, constraints and risk tolerances.

### **5.01.15 Maximum Maturities**

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

### **5.01.16 Internal Control and Review**

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

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

### **5.01.17 Performance Evaluation**

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the District's risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The General Manager or designee shall monitor and evaluate the portfolio's performance relative to the chosen market benchmark(s), which will be included in the Treasurer's quarterly report. The General Manager or designee shall select an appropriate, readily available index to use as a market benchmark.

### **5.01.18 Reporting**

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

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

#### **5.01.18.1 Investment Report**

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

#### **5.01.19 Investment Policy Adoption**

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

## Appendix - A

### **Description of Authorized Investments and Restrictions**

The District's investments are governed by California Government Code, Sections 53600 et seq. Within the investments permitted by the Code, the District seeks to further restrict eligible investments to the guidelines listed in this appendix. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the time the security is purchased.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity, and shall be exempt from the current policy. At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

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

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

#### **5.01.19.02 U.S. Treasuries**

U.S. Treasury securities and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There is no percentage limitation on the funds that can be invested in this category; however, a five-year maturity limitation is applicable.

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

FEDERAL AGENCIES or United States Government-Sponsored Enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. (Legal Authority – Government code Sections 53601 (f)). There is no percentage limitation on the funds that can be invested in this category; however, a five-year maturity limitation is applicable. Moreover, no more than 25% of the portfolio may be invested in any single Agency/GSE issuer, and agency callable securities are limited to 20% of the District's portfolio.

#### **5.01.19.04 Municipal Securities: Registered State Warrants or Treasury Notes or Bonds of the State of California**

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

- The securities are rated in a rating category of “A” or its equivalent or better by at least one nationally recognized statistical rating organization (“NRSRO”).
- No more than 30% of the portfolio may be in Municipal Securities
- The maximum maturity does not exceed five (5) years
- No more than 5% of the portfolio may be invested in any single issuer

**5.01.19.05 . Municipal Securities: Registered treasury notes or bonds of any of the other 49 United States in addition to California.**

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

- The securities are rated in a rating category of “A” or its equivalent or better by at least one nationally recognized statistical rating organization (“NRSRO”).
- No more than 30% of the portfolio may be in Municipal Securities.
- No more than 5% of the portfolio may be invested in any single issuer

**5.01.19.06 Municipal Securities: Bonds, Notes, Warrants, or Other Evidences of Indebtedness of Any Local District within the State of California**

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

- The securities are rated in a rating category of “A” or its equivalent or better by at least one nationally recognized statistical rating organization (“NRSRO”).
- No more than 30% of the portfolio may be in Municipal Securities
- No more than 5% of the portfolio may be invested in any single issuer

**5.01.19.07 Bankers Acceptance**

The District may invest in Bankers Acceptances limited to banks which have short-term debt obligations rated “A-1” or its equivalent or better by at least one NRSRO; or long-term debt obligations which are rated in a rating category of “A” or its equivalent or better by at least one NRSRO. The maximum investment maturity will be restricted to 180 days as per Government Code Section 53601(f). Maximum portfolio exposure will be limited to 40 percent. (Legal Authority-Government Code Sections 53601 (g)). No more than 5% of the portfolio may be invested in any single issuer.

**5.01.19.08 Commercial Paper**

Prime Commercial Paper with a maturity not exceeding 270 days from the date of purchase with the highest ranking or of the highest letter and numerical rating as provided for by the nationally recognized statistical-rating organization (NRSRO). The entity that issues the

commercial paper shall meet all of the following conditions in either A or B:

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

The District's aggregate investment in commercial paper shall not exceed 25% *of* the District's total portfolio. No more than 5% of the portfolio may be invested in any single issuer. The District may purchase no more than 10% of the outstanding commercial paper of any single issuer. (Legal Authority - Government Code Sections 53601 (h))

#### **5.01.19.09 Negotiable Certificates of Deposit**

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

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

Negotiable Certificates *of* Deposit shall not exceed 30 percent *of* the District's surplus money, which may be invested pursuant to this policy. No more than 5% of the portfolio may be invested in any single issuer. Per section 53638 *of* the California Government Code, any deposit shall not exceed the total paid-up capital and surplus *of* any depository bank, nor shall the deposit exceed the total net worth *of* any institution. Maximum investment maturity is restricted to five years. (Legal Authority Government Code Section 53601 (i))

#### **5.01.19.10 Time Certificates of Deposit**

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

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

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

Deposits of up to \$250,000 are allowable in any institution that insures its deposits with the Federal Deposit Insurance Corporation, regardless of Moody's Investors Service or Standard and Poor's Corporation ratings. Per section 53638 of the California Government Code, any deposit shall not exceed the total paid-up capital and surplus of any depository bank, nor shall the deposit exceed the total net worth of any institution.

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

#### **5.01.19.11 Repurchase Agreements**

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

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

#### **5.01.19.12 Medium Term Notes**

Medium-term notes are obligations of corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating

within the United States. The securities must in in a rating category of "A" or its equivalent or better by a nationally recognized rating organization. Purchase of medium-term notes shall not exceed 30% of the total portfolio, and not have maturity in excess of five (5) years. No more than 5% of the portfolio may be invested in any single issuer. (Legal Authority-Government Code Sections 53601(k))

#### **5.01.19.13 Money Market Mutual Funds**

Mutual funds qualifying for District investment must be registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and issued by diversified investment companies and meet either of the following criteria:

- Have attained the highest ranking or the highest letter an numerical rating provided by not less than two (2) NRSROs or
- Have retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five (5) years experience managing money market mutual funds with assets under management of at least five hundred million dollars (\$500,000,000).

Investments in mutual funds shall not exceed 20 percent of the District's portfolio. (Legal Authority-Government Code Section 53601(l))

#### **5.01.19.14 Asset-Backed, Mortgage-Backed, Mortgage Passthrough securities, and Collateralized Mortgage Obligations not defined in Sections 5.01.19.02 and 5.01.19.03**

- The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO.
- No more that 20% of the portfolio may be invested in these securities.
- No more than 5% of the portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer.
- The maximum legal final maturity does not exceed five (5) years.

#### **5.01.19.15 Share of Beneficial Interest in a Joint Powers Authority**

As authorized by Government Code Section 53601(p).

#### **5.01.19.16 Supranational Securities**

- Issues are US Dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.
- The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO.



Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

- No more that 30% of the portfolio may be invested in these securities.
- No more that 10% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five (5) years.

#### **5.01.19.17 Passbook Deposits**

As authorized by Government Code Section 53637.

## Appendix B

### Glossary of Cash Management Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

requirements, and securities valuations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Report standardized performance calculations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

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

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

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

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

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

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

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

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

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

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

**Rule 2a-7** of the Investment Company Act - Applies to all money market mutual funds and mandates such funds <:0 maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value *of* one dollar (\$1.00).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Weighted Average Maturity (WAM)** - The average maturity of all the securities that comprise a portfolio



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that is typically expressed in days or years.

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

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

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

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