

GCSD POLICY

POLICY TITLE: PURPOSES

POLICY NUMBER: 401

ADOPTED: October 11, 2010

AMENDED:

RESOLUTION:

401 PURPOSES

These Financial Policies are designed to accomplish the following purposes:

- A. Provide an effective planning tool for District revenues, expenditures and investments;
- B. Facilitate the preparation of annual budgets which will accurately estimate District revenues, expenses and fund balances in each of the accounting funds maintained by the District;
- C. Guide the District's investment activities;
- D. Provide transparency to the public with respect to District financial transactions.

GCSD POLICY

POLICY TITLE: ACCOUNTING SYSTEM

POLICY NUMBER: 402

ADOPTED: October 11, 2010

AMENDED: August 9, 2022, Resolution 34-2022

402.1 Purpose

These Accounting System Policies and Procedures are designed to provide for accurate financial reports regarding the assets, liabilities, revenues, expenses, and fund balances of the various accounting funds maintained by the District in conformity with generally accepted accounting principles.

402.2 Establishment of Accounting Funds

A. Lease Assets

The Admin/Finance Manager shall conduct a review of all contracts, agreements and leases (hereby noted as ‘agreements’) on an annual basis to determine if such agreements have a “right to use” component as defined by Governmental Accounting Standard Board (GASB) issued Statement No. 87, Leases (GASB 87). If agreement is determined to be applicable to GASB 87, determine proper accounting treatment.

The Board adopted a capitalization threshold policy for lease assets of \$25,000. If the lease asset is below \$25,000, no further analysis will need to be performed as the lease asset falls below the established threshold and is deemed not significant. If the lease asset is above the threshold of \$25,000, the Admin/Finance Manager will prepare the necessary accounting entries in accordance with GASB 87 for annual financial reporting purposes.

The Admin/Finance Manager shall maintain permanent lease asset records of agreements analyzed in either paper or electronic format, to be updated whenever new agreements or change in agreements occur annually.

402.3 Duties of the Admin/Finance Manager

A. Act as District Treasurer

The Admin/Finance Manager of the District shall act as the District Treasurer pursuant to Government Code Section 61050 et seq. and shall be responsible, under the direction of the General Manager, for the supervision of the District’s finances. The Admin/Finance Manager, as the Treasurer of the District, shall have all of the powers and privileges of the County Treasurer of Tuolumne County

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pursuant to Government Code Section 61053(b). The duties of the Admin/Finance Manager include, but are not limited to the following:

1. The Admin/Finance Manager shall install and maintain a system of accounting and auditing that shall completely and at all times show the District's financial condition in accordance with generally accepted accounting principles.
2. Pursuant to a Resolution of the District's Board of Directors, designate a bank, a savings and loan association, or a credit union, as the depository of the District's money. A bank, savings and loan association or credit union may act as a depository, paying agent or fiscal agent for the holding or handling of the District's funds notwithstanding the fact that a member of the Board of Directors, whose funds are on deposit in that bank, or savings and loan association or credit union is an officer, employee, or stockholder of that bank, or savings and loan association, or credit union, or of a holding company of any of the foregoing.

A. Financial Reporting

The Admin/Finance Manager shall develop financial reports not less than quarterly directed to the Board of Directors detailing revenues and expenditures in each Governmental Fund and Enterprise Fund of the District.

B. Financial Projections

At periodic intervals throughout the fiscal year, or on request by the General Manager or the Board of Directors, the Admin/Finance Manager shall report to the Board of Directors regarding financial projections of the level of revenues and expenditures expected by the District in each Governmental Fund and Enterprise Fund maintained by the District by the end of each fiscal year. The purpose of such projections is to assure that District operations remain financially solvent in each Fund.

C. Financial Audits

The Admin/Finance Manager shall assist the District auditors in preparing comprehensive annual audited financial statements for each Governmental Fund and Enterprise Fund maintained by the District for each fiscal year. Each Annual Financial Audit shall be reviewed by and approved by the Board of Directors at a public meeting. The Admin/Finance Manager shall also provide for the preparation of an Annual Financial Report to the Controller as required by Government Code Section 53890 *et seq.*

E. Assessment District Accounting

The District has established a Fire Suppression Assessment District pursuant to Government Code Section 50078 *et seq.* The Admin/Finance Manager shall prepare an annual budget for the Assessment District utilizing the same criteria as the budgets prepared for the other Governmental and Enterprise Funds maintained by the District. Said Assessment District budget shall be included in the annual Engineer's Report for the Assessment District prepared pursuant to Government Code Section 50078.4.

F. Accounting of Fixed Assets

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The Admin/Finance Manager shall conduct an accounting or inventory of all fixed assets on an annual basis. At the conclusion of such inventory the Finance Manager shall report the results thereof to the Board of Directors and certify the completeness of the inventory. Such inventory of fixed assets shall include the following: (a) all equipment, tools, supplies and vehicles that individually have an original total cost of more than \$5,000; (b) all land and buildings regardless of value; (c) the value of any additions or major improvements or renovations to the District's water, wastewater, fire protection and/or park and recreation service infrastructure.

The Admin/Finance Manager shall maintain permanent inventory records in either paper or electronic format, to be updated whenever a change in the status of the particular fixed asset occurs, such as purchase, sale, destruction, loss, theft, etc. Information to be maintained in the inventory records shall include at least the following: (a) asset identification number; (b) description of asset: (c) manufacturer's serial number; (d) storage location; (e) original cost; (f) acquisition date; (g) life expectancy; (h) classification code as office equipment, vehicle, etc.

402.4 Cash Disbursements and Receipts Policies

The Admin/Finance Manager shall be responsible for managing the accounts of the District. The Admin/Finance Manager shall adopt a procedure for drawing and signing checks that adhere to generally accepted accounting principles. Payment of bond principal and interest shall be made when due. Checks to pay claims of vendors, contractors, consultants, and other third parties need not be approved by the Board of Directors before payment if the General Manager and department managers determine that such claims for payment conform to the District's approved budget. Board approval will be required for payment of any claim or expenditure which exceeds the District's approved budget.

A. Checking Accounts

All checks in payment of claims or demands for money against the District shall be drawn by Admin/Finance staff under the direction of the Admin/Finance Manager and signed by a minimum of two of the following: General Manager, Admin/Finance Manager, Fire Chief, member of the Board of Directors. All checks shall require two signatures. Checks over Fifty Thousand Dollars (\$50,000.00) shall require the signature of at least one Board member.

The person with physical control of the checks will be accountable for all check numbers and will not have signature authority on the account. Should a check be found to be unaccounted for, the person having control of the checks will notify the Admin/Finance Manager, the General Manager, and the Bank of the lost check. Persons who are signatory to the account will not have access to blank checks, including keys or the combination to the locked repository of the checks.

1. Accounts Payable Report

The Admin/Finance Manager shall make available a report to the Board for each month of Accounts Payable, upon request.

2. Account Reconciliation

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The Admin/Finance Manager shall be responsible for the reconciliation of the account statements each month. The reconciliation shall be kept on file for inspection by the auditor when performing the annual audit of the District's books.

B. Payroll Policy

All payroll payments shall be paid when due and do not require prior approval of the Board of Directors.

C. Receipts Other than Taxes

Receipts of the District including but not limited to water rates, participation fees and standby charges; sewer/wastewater rates, participation fees and/or standby charges; fees and charges for recreational programs, facility and building rental fees; fees and charges for emergency rescue services; fees and charges for development review services; grants and contributions received from other governmental agencies or private individuals; and special assessments levied by the Fire Protection Assessment District formed and operated by the District shall be deposited by the Admin/Finance Manager into the District's designated depository as soon as practicable.

D. Fees and Charges

Fees and charges related to the District's water service are specified in the District's Water Ordinance. Fees and charges levied by the District in connection with its sewer/wastewater/ recycled water services are specified in the District's Sewer Ordinance.

The District has adopted fees as part of the Water, Sewer, Parks (Section 800 of this manual), and Fire (Section 900 of this manual) Ordinances, which summarize the fees and charges charged by the District for development review services, use of District facilities and buildings, for receipt of recreational services, and any other user fees. The purpose of the fee schedule is to establish fees, charges and rental rates which fully cover the cost incurred by the District of any services it provides, or the cost of enforcing any regulations for which such fee is charged. The District attempts to accept fees and charges and rental rates at rates which are commensurate with market research regarding comparable rates and charges for other similar services provided in Tuolumne County. In no event shall any fee or charge levied by the District exceed the actual cost incurred by the District in providing any service or enforcing any regulation for which such a fee is charged.

The District may charge residents or taxpayers of the District a fee which is less than the fee which it charges to non-residents or non-taxpayers of the District. The Fee Ordinance authorizes the Board of Directors to direct District staff to waive the payment, in whole or in part, of a fee or charge when the Board determines that such waiver would be in the public interest. The Fee Ordinance specifies the policies and procedures governing such fee waivers.

402.5 Annual Audit

The Admin/Finance Manager shall arrange to have an audit done each year of the District's accounts and accounting procedures. The Board of Directors shall select the Auditor and shall periodically review the performance of the Auditor and the cost of auditing services. The Auditor, as part of the annual audit, will report as to whether these procedures and safeguards are being properly maintained by the Board and staff of

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the District and shall so comment in the management letter if said procedures are not being adhered to as part of each annual audit report prepared for the District.

402.6 Petty Cash

A "Petty Cash" fund shall be maintained in the District office and have a balance-on-hand maximum of two hundred fifty dollars (\$200.00).

- A. Petty Cash may be advanced to District staff upon their request and the execution of a receipt for same, for the purpose of procuring item(s) or service(s) appropriately relating to District business. After said item(s) or service(s) have been obtained, a receipt for same shall be submitted to the Finance Department, and any remaining advanced funds shall be returned. The maximum Petty Cash advance shall be One Hundred Dollars (\$100.00), unless approved in advance by the General Manager.
- B. No personal checks shall be cashed in the petty cash fund.
- C. The petty cash fund shall be included in the District's annual independent accounting audit.

GCSD POLICY

POLICY TITLE: BUDGET POLICIES

POLICY NUMBER: 403

ADOPTED: October 11, 2010

AMENDED: March 10, 2020, RESOLUTION: 08-2020

403.1 District Governmental Fund and Enterprise Fund Budgets

The District shall establish a separate budget for each fiscal year for each of its authorized services.

403.2 Preliminary and Final Budget

Pursuant to Government Code § 61110, the Board of Directors shall adopt a preliminary or final budget on or before July 1 of each fiscal year that shall conform to the accounting and budgeting procedures for special districts contained in a Title II of the California Code of Regulations Section 1031.1 et seq. and Section 1121 et seq.

In addition to the budget Public Hearing notice publication requirements contained in California law, the Notice of Hearing of the Board of Directors on the proposed final budget shall be published prominently on the District's website.

Although Government Code § 61110 requires that the District's final budget be adopted on or before September 1 of each fiscal year, the goal of the Board of Directors is to review a preliminary budget at the regular meeting in May and adopt the final budget by the end of the fiscal year (June 30th).

403.3 Budget Documents

The budget shall include a memorandum of transmittal describing the linkage between the recommended budget and accomplishments of the Board's goals and objectives, and highlighting the important aspects of changes in the budgets for each of the Funds for each fiscal year. The budget memorandum shall explain any areas where the recommended or final budget falls short of supporting the Board Goals.

The form of the budget document for both the preliminary budget and the final budget for each fund shall be summarized by activity areas for which budgeted funds are to be allocated. The budget shall include detailed expense information for each Fund maintained by the District and shall include a separate Capital Improvement/Equipment Replacement Schedule.

Administration expense estimations and budgeted amounts are projected for each fiscal year for the purpose of budget/expense transparency, but not as a separate fund requiring the balancing of revenue and expenses. The expense of District administration is to be funded proportionally by each service fund based on benefit received.

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403.4 Long-Term Financial Planning

Management shall develop a forecast of anticipated expenditures and revenues in each Fund for a relevant period of time into the future for the purpose of determining the adequacy of enterprise fund rates and charges to cover operating expenses, debt service and capital improvements/replacements. The General Manager shall propose to the Board the engagement of the professionals necessary to optimize the efficiency of long term expenses and ensure the adequacy of revenue, including the performance of technical studies such as master plans, rate studies, detailed financial analysis and compensation studies. Linkage between the professional studies and annual budgets shall be detailed in the budget memorandum.

403.5 Amendment of Budget

The General Manager is authorized to make expenditures and transfer funds between budget categories within each fund and within the amount of the total approved fund expense budget. At any regular or special meeting of the Board of Directors after the adoption of the final budget, the Board of Directors may take action by Resolution to amend the budget, and to reflect the intra-fund transfers made by the General Manager and to adopt a modified Capital Improvement/Replacement schedule.

403.6 Budgeted Reserve Funds

The annual fiscal year budget shall separately identify and include approved reserve deposits and expenditures for each fund in accordance with current District policy and approved financial plans.

403.9 Quarterly Report of Revenues and Expenses in Comparison to Budget

The Board of Directors shall review on a quarterly basis a financial report which details the revenues and expenditures of the District for each Governmental Fund and Enterprise Fund during each quarter of the fiscal year and comparing those revenues and expenses to projected revenues and expenses set forth in the adopted final budget for each fund. Such report shall include an estimate of the percentage of the total allocated budget amount received in revenues or disbursed as expenditures in each fund in each quarter of the fiscal year. Explanation shall be provided in the report for variances from the approved budget.

GCSD POLICY

POLICY TITLE: RESERVE POLICY

POLICY NUMBER: 404

ADOPTED: October 11, 2010

AMENDED:

404.1 Definition of Reserves

A. Water Fund Reserves

Water rates, connection fees, standby charges and other fees collected by the District for providing water service to its residents should be established at a sufficient level to pay the expenses of day-to-day operations for providing water service as well as the anticipated repair and replacement of the District's water utility infrastructure. The excess of the amount collected in water fees and other water revenues during the fiscal year over the amount expended during the same period for water fund expenses are referred to as "retained earnings" in the Water Fund.

B. Sewer Fund Reserves

Sewer rates, connection fees, standby charges and other fees collected by the District for providing wastewater services to its residents should be established at a sufficient level to pay the expenses of day-to-day sewer and wastewater operations as well as the anticipated repair and replacement of the District's sewer and wastewater utility infrastructure. The excess of the amount collected in sewer and wastewater fees and other revenues during the fiscal year over the amount expended during the same period for sewer and wastewater expenses are referred to as "retained earnings" in the Sewer Fund.

C. Fire Fund Reserves

The District's share of general *ad valorem* real property taxes apportioned by the District's Board of Directors to fund fire protection facilities and operations and other fees collected by the District for providing fire suppression services to its residents are budgeted at a sufficient level to pay the expenses of day-to-day fire protection services as well the anticipated repair and replacement of the District's fire safety facilities and equipment. The excess of the amount collected in such fire protection revenues during the fiscal year over the amount expended during the same period for fire protection expenses are referred to as "retained earnings" in the Fire Fund.

D. Park Fund Reserves

The District's share of general *ad valorem* real property taxes apportioned by the District's Board of Directors to fund park, recreation and community facilities and operations and other fees collected by

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the District for providing park, recreation and community facilities services to its residents are budgeted at a sufficient level to pay the expenses of day-to-day park, recreation and community facilities services as well the anticipated repair and replacement of the District's park, recreation and community facilities and equipment. The excess of the amount collected in such park, recreation and community facilities revenues during the fiscal year over the amount expended during the same period for park, recreation and community facilities purposes are referred to as "retained earnings" in the Park Fund.

404.2 Establishment of Reserves

In its annual preliminary and final budget, the Board of Directors may allocate any retained earnings in each of its Governmental Funds and Enterprise Funds to one or more established reserves in each such fund. There are two different types of reserves in each of the District's funds as follows: 1) designated reserves; and 2) restricted reserves.

A. Designated Reserves

Designated reserves are net funds that are set aside based on Board policy or tentative plans for financial resource utilization in a future period, such as for general contingencies, Operating shortages, or for equipment or infrastructure replacement. Such designated reserves reflect tentative managerial plans or intent which are subject to change and which funds may never be legally authorized or result in expenditures. Examples of such designated reserves are the designated reserve for capital improvements, and the designated reserve for Operating shortages and other contingencies in each of the District's funds.

B. Restricted Reserves

Restricted reserves are defined as that portion of retained earnings in any of the Governmental Funds or Enterprise Funds maintained by the District, or bond proceeds received by the District, which are set aside in a separate reserve in such fund, the expenditure of which are limited by legal or contractual requirements. The District also maintains restricted debt service reserves funded by a component of the District's sewer rates and water rates as specified in Section 404.3.C below.

404.3 Categories of Reserves

Designated reserves and restricted reserves established by the Board of Directors in each Governmental Fund and Enterprise Fund of the District shall be defined as follows:

A. Designated Reserve for Capital Improvements

Funds allocated to this reserve in each Governmental Fund or Enterprise Fund of the District represent funds available to finance planned future expenditures for construction of improvements, purchase of supplies and equipment, and repair or replacement of all or a portion of the District's water, wastewater, fire protection and park and recreation infrastructure, including but not limited to water distribution and treatment facilities and equipment, sewer collection, treatment and disposal equipment or facilities, fire suppression equipment, parks, open space and other recreational improvements and facilities, and any other District owned buildings and other structures. Appropriate expenditures of the designated reserve for capital improvements in each fund includes the costs of

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site acquisition, site development, including CEQA compliance, architectural services, inspection services, engineering services, construction, reconstruction, alterations, repair and replacement, and related legal services.

B. Designated Reserve for Operating and Other Contingencies

Funds allocated to this reserve in each Governmental Fund or Enterprise Fund of the District represent funds allocated for the purpose of paying the costs and expenses associated with unanticipated events including but not limited to temporary cash flow shortages in each fund, repair and/or replacement of facilities, equipment, supplies or infrastructure in each fund resulting from a catastrophic event, or expenditures in each fund required to respond to an emergency which threatens public health and safety. Funds allocated to the designated contingency reserve in each fund may also be used to pay damage claims against the District which are not covered by insurance provided by that fund. The Board of Directors may authorize expenditure of the funds allocated to the designated reserve for Operating and other contingencies in each fund on any expenses that may be incurred during the fiscal year in each such fund for which no specific appropriation has previously been made.

C. Restricted Debt Service Reserve

The debt service charge component of the District's sewer rates and the debt service charge component of the District's water rates, as established by the Board of Directors from time to time, shall be deposited into the restricted debt service reserve established in the Water Fund and the Sewer Fund. The purpose of the reserve in each such Fund is to provide sufficient revenue to pay annual debt service on any and all bonds, including certificates of participation, or other forms of indebtedness issued by the District in each such fund to finance the construction, rehabilitation and/or improvement of the District's water, wastewater and sewer capital facilities; to provide upgraded, safe and dependable water and sewer management and to remain in compliance with existing and future state and federal regulations. This restricted debt service reserve in the Water Fund and the Sewer Fund may be divided into sub-accounts representing the annual debt service to be paid on each individual issuance of bonds, certificates of participation, or other forms of indebtedness issued by the District to finance such capital improvements in each such fund. The Board of Directors may at any time deposit any sources of retained earnings in each fund into the restricted debt service reserve for that fund.

D. Funding of Reserves

At any time after the establishment of a designated reserve or restricted reserve in any Governmental Fund or Enterprise Fund of the District, the Board of Directors may transfer any retained earnings in any such fund to such designated or restricted reserve in such fund. The Board of Directors shall declare the exclusive purposes for which the funds in each reserve in each fund may be spent on establishing such reserves in such fund. The funds deposited into each designated reserve and/or restricted reserve in each fund shall only be spent for the exclusive purposes for which the Board has established such a designated reserve or restricted reserve in each fund. The Board of Directors may transfer any revenue in any Governmental or Enterprise Fund to any restricted or designated reserve in such fund at any time after establishment of that reserve. All such reserves shall be maintained according to generally accepted accounting principles.

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E. Discontinuance of Reserves

If the Board of Directors finds that the funds in a designated reserve or a restricted reserve in any Governmental Fund or Enterprise Fund of the District are no longer required for the purposes for which such designated or restricted reserve in such fund was established, the Board of Directors may, by a 4/5 vote of the total membership of the Board of Directors, discontinue a designated or restricted reserve in any such fund of the District and transfer any funds that are no longer required from a designated reserve or restricted reserve in any fund of the District to any other reserve in such fund, or to the District's operating account.

F. Use of Reserves in an Emergency

In a state of emergency or in a local emergency as defined by Government Code Section 8558, the Board of Directors may temporarily transfer funds from a designated reserve for capital improvements, or a designated reserve for Operating or other contingencies in any Governmental Fund or Enterprise Fund of the District to the District's general fund to fund those costs necessary to respond to such emergencies. The Board of Directors shall restore any such funds to the designated reserve from which such funds were drawn as soon as feasible pursuant to the requirements of Government Code Section 61112.

GCSD POLICY

POLICY TITLE: DEBT MANAGEMENT POLICY

POLICY NUMBER: 405

ADOPTED: October 11, 2010

AMENDED: February 12, 2019, RESOLUTION: 2019-3

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

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

405.1. Purposes For Which Debt May Be Issued

405.1.1 Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the District. Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic services.
- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the District and its taxpayers and/or ratepayers, as applicable.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

405.1.2 Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses. The District may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the District Board.

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- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
- The District estimates that sufficient revenues will be available to service the debt through its maturity.
- The District determines that the issuance of the debt will comply with the applicable state and federal law.

405.1.3 Short-term debt. Short-term debt may be issued to provide financing for the District's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment.

405.1.4 Financings on Behalf of Other Entities. The District may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of District. In such cases, the District shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

405.2 Types of Debt - The following types of debt are allowable under this Debt Policy:

- General obligation bonds (GO Bonds)
- Bond or grant anticipation notes (BANs)
- Lease revenue bonds, certificates of participation (COPs) and lease-purchase transactions
- Other revenue bonds and COPs
- Tax and revenue anticipation notes (TRANS)
- Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- Tax increment financing to the extent permitted under State law
- Refunding Obligations
- State Revolving Loan Funds
- Lines of Credit

405.2.1 The District Board may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy. Debt shall be issued as fixed rate debt unless the District makes a specific determination as to why a variable rate issue would be beneficial to the District in a specific circumstance.

405.3. Relationship of Debt to Capital Improvement Program and Budget

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

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

405.3.3 The District shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes.

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

405.3.5 The District shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

405.4. Policy Goals Related to Planning Goals and Objectives

405.4.1 The District is committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's annual operations budget.

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

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

405.4.4 When refinancing debt, it shall be the policy goal of the District to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings approximately 3.0% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than 100% of any escrow fund negative arbitrage. The cost of refinancing will always be less than the savings.

405.5. Internal Control Procedures

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405.5.1

All issuances of debt must be approved by the Groveland Community Services District Board of Directors.

- The District General Manager is charged with oversight over all of the District's debt issuance and management activities.
- The District shall ensure that internal controls exist that ensure the proceeds of any debt issuance shall be directed to the use intended for that debt.
- The District shall establish internal control procedures to ensure that debt service payments are properly made.

When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds. Without limiting the foregoing, the District will periodically review the requirements of and will remain in compliance with the following:

- Any continuing disclosure undertakings entered into by the District in accordance with SEC Rule 15c2-12.
- Any federal tax compliance requirements, including, without limitation, arbitrage and rebate compliance.
- The District's investment policies as they relate to the use and investment of bond proceeds.
- Any federal tax compliance requirements, including, without limitation, arbitrage and rebate compliance.
- The District's investment policies as they relate to the use and investment of bond proceeds.

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

GCSD POLICY

POLICY TITLE: DISPOSITION OF SURPLUS DISTRICT PROPERTY

POLICY NUMBER: 406

ADOPTED: October 11, 2010

AMENDED:

406 DISPOSITION OF SURPLUS DISTRICT PROPERTY

District property, such as vehicles, equipment, supplies, or real property, may become “surplus” when such assets have become unnecessary or unsuitable for District purposes. Prior to disposing of any District assets, whether personal (non-real) property or real property, that asset must be declared “surplus” by minute action or resolution of the Board of Directors. Such minute action or resolution shall include a description of the item of personal and/or real property, any inventory number assigned by the District to that property, and the approximate original cost of that item of property.

406.1 Personal Property Under \$1,000.00 in Value

When personal property or other equipment of the District has been determined to no longer be of use to the District and does not exceed the value of \$1,000.00, the General Manager may solicit and accept trade-in allowances on the replacement equipment or personal property without advertising for offers. As an alternative, the General Manager may sell the personal property at private sale without advertising upon approval by the Board. Any proceeds received by the District from the sale of equipment or personal property shall be deposited into one or more of the District’s operational funds.

406.2 Personal Property in Excess of \$1,000.00 in Value

The Board of Directors may sell at public auction any personal property or equipment with a value in excess of \$1,000.00 to the highest bidder for cash if it is surplus personal property belonging to the District and not required for any District purpose. Declaring such items as surplus shall require a four-fifths (4/5) vote by the Board of Directors. Notice of the sale shall be given at least five (5) days prior to the date of sale by publication in a newspaper published within the jurisdiction of the District. If there are no bidders, the District may proceed to sell such personal property at private sale upon approval by the Board. Proceeds of the sale shall be paid into one or more of the District’s operational funds.

406.3 Sale of Surplus Real Property

Should the District determine that real property owned by the District is surplus to the needs of the District, prior to disposing of the real property by lease or sale, the District shall send a written offer to sell or lease the property to those public entities specified in Government Code Section 54220 et seq.

GCSD POLICY

POLICY TITLE: GIFTS AND GRATUITIES

POLICY NUMBER: 407

ADOPTED: October 11, 2010

AMENDED:

407.1 Acceptance of Donations of Property by District

All donations of equipment, supplies, facilities, or any other personal or real property to the District must have prior approval of the Board of Directors. The Board of Directors must also approve the design, type, and model of any equipment or supplies, the method of installation of any such equipment, and the location of any real property or facility. Upon acceptance of the equipment or supplies, of personal or real property, or a facility by the Board of Directors then such property immediately becomes the property of the District and is subject to the full control and jurisdiction of the Board of Directors and its operating policies and procedures. Acceptance of such donations may be delegated to the General Manager by the Board of Directors.

407.2 Acceptance of Gifts

Under this policy a “gift” is defined as any gift of money, property, rebate, discount, ticket, travel expense advance and/or reimbursement or any other property of value. Employees of the District are prohibited from accepting any gift, directly or indirectly, from any person, company, firm, corporation, or other business to which any purchase order or contract for property or services is or might be awarded by the District. Board members are prohibited from accepting any gift, directly or indirectly, from any single source in a calendar year with a value in excess of the maximum prescribed by Government Code Section 89503. Board members may not participate in any way in the discussions, negotiations, resolution, or decision that affects an entity or individual that has been a source of gift to that Board member of the amount prescribed by Government Code 89503 or more in the past twelve (12) months. This maximum gift limitation changes annually and can be found in the Form 700 Reference Pamphlet published by the Fair Political Practices Commission in January of each year.

Travel expenses of Board members including costs of transportation, accommodations and meals provided by any private business or corporation, a private interest group or organization and certain nonprofit organizations are generally considered gift to that Board member and must annually be reported on that Board member’s FPPC Statement of Economic Interest Form 700 filed pursuant to the District’s Conflict of Interest Code (Exhibit A).

407.3 Gifts and Conflict of Interest

Members of the Board of Directors and “designated employees” are required to annually file a Statement of Economic Interest (Form 700) under the provisions of the Fair Political Practices Commission pursuant to the District’s Conflict of Interest Code. Further, members of the Board of Directors and/or designated employees are prohibited from making, participating in making, or using their official positions to influence the making of

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any District decision which will affect either the business, organization or individual that makes the gift to that District officer or employee, or which impacts the amount or value of such a gift. Under certain circumstances receipt of travel expenses by a Board member or employee of the District less performed work or services benefiting the District in exchange for such travel expenses, such travel expenses may be considered reportable income, rather than a gift, to that public official pursuant to the District's Conflict of Interest Code (Form 700 Schedule F).

GCSD POLICY

POLICY TITLE: EXPENSE AND USE OF PUBLIC RESOURCES POLICY

POLICY NUMBER: 408

ADOPTED: October 11, 2010

AMENDED:

RESOLUTION:

408.1 Purpose

The purpose of this Expense and Use of Public Resources Policy is to ensure that District resources are only used when there is substantial benefit to the District. Such benefits include the following: (a) the opportunity to discuss the District's concern with local, state, and federal officials; (b) participating in regional, state and national organizations whose activities affect the District; (c) attending educational seminars and training sessions designed to improve skill and information levels of District Board members and employees; and (d) promoting public service and morale by recognizing such public service.

The purpose of this policy is to provide guidance to District Board members and employees on the use and expenditure of District resources, as well as the standards against which those expenditures will be measured.

This policy is intended to supplement the definition of "actual and necessary expenses" for purposes of state law relating to permissible uses of public resources, and to supplement the definition of "necessary and reasonable expenses" for purposes of federal and state income tax laws.

408.2 Authorized Expenses

District funds, equipment (including computers and fax machines), supplies (including letterhead), titles and staff time must only be used for authorized District business. The following types of expenses generally constitute authorized expenses provided the other requirements in this Policy are satisfied:

- A. Communicating with Representatives of Regional, State and National Government on District Issues;
- B. Attending educational seminars, including statutorily required ethics training designed to improve skill and information levels for Board members and employees of the District;
- C. Participating in regional, state and national organizations whose activities affect the District's operations and facilities;
- D. Recognizing public service to the District (for example, thanking a long-time employee with a retirement gift or celebration of nominal value and cost);
- E. Attending District and/or county events that affect District services and/or facilities;

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- F. Travel expenses of those District Board members and employees authorized to attend and/or participate in any of the foregoing;
- G. Supporting service and community organizations and schools in activities of community service (for example, use of digital projector or public address system at a local service organization event);
- H. Any questions regarding the propriety of a particular type of expense should be resolved by the Board of Directors before the expense is incurred. Examples of personal expenses that the District will not reimburse include but are not limited to the following.
 - 1. The personal portion of any trip;
 - 2. Political or charitable contributions or events;
 - 3. Family expenses, including a spouse's expenses when accompanying a Board member or employee on District related business including expenses related to children or pets;
 - 4. Entertainment expenses, including theater, movies (either in room or at the theater), sporting events (including gym, massage and/or golf related expenses), or the expenses of other cultural events; alcoholic beverages; personal automobile expenses other than on a mileage basis, including but not limited to repairs, traffic citations, insurance, gasoline, or maintenance expenses; and
 - 5. Personal losses incurred while on District business.
- I. All other expenditures require approval by the District's Board of Directors prior to being incurred;

408.3 Expense Reimbursement

The purpose of this policy is to prescribe the manner in which District employees and Board members may be reimbursed for expenditures related to District business.

Whenever employees or Board members of the District incur "out-of-pocket" expenses for item(s) or service(s) appropriately relating to District business as verified by valid receipts, said expended cash shall be reimbursed after the employee or Board member has submitted an authorized Employee Expense Form with the receipts attached thereto. The employee's supervisor and the General Manager shall sign each Employee's Expense Forms. The President of the Board shall sign the Expense Form of the General Manager and other Board members. Expense Forms submitted by the President of the Board shall be signed by the Vice President of the Board and the General Manager. All Expense Forms submitted by District employee or Board member shall include an explanation of the District-related purpose for the expenditures. All employees and Board members requesting expense reimbursement from the District shall only use the District provided form of Expense Form. All such Expense Forms must be submitted within a reasonable time after the expense which is the subject of the reimbursement request has been incurred, but in any event not more than thirty (30) days after incurring the expense. Any expenses specified on an Expense Form for which no receipts are submitted will not be reimbursed.

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408.4 Travel Expense Reimbursement

District employees and Board members are eligible to receive reimbursements from the District for travel, meals, lodging and other reasonable and necessary expenses for attending any of the activities described in this policy on behalf of the District.

A. Rates of Reimbursement

Reimbursement rates for travel, meals and other reasonable and necessary travel expenses shall coincide with the rates set by the Internal Revenue Service in IRS Publication No. 463 or its successor publications.

1. If lodging is in connection with a conference, seminar, or other organized educational activity, such reimbursable lodging cost will not exceed the maximum group rate published by the conference or activity sponsored. If the published group rate is unavailable, directors and employees shall be reimbursed for comparable lodging at either the government rate offered by the lodging provider, or IRS rate, whichever is less.
2. If government or group rates are offered by the provider of transportation, those rates shall be used for reimbursement when available.
3. Reimbursement of any and all travel expenses for purposes other than those specified in Section 407.2, or at a rate other than the applicable IRS, government, or maximum group rate must be approved by the Board of Directors in a public meeting prior to the expenses being incurred. Any such expenses that do not receive prior approval from the Board of Directors in a public meeting prior to the expense being incurred shall not be eligible for reimbursement.

B. Reports to Board of Directors

All Board members who attend meetings, conferences, educational seminars, or events for which travel expenses are reimbursed by the District shall provide a report to the Board of Directors on the substance of such meetings, conferences, educational seminars and events at the next regular board meeting scheduled after the conclusion of the meeting, conference, seminar or event attended.

C. Expense Documents as Public Records

All documents related to reimbursement by the District of travel and other expenses for Board members and employees are public record and subject to inspection and/or copying at the request of the public pursuant to the provisions of the California Public Records Act (Gov. Code § 6250 et seq.).

D. Transportation Expenses

The most economical mode and class of transportation reasonably consistent with scheduling needs must be used, using the most direct and time efficient route. In the event that a more expensive transportation form or route is used, the cost borne by the District will be limited to the cost of the most economical, direct, efficient and reasonable transportation form.

Automobile miles are reimbursable at current IRS rates presently in effect on the date of travel. These rates are designed to compensate the driver for gasoline, insurance, maintenance and other expenses

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associated with operating the vehicle. This amount does not include bridge and road tolls, which are also reimbursable.

E. Lodging Expenses

Lodging expenses are only reimbursed when travel on District business reasonably requires an overnight stay. The lodging in connection with activities other than a conference, for which lodging costs should not exceed the group rate published by the conference sponsor, lodging costs will be reimbursed at the government rate offered by the lodging provider, or the IRS per diem rates for lodging, whichever is less.

F. Meals

Meal expenses and associated gratuity should be moderate, taking into account community standards and the prevailing restaurant cost of the area. The District will reimburse no more than the IRS per diem rates for meals and incidental expenses, which include adjustments to higher cost locations. Employees may not charge alcoholic beverages to the District.

G. Telephone/Fax/Cellular Phones

Board members and employees will be reimbursed for actual telephone and fax expenses incurred on District business. Telephone bills should identify which calls were made on District business. For cellular calls when the Board member or employee has a particular number of minutes included in his or her plan, the Board member or employee can identify the percentage of calls made on District business.

H. Airport Parking

Long-term parking should be used for travel exceeding twenty-four (24) hours, and parking reimbursement will be limited to long-term parking rates if travel exceeds twenty-four (24) hours.

408.5 Cash Advance Policy

From time to time it may be necessary for a Board member or employee to request a cash advance to cover anticipated expenses while traveling and doing business on the District's behalf. Such request for an advance should be submitted to the General Manager at least ten (10) business days prior to the need for the advance with the following information:

- A. The purpose for the expenditures;
- B. The benefit of such expenditures to the District;
- C. The anticipated amounts of the expenditures; and
- D. The dates of the expenditures.

In no event will the amount of the cash amount exceed the amount of the recommended Internal Revenue Service per diem for the area being traveled to.

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Any unused cash advance must be returned to the District within two (2) business days of the return of the Board member or employee, along with a District Expense Report and receipts documenting how the advance was spent in compliance with this policy.

408.6 Credit Card Use Policy Amended April 12, 2019 Resolution 11-2019

The purpose of this policy is to establish the policies and procedures for the issuance and usage of District Credit Cards.

408.7 Purpose of District Credit Cards

District credit cards will be issued for the sole purpose of conducting the official business of the District. Credit cards will be provided to select employees for the purpose of making purchases, securing reservations, paying travel expenses, placing orders, and doing District business in the most efficient manner. The District credit card is intended to replace the use of petty cash and open purchase orders.

408.8 Issuance of District Credit Cards

When a District credit card is issued, the employee receiving it must sign a form acknowledging his/her understanding of the policies and procedures for the use of the District credit card and acknowledging the receipt of the credit card.

408.9 Restricted Use of the Credit Card

The following restrictions are placed on all District credit cards:

408.10 Credit cards are issued to District employees for the sole purpose of conducting official business of the District. Improper use of a District credit card will be treated as misuse of public funds and will subject the Cardholder to disciplinary action.

408.11 The District credit card is for the cardholder's use only.

408.12 3145.1.3.3. Cardholders must ensure that budgeted funds are available prior to making purchases. The General Manager or Accountant can assist the cardholder with any needed budget information.

408.13 The District credit card shall not be used for any of the following:

- Cash advances, wire transfers, money orders, etc.
- Betting, casino gaming, or related activities.
- Political or religious organizations.
- Personal court costs, fines, bail or bonds.
- Purchases of items for which the District has purchase discount agreements, unless for an emergency situation.
- Any personal items and personal services.
- Purchases such as meals for Non-District persons
- The purchase of alcohol or any other unauthorized item or service

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408.14 Safekeeping of the Credit Card

The Cardholder is responsible for the security of the District credit card. If the District credit card is used infrequently, the Accountant will store the credit card while it is not in use, and maintain a sign in/out sheet for stored credit cards.

408.15 Credit Card Purchase Procedures

Cardholders will complete the following steps with each purchase:

- Require the vendor to provide a receipt of the purchase.
- Submit all receipts, printed, to the Accountant on a monthly basis in conjunction with the credit card billing cycle

408.16 Payment of Credit Card Account

The District's Accountant shall complete the following steps upon receipt of the credit card statement:

- Balance all receipts to the statement, which will show all transactions made during the billing cycle. All items must be accounted for on the statement with a supporting sales draft, receipt/invoice, log entry, or order form.
- Indicate the account number to be charged for each item by writing it on the statement, or statement recap.
- As quickly as possible following receipt of the monthly statement, the statement will be verified, reconciled, and prepared for payment. The payment will be mailed in a timely manner to avoid finance charges.

408.17 Lost or Stolen Credit Card

Should a cardholder lose or have his/her District credit card stolen, it is his/her responsibility to contact the bank immediately, and notify the General Manager or Accountant as well. The Accountant will record the following: cardholder's complete name; District credit card number; date reported to police, if stolen; date the bank was notified, and; any purchase(s) made on the day the card was lost or stolen. A new District credit card will be provided to the cardholder as soon as possible from the time the loss or theft is reported to the bank

408.18 Return of the Credit Card

The Accountant is responsible for retrieving the credit card when an employee separates from the District. Use of the credit card for any purpose after its surrender is prohibited.

408.19 Responsibility Assignments

Cardholders:

- Purchase supplies and services on behalf of the District in accordance with these guidelines

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- Notify both the bank and the Accountant if the card is lost or stolen
- Return card to the Accountant if it is not to be used for an extended period
- Provide order confirmation and verification of order receipt as quickly as possible, along with phone order log

Accountant:

- Review of the monthly credit card charge summary provided by the bank
- Ensure each transaction is fully documented, and ensure that the correct budget account is charged for each purchase
- Prompt payment of the monthly credit card statement

General Manger:

- Ensure that the credit card is surrendered upon separation from the District
- Review credit card program administration for compliance with this policy

408.20 Audits of Expense Reports

All expenses are subject to verification and audit in order to ensure compliance with this policy.

408.21 Compliance with Laws

District Board members and designated employees should be aware that receipt of reimbursement of some travel expenditures from the District may be subject to reporting to the Fair Political Practices Commission under the Political Reform Act and other laws on FPPC Form 700. The Political Reform Act generally requires travel expense reimbursement on District business to be reported as either income or as a gift on the official's Form 700.

408.22 Fraud Policy

The purpose of this policy is to provide employees and those doing business with the District notice of the types of workplace conduct that are considered dishonest, to direct the General Manager to establish and maintain a system of internal controls to prevent and detect dishonest conduct, to authorize the General Manager to establish appropriate procedures for reporting and investigating alleged dishonesty in the workplace or connected to the District, and to provide for appropriate sanctions in cases where dishonest conduct or activities are established.

The District expects that all Directors, officers, employees, agents, vendors, volunteers or other persons connected to the District will adhere to the strictest standards of honest conduct and will treat District property with the same respect required for all public property. It is the District's express policy that all allegations of workplace or other District-related dishonesty will be promptly and fully investigated and if dishonest conduct is established, to take action as appropriate to discipline the dishonest person or persons and to pursue appropriate civil and criminal legal remedies. To ensure that the District's property is safeguarded against dishonest conduct, the District will establish and maintain appropriate procedures and internal controls to promptly detect workplace or other District-related dishonesty and take appropriate disciplinary action against any individuals so involved.

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POLICY GUIDELINES

Dishonesty, fraud, corruption, and other deceitful acts prohibited under this policy include:

1. Claiming reimbursement of expenses that are not job-related or authorized by the District.
2. Committing forgery or unauthorized alteration of any District document (for example: invoices, receipts, checks, wire and Automated Clearing House (ACH) transfers, time sheets, independent contractor agreements, purchase orders, invoices, receipts, petty cash documents or budgets).
3. Misappropriating District assets (for example: money, District-issued credit cards, securities, supplies, furniture, equipment or labor).
4. Committing improprieties in the handling or reporting of money, material, labor or accounting transactions.
5. Authorizing or receiving payment for goods not received by or services not performed for the District.
6. Using a computer for unauthorized alteration, destruction, forgery or manipulation of District data or misappropriation of District-owned software.
7. Misrepresenting information on District-related documents.
8. Falsifying time records or expense reports or conducting substantial personal business on District time.
9. Violating federal, state, or local laws related to any form or type of dishonest conduct or activities.
10. Seeking or accepting bribes, gratuities or other consideration of material value from those doing business with the District including customers, vendors, consultants, contractors, lessees, applicants and grantees. Materiality is determined by the Political Reform Act of 1974 (Gov't Code sections 87000 et seq.) regulations of the Fair Political Practices Commission (2 Cal. Admin. Code Sections 18100 et seq.) and any amendments to the Act or regulations.
11. Any other type of dishonest, fraudulent, corrupt, or deceitful conduct in violation of any District policy or of any federal, state or local law or regulation.

Investigation of Fraud

The District will fully investigate all allegations of dishonest conduct. A thorough and objective investigation will be conducted regardless of the position, title, tenure or relationship with the District of any Director, officer, employee, agent, vendor, volunteer or other person who might be involved in or becomes the subject of such investigation.

The General Manager, with appropriate assistance from management staff and District Legal Counsel, will apply appropriate procedures for investigating all allegations of dishonest conduct by any Director, officer, employee, agent, vendor, volunteer or other party connected to the District. Typically, the Department

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Manager or an outside investigator, will be assigned to conduct an investigation once the subject matter of the investigation and the nature of the alleged dishonest conduct have been determined. At the General Managers' discretion, investigations of criminal conduct may be referred to the appropriate prosecutorial or law enforcement officials for investigation.

The District will pursue every reasonable effort, including court-ordered restitution, to obtain recovery of any losses suffered by the District that are caused by or connected to dishonest conduct prohibited by this Policy.

Establishment of Internal Controls

The General Manager, or his/her designee, is directed to establish and maintain a system of internal controls to prevent and detect fraud, misappropriation of District resources and other dishonest conduct affecting the District, and to institute systems that help the District to promptly identify any indications of such misconduct.

408.23 Violation of This Policy

Misuse of public resources or falsifying expense reports in violation of this policy may result in any or all of the following:

- A. Loss of reimbursement privileges;
- B. Restitution to the District;
- C. The District reporting of the expenses as income to the Board member or employee to state and federal tax authorities;
- D. Civil penalties for misuse of public resources at \$1,000 per day for the duration of the infraction plus three times the value of the unlawful use (Government Code § 8314);
- E. Criminal prosecution for misuse of public resources, the penalties for which include incarceration and disqualification from holding office in California.

408.24 Compensation of Board Members

- A. Consistent with Government Code Section 61000 et seq., each District Board member receives a daily meeting stipend as detailed in the District Salary Schedule in an amount per day for each day's attendance at meetings as defined in this policy, not to exceed six (6) days of service and/or meetings per month. Such compensation is in addition to any reimbursement for meals, lodging, travel and expenses consistent with this policy. If two (2) or more meetings are attended by a Board member on any one day, then the Board member may only receive a stipend for one (1) meeting. The Board may increase compensation by resolution annually up to a maximum of 5% of the prior year.

- B. Meetings and Service Subject to Daily Stipend

To be entitled to a daily stipend under this policy, the event in question must constitute one of the following:

1. A meeting of the District Board within the meaning of Government Code Section 54952.2(a);

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2. A meeting of an advisory District committee, whether a standing committee or an *ad hoc* committee, within the meaning of Government Code Section 54952.2(b);
3. A conference within the meaning of Government Code Section 54952.2(c) of the following organizations:
 - a. California Special Districts Association;
 - b. Association of California Water Agencies;
 - c. California Association of Sanitation Agencies;
 - d. California Association of Recreation and Park Districts;
 - e. Fire District Association of California;
 - f. California Parks and Recreation Society.
4. A meeting of any multi-jurisdictional governmental body on which the District director services as the District's designated representative;
5. An organized educational activity conducted in accordance with Government Code Section 54952.2(c), including but not limited to ethics training required by Government Code Section 53234;
6. Any meeting attended or service provided on a given day at the formal request of the District's Board of Directors and for which the District Board approves payment of a daily meeting stipend prior to the date of the meeting or provided service.

B. Ethics Training

As a condition to receiving either a daily meeting stipend or expense reimbursement, all Board members shall receive two hours of training in general ethics principles and ethics laws relevant to public service within one year of election or appointment to the Board of Directors, and thereafter at least once every two years pursuant to Government Code Sections 53234 and 53235.2. This policy also applies to all staff members that the Board of Directors designates.

1. All ethics training shall be provided by entities who have consulted with the California Attorney General and the Fair Political Practices Commission.
2. Board members shall obtain certification after completing the ethics training. District staff shall maintain records indicating both the dates the Board member completed the ethics training and the name of the entity that provided the training. These records shall be maintained for at least five (5) years after Board members receive the training, and are public records subject to disclosure under the California Public Records Act.
3. District staff shall provide the Board of Directors with information on available training that meets the ethics training requirements of this policy at least once every year.

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4. Ethics training may consist of either material offered by the Fair Political Practices Commission or other ethics training programs approved by the California Attorney General and the Fair Political Practices Commission. Ethics training may be taken at home, in person or online.

408.25 Policy Regarding Training, Education and Conferences

Members of the Board of Directors and designated employees are encouraged to attend educational conferences and professional meetings when the purposes of such activities are to improve District operations. Attendance at such educational conferences or professional meetings is considered a part of an official's performance of their official duties for the District. Therefore, there is no limit as to the number of Board members attending a particular conference or seminar when their attendance is beneficial to the District.

- A. It is the policy of the District to encourage both development and excellence of performance by reimbursing expenses incurred for tuition, travel, lodging and meals as a result of training, educational courses, participation in professional organizations, and attendance at local, state and national conferences associated with the interests of the District. All reimbursement of actual and necessary expenses, including travel expenses, shall be pursuant to the policies set forth in this Section 407. Attendance by Board members at seminars, workshops, courses, professional organization meetings, and conferences shall be approved by the Board of Directors prior to incurring any reimbursable costs. Attendance by designated employees at seminars, workshops, courses, professional organization meetings, and conferences shall be approved by the Department Manager prior to incurring any reimbursable costs. If an employee does not pass a given test after three (3) attempts, the employee shall pay for all subsequent expenses associated with taking the test, including fees, travel expenses, and training/study sessions.
- B. A Board member shall not attend a conference or training event for which there is an expense to be reimbursed by the District if such conference or event occurs after said Board member has announced his or her pending resignation, or if such conference or event occurs after an election in which it has been determined that such Board member will not return to his or her seat on the Board of Directors. A Board member shall not attend a conference or training event when it is felt that there is no significant benefit to the District.
- C. Upon returning from seminars, workshops, conferences, etc., where expenses are reimbursed by the District, Board members will be required to either prepare a written report for distribution to the Board, or make a verbal report during the next regular Board meeting of the Board of Directors after the conclusion of the seminar, workshop, or conference attended. Said report shall detail what was learned at the session that will be of benefit to the District. Material from these sessions and the report of the attending Board members shall be retained in the District's office to be included in the District's library for the future use of other Board members and staff.

408.26 Guidelines Regarding Legislation and Ballot Measures

- A. Information, Not Advocacy; Explanation Not Promotion
 1. The District is prohibited from spending money to support or oppose ballot measures placed before the electorate. It is permissible, however, for the District to expend District funds for informational purposes to provide the public with a "fair presentation" of the facts relating to a

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ballot measure which directly concerns the District. It is also permissible for the District to formally adopt a position on a ballot measure or legislation and educate the public on the measure, its impact on the District, and the basis for the District's position.

2. If public funds or District equipment or facilities are used to provide information regarding a proposed ballot measure or legislation, the information provided by the District must be accurate and balanced and represent supporting as well as opposing views. It is permissible for the District to formally adopt a position on proposed legislation or a ballot measure. When the District has formally adopted a position on proposed legislation or a ballot measure, the District may respond to a request from the public, the media or some other source to explain the District's position without being obligated to present all possible views on the issue.
3. Board members and employees of the District retain their free speech guarantees to express their personal viewpoints on any proposed legislation or ballot measure. The right of free speech is not forfeited because of any association with the District. Therefore, District employees and Board members may express their personal opinion on ballot measures and proposed legislation and urge the support or opposition to proposed legislation or a ballot measure in a public forum, so long as no District funds are expended, including no District reimbursement of Board member or employee expenses incurred making such a presentation. Whenever District funds or facilities are involved in any way in the activity of an employee or Board member with respect to proposed legislation or a ballot measure, that employee or Board member will be deemed to be acting as a representative of the District and will be required to limit his or her comments to a balanced, factual presentation containing supporting as well as opposing views.

B. Permissible Activities

1. Expend public funds for the purpose of formulating and drafting proposed legislation or a proposed initiative, and securing appropriate sponsors;
2. Adopt a formal position in support of or in opposition to proposed legislation or a ballot measure at a meeting of the Board of Directors of the District.
3. The District may initiate a presentation or information piece regarding proposed legislation or a ballot measure, and may notify the public, the media and others of the District's position through news releases, bulletins or other vehicles at District expense that are informational and balanced but do not advocate a yes or no vote, or contain language which indicates that the District is "taking sides" with respect to the proposed legislation or ballot measure.
4. The District may expend District funds, **without** taking a formal position on any proposed legislation or ballot measure, to initiate, prepare, or distribute factual, balanced information on a proposed legislation or a ballot measure to the public and other organizations, which material should represent both pro and con viewpoints in a fair manner.
5. District Board members and employees may respond to inquiries from the media, the public or other organizations about the impact of a measure on the District as long as such response is factual and does not advocate a position.

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6. District Board members and employees may participate or sponsor forums or debates on proposed legislation or a ballot measure at District expense if all views are represented at such forum or debate.
7. Upon request, District Board members and employees are free to explain their personal views on proposed legislation or a proposed ballot measure.
8. The District may expend District funds to meet with its elected representatives regarding pending legislation impacting the operations of the District, or to appear before the State Legislature or Congress for the purpose of making legislators aware of the impact of pending legislation on District operations and facilities.

C. Prohibited Activities

1. The District in no event can expend District funds to purchase such items as bumper stickers, posters, advertising, or television or radio “spots” as well as the dissemination and public expense of campaign literature prepared by private proponents or opponents of legislation or a ballot measure, or otherwise spend District money to clearly advocate a yes or no vote on any ballot measure.
2. The District may not use District funds to contribute to a campaign supporting or opposing any ballot measure.
3. The District may not expend District funds or utilize any District facilities or equipment such as photocopy machines, facsimile machines, computer e-mail, or office supplies or staff time in connection with any activity designed to support or oppose a ballot measure, or attempt to influence voters to qualify a ballot measure, including utilizing District funds to gather signatures for a ballot measure.

GCSD POLICY

POLICY TITLE: PURCHASING, CONTRACTING AND PROCUREMENT

POLICY NUMBER: 409

ADOPTED: October 11, 2010

AMENDED: 02/12/2019 RESOLUTION 22019-5

409.1 Purpose

The Board of Directors of the District will be responsible for the awarding of all contracts. Final approval of all purchases of materials, supplies, equipment, and goods as well as construction, maintenance, repair and alteration services shall comply with the provisions of this policy. Under the direction of the Board of Directors, the General Manager shall act as the purchasing agent for the Board in the procurement of goods and services in accordance with these District policies and applicable provisions of law.

409.2 Purchasing of Materials, Supplies and Equipment Not Related to New Construction

All purchases of items consisting of materials, supplies and equipment will require written approval from the appropriate department supervisor/manager prior to purchase. If the purchase exceeds the spending limit of the purchasers, approval must be obtained from the appropriate higher authority prior to purchase. After the proper approval has been obtained, a District printed purchase order may be issued. The following guidelines will be observed when purchasing such materials, supplies and equipment:

- A. When procuring materials, supplies and equipment costing less than Three Thousand Dollars (\$3,000.00), price competition is not required. However, every attempt should be made to secure the most reasonable price for the goods to be obtained.
- B. When procuring materials, supplies and equipment costing over Three Thousand Dollars (\$3,000.00) the purchase shall be based, wherever possible, on at least three (3) bids/quotes. The bid/quote shall be awarded to the lowest responsible bidder.
- C. When the District requires supplies, materials or equipment which are produced by only one manufacturer, such lists shall also include the phrase "or approved equivalent" to permit bidders to bid on alternative or additional makes, brands or types which are proved to be the equivalent to the manufacturer's make or brand specified. If the manufacturer or his representative is the sole responsible bidder or sole source of supply, the General Manager may negotiate an open market order or contract with the manufacturer or his representative at prices and on terms most advantageous to the District.

When the District requires supplies, materials or equipment which are patented or proprietary, and which are obtainable in two (2) or more equally satisfactory and competitive makes, brands or types, the District may list such acceptable and competitive makes, brands or types in the invitation to bid. Such lists shall also include the phrase "or approved equivalent" to permit bidders to bid on

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alternative or additional makes, brands or types. It shall be incumbent on each bidder to prove to the satisfaction of the General Manager that the alternate or additional make, brand or type which he offers is actually equal in quality or performance to those listed in the invitation to bid.

- D. The District may request the State Department of General Services to make purchases of materials, equipment, or supplies on its behalf if better value can be obtained by the District by utilizing this method of purchase.
- E. As an alternative, the District may request the purchasing agent of Tuolumne County to make purchases of materials, equipment, or supplies not related to new construction on its behalf if this method of purchase reduces the cost of acquisition to the District.

409.3 Purchase Orders

Purchase Orders shall be used as authorization for purchasing materials, supplies and equipment not related to new construction, maintenance or repairs that are procured pursuant to these policies. Exceptions include items such as hotel and airline reservations or professional services contracts and other vendor contracts.

Completed purchase order forms must be approved and signed by the appropriate department manager and signed by the General Manager in all cases in which the purchase exceeds the spending limit of the department manager. The department manager may be delegated project specific purchasing authority by the General Manager to provide for efficient project management.

409.4 Approval Limits for Purchase Orders (Revised 5/03/2012)

The General Manager has signing authority for all budgeted items and any unbudgeted items up to Ten Thousand Dollars (\$10,000). All unbudgeted items over Ten Thousand Dollars (\$10,000) must be approved by the Board of Directors. The General Manager may delegate limited signing and authorization responsibilities for budgeted items to department managers and supervisors. Department managers and supervisors have signing authority for up to One Thousand Dollars (\$1,000).

409.5 Contracting for Projects for New Construction, Alterations and Repairs; Contracting for Purchase of Materials, Supplies and Equipment Related to New Construction, Alterations, Maintenance or Repairs

The District has adopted the Uniform Public Construction Cost Accounting Act (hereinafter "UPCCA") and its contracting policies for projects consisting of: 1) new construction, maintenance, alterations or repairs, and 2) the purchasing of materials, supplies and equipment related to new construction, alterations, maintenance or repairs.

- A. When contracting for projects consisting of new construction, maintenance, alteration or repairs, or the purchasing of materials, supplies and equipment related to such construction, when the cost of materials, supplies and labor will not exceed the bid limits established in the UPCCA and Public Contract Code as amended from time to time, price competition is not required and the project or purchase may be performed by negotiated contract, by purchase order, or by the employees of the District by force account.

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- B. When contracting for projects consisting of new construction, maintenance, alteration or repairs, or the purchasing of materials, supplies and equipment related to such new construction, when the cost of materials, supplies and labor for the project is less than the bid limits established in the UPCCAA and Public Contract Code as amended from time to time, the project or purchase may be let to contract by informal bidding procedures specified in the District's informal bidding ordinance adopted pursuant to the provisions of Public Contract Code 22034.
- C. When the cost of materials, supplies and labor on the project, or the cost of purchase of materials, supplies and equipment related to such construction exceeds the bid limits established in the UPCCAA and Public Contract Code as amended from time to time, that project or purchase shall be let to contract by the formal bidding procedure specified in Public Contract Code Sections 22037, 22038 and 22039.
- D. Notice of inviting formal bids shall state the time and place for the receiving and opening of sealed bids and distinctly describe the project. The notice shall be published at least fourteen (14) calendar days before the date of opening the bids in a newspaper of general circulation in the jurisdiction of the District. It shall also be sent to all construction trade journals specified in Public Contract Code Section 22036 at least thirty (30) calendar days before the date for opening the bids.
- E. Upon receiving such bids for projects for new construction, alterations and repairs, the District Board of Directors may:
 - 1. Accept the bid of the lowest responsible bidder;
 - 2. Reject all bids and re-advertise; or
 - 3. By four-fifths (4/5) vote declare that the project can be performed more economically by the employees of the District and elect to have the project done by force account.
- F. Upon receiving such bids for purchasing of materials, supplies and equipment related to such new construction, alterations or repairs, the District Board of Directors may:
 - 1. Accept the bid of the lowest responsible bidder;
 - 2. Reject all bids and re-advertise; or
 - 3. By four-fifths (4/5) vote elect to purchase the materials, supplies or equipment in the open market.
- G. If two or more bids are the same and the lowest, the District may accept the one it chooses. If no bids are received through the formal or informal procedure, the project may be performed by the employees of the District by force account, or by negotiated contract.

409.6 Emergency Purchases, Repairs and/or Replacements

In the case of an emergency, the District may, pursuant to a 4/5th vote of its Board of Directors, repair or replace a public facility or improvement, take any related and immediate action required by that emergency,

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and procure the necessary equipment, services, supplies, and materials for those purposes, without giving notice for bids to let contracts, without adopting plans, specifications and/or working details for the project. The emergency work may be done by day labor under the direction of the General Manager, or his designee.

- A. Before the Board of Directors takes any action to repair or replace a public facility or to procure necessary materials, supplies, equipment, or services for emergency purposes, the Board of Directors shall make a finding based on substantial evidence set forth in the minutes of its meeting that the emergency will not permit a delay resulting from a competitive solicitation for bids, and that the actions authorized by the Board to repair, replace, or purchase materials and supplies are necessary to respond to the designated emergency.
- B. The Board shall periodically review any action taken in response to such an emergency at its next regularly scheduled meeting and at every regularly scheduled meeting thereafter pursuant to the requirements of Public Contract Code Section 22050.
- C. For the purposes of this section, the term "Emergency" shall mean any event that immediately impacts the health and safety of the public or environment and that by delaying action will result in substantial harm or damage to individuals, property, or the environment.

409.7 Bid Policies

- A. Conflicts of Interest

The purchasing agent and the employees of the District are expressly prohibited from accepting, directly or indirectly, from any person, company, firm, or corporation, to which a purchase order or contract is, or might be awarded, any rebate, gift, money, or anything of value whatsoever.

- B. Consideration of Bids

After bids have been opened and read, they may be checked for accuracy and compliance with the requirements of the bidding documents including any Notice to Bidders, Instructions to Bidders as well as any plans and specifications for the project to be bid or the specifications of any equipment, materials or supplies to be purchased pursuant to bid.

It is the intent of the District to award a contract to the lowest responsible bidder provided the bid has been submitted in accordance with the requirements of the bidding documents and does not exceed funds available. With respect to projects consisting of new construction, maintenance, alterations or repairs, it is the intention of the District to award a contract only to a responsible bidder who has furnished satisfactory evidence that it has the requisite experience and ability and sufficient capital, facilities and plant to enable it to prosecute the work successfully and promptly, and to complete it within the time stated in the contract documents. With respect to the purchasing of equipment, materials, and supplies related to new construction, maintenance, or repairs, it is the intention of the District to award a contract only to a responsible bidder who has furnished satisfactory evidence that it has the requisite experience and ability to provide materials, supplies and equipment which meets specifications of the District.

- C. Bid Security

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Each bid shall be accompanied by bid security in a form and amount required herein to be specified by the District pledging that the bidder will enter into a contract with the District on the terms stated in the bid and will, if required, furnish bonds covering the faithful performance of the contract and payment of all obligations arising thereunder. Bid security shall be in the amount of not less than ten percent (10%) of the amount of the bid being submitted by the bidder, and may be in the form of a certified check, cashier's check or surety bond. Should the bidder refuse to enter into such a contract or fail to furnish the bonds required, then the bidder shall forfeit the amount of bid security to the District as liquidated damages, and not as a penalty.

All surety bonds shall be issued by a surety admitted to do business in the State of California and accompanied by a Certificate of Fact issued by the County of Tuolumne County Clerk pursuant to CCP § 995.640(a) or a Certificate of Authority with respect to such surety issued by the State of California Department of Insurance.

D. Acceptance and Award of Bid

1. Contract Award. The award of the contract will be to the lowest responsible bidder as set forth above.
2. Waive Irregularities. The District shall have the right to waive informalities or irregularities in a bid received and to accept a bid which, in the District's judgment, is in the District's best interest.
3. Alternatives. The District shall have the right to accept alternates in any order or combination unless otherwise specifically provided in the bidding documents, and to determine the low bidder on the basis of the sum of the base bid and alternates accepted.
4. Rejection of Incomplete Bids. Until an award of bid is made, the purchasing agent reserves the right to reject any and all bids, reject a bid not accompanied by any other information required by the bidding documents, or reject a bid which is in any way incomplete or irregular.
5. Rejection of Bid for Technical Defects. Until an award of bid is made, the purchasing agent reserves the right to reject any and all bids and to waive technical defects, if to do so best serves the interests of the District.
6. Notice and Solicitation of Bid for Purchase of Supplies, Equipment and Property. The purchasing agent shall give notice inviting bids to all suppliers, persons and firms who file written requests with the District office for such notice. In addition, the purchasing agent shall send notice inviting bids to such other firms or persons as in his opinion may be necessary to inform the trade.

409.8 Bidder Pre-Qualifications

The purchasing agent may require pre-qualifications of bidders and may require bidders to provide information for the purpose of preparing and maintaining lists of qualified bidders. Pre-qualification shall be based on any available information, including but not limited to information provided by the bidder. A bidder's name may be removed from the list of qualified bidders for any of the following reasons:

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1. Failure to respond or providing misleading statements to questionnaires issued by the purchasing agent or to provide a financial statement or other information as may be requested.
2. Failure to respond to three (3) consecutive invitations or requests for bids or quotations on services or an item offered by the bidder.
3. Failure to satisfactorily perform under a previous purchase order or contract.
4. Failure to respond to any inquiry from the purchasing agent regarding whether the bidder continues to be interested in doing business with the District.
5. Submission to the purchasing agent by the bidder of a written request to be removed from the list of qualified bidders.
6. Change in qualifications of a bidder to the extent that he/she no longer meets the minimum requirements applicable to bidders offering the services or item offered by the bidder.

GCSD POLICY

POLICY TITLE: INVESTMENT OF DISTRICT FUNDS

POLICY NUMBER: 410

ADOPTED: October 11, 2010

AMENDED: March 12, 2018 RESOLUTION 8-18

410.1 Purpose

The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) §53600.6 and §53630.1). The purpose of this policy is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities.

Government Code Sections 5921 and 53601, et seq., allow the legislative body of a local agency to invest surplus monies not required for the immediate necessities of the local agency. The investment policies and practices of the District are based on state law and prudent money management. All funds will be invested in accordance with the District's Investment Policy, and California Government Code Sections 53601, 53601.1, 53601.5 and 53635.5. When the District issues bonds, the investment of bond proceeds will be further restricted by the provision of relevant bond documents.

The Treasurer or fiscal officer of a local agency is required to annually prepare and submit a statement of investment policy and such policy, and any changes thereto, is to be considered by the local agency's legislative body at a public meeting (CGC §53646(a)). For Groveland Community Services District, Treasurer shall be responsible for preparing and submitting such policy for adoption by minute action or by resolution of the District Board. The adopted Investment Policy shall be reviewed on an annual basis and the District Board shall approve any modifications to such policy by minute action or by resolution. The investment policy, as adopted by the District Board, shall be used to guide District staff in investment decisions and transactions.

For these reasons, and to ensure prudent and responsible management of the public's funds, it is the policy of Groveland Community Services District to invest funds not required for immediate needs of the District in a manner which will provide the highest investment return with the maximum safety while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of Groveland Community Services District funds.

410.2 Scope

This investment policy shall apply to the investment of all funds of Groveland Community Services District except retirement funds and debt service funds held by Trustees for payment of bond redemption and interest.

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410.3 Prudence

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

410.4 Objectives

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

A. Legality and Safety

Legality and safety of principal are the foremost objectives of the investment program. Investments of Groveland Community Services District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

B. Liquidity

The investment portfolio will remain sufficiently liquid to enable Groveland Community Services District to meet all projected, as well as expected and unexpected cash needs.

C. Return on Investments

The District shall seek to attain market average rates of return on all investments within the constraints imposed by State law, by the avoidance of capital losses and by cash flow considerations. The District’s investment portfolio shall be diversified to eliminate the risk of loss resulting from over-concentration of asset in a specific issuer or class of securities and shall contain investments of varying lengths of maturity of five (5) years or less.

410.5 Delegation of Authority

Authority to manage the investment program is derived from California Government Code §53600, *et seq.* Management responsibility for the investment program is hereby delegated by the Board to the Treasurer.

The Treasurer shall render a quarterly report to the Board specifying the type of investment, institution, date of maturity, amount of deposit, current market value for all securities with a maturity of more than twelve (12) months, and a rate of interest. Under the provisions of California Government Code §53600.3, the Treasurer is a trustee and a fiduciary subject to the prudent investor standard.

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410.6 Ethics and Conflicts of Interest

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

410.7 Authorized Financial Institutions and Dealers

The Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness that are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

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

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

410.8 Permitted Investment Instruments

Permitted investment instruments for the District's assets are the following:

- A. Government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- B. Obligations issued by Banks for Cooperatives, Federal Land Banks, Federal Intermediate Credit Banks, Federal Farm Credit Banks, Federal Home Loan Banks, the Federal Home Loan Bank Board, the Federal Home Loan Mortgage Corporation, the Resolution Funding Corporation, or in obligations, participations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in obligations, participations or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise, or such agencies or enterprises which may be created.
- C. FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California. Preference may be given to local banks.
- D. Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank; provided

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that the senior debt obligations of the issuing institution are rated “AA” or better by Moody’s or Standard & Poor’s.

Purchase of negotiable certificates of deposit may not exceed 30 percent of the District’s investment portfolio.

- E. State of California’s Local Agency Investment Fund. The LAIF portfolio should be reviewed periodically.
- F. Investment Trust of California (CalTRUST). CalTRUST is a joint powers authority of California public agencies that serves as an investment alternative to LAIF.
- G. Insured savings account or money market account.
- H. California Cooperative Liquid Assets Securities System (California CLASS)

410.9 Prohibited Investments

Under the provisions of California Government Code §53601.6 and §53631.5, Groveland Community Services District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero (0) interest accrual if held to maturity. Additional investments which are not permitted include repurchase agreements, banker’s acceptances, commercial paper, and medium-term corporate notes.

410.10 Maximum Maturity

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit the District to meet all projected obligations. The maximum maturity will be no more than five years from purchase date to maturity date.

410.11 Reporting

The Treasurer shall submit to the District Board a quarterly investment report, which shall consist of a cover report over the reports generated by the investment fund and the Local Agency Investment Fund. The cover report shall include a certification that:

- A. All investment actions executed since the last report have been made in full compliance with this Investment Policy, and
- B. Groveland Community Services District will meet its cash flow requirements for the next six (6) months.

410.12 Investment Policy Review

This Investment Policy shall be reviewed, modified as needed, and approved on an annual basis by the Board of Directors. This should be done during the annual budgeting process.