

**RECLAMATION DISTRICT NO. 828
REGULAR MEETING AGENDA FOR
BOARD OF TRUSTEES
8:30 A.M. JANUARY 18, 2018
509 WEST WEBER, 5TH FLOOR
STOCKTON, CALIFORNIA**

AGENDA

1. Call to Order/Roll Call.
2. Public comment: Under Government Code section 54954.3, members of the public may address the Board on any issue in the District's jurisdiction. The public may address any item on the agenda at the time it is taken up.
3. Consider for Approval Minutes of the Meeting of October 19, 2017.
4. Financial Report.
 - a. Approve 2016-2017 Audit Report and Related Documents.
 - b. Review Financial Accounting and Related Practices.
 - c. JPRIMA Annual Insurance Approval.
 - d. CAL Mutual JPRIMA Annual Meeting.
5. Engineers' Report; request for direction.
6. Correspondence and Meeting Attendance Reports.
7. District Calendar
8. Approval of Bills to be Paid.
9. Adjournment.

This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (California Government Code §54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting should contact Daniel J. Schroeder at 209/948-8200 during regular business hours, at least twenty-four hours prior to the time of the meeting.

Materials related to an item on this Agenda submitted to the Trustees after distribution of the agenda packet are available for public inspection in the office of the District Secretary at Neumiller & Beardslee, 509 W. Weber Avenue, 5th Floor, Stockton, California during normal business hours.

ITEM 3

**Minutes of Regular Meeting of
Reclamation District 828
Held on October 19, 2017**

The regular meeting of the Board of Trustees of Reclamation District 828 was held at 8:30 a.m. on October 19, 2017 at 509 West Weber Avenue, 5th Floor, Stockton, California 95203.

Item No. 1: Call to Order. The meeting was called to order at 8:31 a.m. Present were President Bill Mendelson, Trustee Deby Provost, and Trustee Paul Marsh. Also present was Daniel J. Schroeder, District Secretary and Counsel, Andy Pinasco, and Chris Neudeck, District Engineer.

Item No. 2: Public Comment. Mr. Gulli commented on the Caltrans bridge erosion, SJAFCA, and the Smith Canal Closure Structure Project.

Item No. 3: Approval of Minutes. Mr. Schroeder reviewed the September 13, 2017 minutes with the Trustees. The minutes of the September 13, 2017 special meeting as amended were approved unanimously by the Trustees present on a motion by Trustee Deby Provost, seconded by Trustee Paul Marsh.

Item No. 4: Financial Report. Mr. Schroeder reported on the financial status of the District and provided the Trustees with a written end of the fiscal year financial report.

Item No. 5: Engineer's Report. Mr. Neudeck provided the Trustees with a written and oral report. He reported on the progress on vegetation removal along the levee. He also reported on the upcoming waterside inspection of the levee in accordance with the District's Operations Manual. He next reported on the PG&E gas main and the encroachment permit issuance. He reported that PG&E is working closely with District staff regarding District comments on how the work will be done in relation to where the main goes through the levee. He next reported on the problem of Caltrans erosion control under Highway 5 and that Caltrans has been working on scheduling the project, though he isn't certain when they will start. He does not believe that the situation is a risk at this time warranting District intervening to doing the work now. The next item he reported on the progress on the leaking pipeline repair and the old pipeline that needs to be removed. The City of Stockton has ignored the conditions in the permit regarding notice of work starting. The leak was discovered to be coming from an 8" pipeline. He is working with the City to get their plan on how they are going to address it. He also updated the Board on the status of the Smith Canal Closure Structure. The plans are at 65% completion of the plans, permits are being obtained through the normal process, and SJAFCA is obtaining necessary right-of-ways for the project.

He finally reported on the 2016-2017 Final Levee Subventions Claim. Mr. Neudeck report the total amount of the claim submitted and that the District will be expecting approximately \$33,000 back from the program. He anticipates that the District will

receive payment around March 2018. He also explained that the current program's refunding formula is set to expire at the end of this fiscal year and that legislation is being attempted to extend the current 75/25 formula. If the legislation is delayed or unsuccessful, the formula will revert to 50/50. The 2016-2017 Levee Subventions Claim was approved unanimously by the Trustees present on a motion by President Mendelson, seconded by Trustee Deby Provost.

Item No. 6: Adopt Resolution 2017-05 Approving and Authorizing Execution of Delta Levee Maintenance Subventions Program Work Agreement Fiscal Year 2017-2018. Mr. Schroeder reviewed the subventions agreement for the 2017-2018 fiscal year and explained the requirement for approval to be in the form of a resolution. Resolution 2017-05 was adopted by a unanimous vote of the Trustees present on a motion by Trustee Deby Provost, seconded by President Bill Mendelson.

Item No. 7: Adopt Resolution 2017-04 Authorizing and Directing Filing of Notice of Exemption for Routine Maintenance, for Fiscal Year 2017-2018. Mr. Schroeder explained the purpose of the resolution and that it is adopted annual for CEQA purposes. Resolution 2017-04 was adopted by a unanimous vote of the Trustees present on a motion by President Bill Mendelson, seconded by Trustee Deby Provost.

Item No. 8: RD 17 Assessments Court Decision. Mr. Schroeder explained the recent that a petition has been filed with the California Supreme Court to appeal the appellate court decision regarding the assessment exemption in Water Code Section 51200 and Proposition 218.

Item No. 9: Trustee Vacancy. Request for direction. Mr. Schroeder reported on the vacancy created by the death of Mr. Mandelson and the three options on filling the vacancy. The Trustees unanimously decided to fill the vacancy by appointment in accordance with Government Code Section 1780 on a motion by President Bill Mendelson, seconded by Trustee Deby Provost. Staff to post the appropriate notices with County and after a meeting date for the appointment is determined.

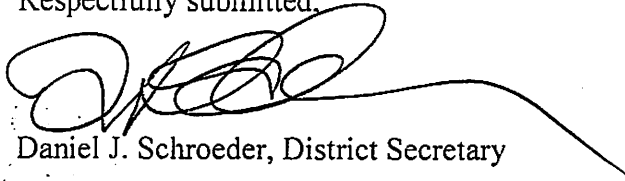
Item No. 10: Correspondence. There was a brief discussion regarding the NIMS training and the uncertainty timing of when it will happen.

Item No. 11: Calendar. Mr. Schroeder reviewed the calendar with the Trustees.

Item No. 12: Approval of Bills. Mr. Schroeder reported on the outstanding bills that had been received and the status of the District's accounts. The payment of the attached bills was approved unanimously by the Trustees on a motion by a motion by President Bill Mendelson, seconded by Trustee Deby Provost.

Item No. 13: Adjournment. The meeting was adjourned at 9:34 a.m.

Respectfully submitted,



Daniel J. Schroeder, District Secretary

**RECLAMATION DISTRICT 828
BILLS TO BE PAID
September 2017**

NAME	INVOICE DATE	INVOICE #	AMOUNT	TOTAL \$	WARRANT #	SUB FUND	Co ERP
Kjeldsen, Sinnock, & Neudeck, Inc.	8/11/2017	21311	\$660.00				
	8/11/2017	21312	\$534.00				
	8/11/2017	21313	\$765.95				
	8/11/2017	21314	\$1,210.50				
	8/11/2017	21315	\$905.00				
	8/11/2017	21317	\$1,743.75				
	8/11/2017	21317	\$37.50				
				\$5,856.70	1269		
Neumiller & Beardslee	8/25/2017	286680	\$4,719.64				
				\$4,719.64	1270		
Dohrmann Insurance Agency	7/28/2017	23143	\$2,215.00	\$2,215.00	1267 Ratification		
Dohrmann Insurance Agency	7/28/2017	23144	\$367.00	\$367.00	1268 Ratification		
The Record (For publication of Notice)	9/7/2017	1101988	\$99.75				
				\$99.75			
Trustee Stipend - September 13, 2017 Meeting	Bill Mendelson		\$50.00	\$50.00	1271		
Trustee Stipend - September 13, 2017 Meeting	Deby Provost		\$50.00	\$50.00	1272		
TOTAL:				\$13,358.09			

NOTES:

Anticipated Fund Balance as of 8-31-2017:	\$501,204.97	5 Year Plan Balance:
Less Submitted Bills for Payment:	\$13,358.09	
Total:	\$487,846.88	

**RECLAMATION DISTRICT 828
BILLS TO BE PAID
October 2017**

NAME	INVOICE DATE	INVOICE #	AMOUNT	TOTAL \$	WARRANT #	SUB FUND	Co ERP
Kjeldsen, Sinnock, & Neudeck, Inc.	9/19/2017	21516	\$240.00				
	9/19/2017	21517	\$1,409.00			x	
	9/19/2017	21518	\$537.00				
	9/19/2017	21519	\$105.00				
	9/19/2017	21520	\$812.20				
	9/19/2017	21521	\$360.00				
	9/19/2017	21522	\$1,052.50				
	9/19/2017	21523	\$45.00			x	
	10/18/2017	21674	\$1,304.00			x	
	10/18/2017	21675	\$217.50				
	10/18/2017	21676	\$270.28				
	10/18/2017	21677	\$77.50				
	10/18/2017	21678	\$891.50			x	
				\$7,321.48	1275		
Neumiller & Beardslee	9/18/2017	287314	\$2,628.25				
	10/17/2017	287984	\$2,648.14				
				\$5,276.39	1276		
Mayaco Marketing & Internet	10/16/2017	14047	\$2,500.00				
				\$2,500.00	1277		
Dino & Son Ditching	10/4/2017	1014	\$10,000.00				
				\$10,000.00	1278		
Judith Buethe Communications	10/2/2017	6171	\$125.88				
				\$125.88	1279		
The Record (Notice of No Election Publication)	9/25/2017	1104152	\$79.80				
				\$79.80	#1274 Ratification		
Reclamation District 1608 (Re Storage Unit)		186-17/18	\$200.00				
				\$200.00	1280		
Trustee Stipend - October 19, 2017 Meeting	Bill Mendelson		\$50.00	\$50.00			
Trustee Stipend - October 19, 2017 Meeting	Deby Provost		\$50.00	\$50.00			
Trustee Stipend - October 19, 2017 Meeting	Paul Marsh		\$50.00	\$50.00			

TOTAL: \$25,653.55

NOTES:

Anticipated Fund Balance as of 9-30-2017:	\$488,276.38	5 Year Plan Balance:
Less Submitted Bills for Payment:	<u>\$25,653.55</u>	
Total:	\$462,622.83	

ITEM 4

RECLAMATION DISTRICT NO. 828

Schwartz, Giannini, Lantsberger & Adamson
4578 Feather River Drive Suite D
Stockton, California 95219

This representation letter is provided in connection with your audit of the financial statements of Reclamation District No. 828, which comprise the financial position of the governmental activities, and each major fund as of June 30, 2017, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in conformity with the cash basis of accounting which is a Special purpose framework (SPF).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of signing this letter, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 4, 2017, including our responsibility for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with the cash basis of accounting and include all properly classified funds and other financial information of the primary government required by the cash basis of accounting to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.

Reclamation District No. 828
Management Representation Letter

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed.
- 7) All events subsequent to the date of the financial statements and for which cash basis financial statements requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financials.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the District's accounts.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with the cash basis of accounting.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the District or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.

Reclamation District No. 828
Management Representation Letter

- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We are not aware of any pending or threatened litigation, claims, or assessments and unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 18) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

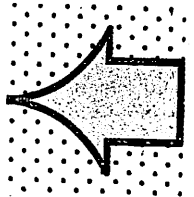
Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 23) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 24) As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 25) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 26) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Reclamation District No. 828
Management Representation Letter

- 27) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 28) The financial statements properly classify all funds and activities.
- 29) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 30) Components of net position and components of fund balance are properly classified and, if applicable, approved.
- 31) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 32) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 33) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 34) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 35) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

Signed: _____ Signed: _____
Title: _____ Title: _____
Date: _____ Date: _____



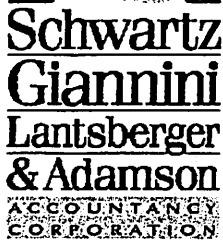
RECLAMATION DISTRICT NO. 828

FINANCIAL REPORT

JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Reclamation District No. 828

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Reclamation District No. 828 (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Timothy J. Schwartz, CPA
Gary F. Giannini, CPA
Philip Lantsberger, CPA
Robert Gross, CPA

William H. Adamson,
Retired

4578 Feather River Drive
Suite D
Stockton, California 95219
Ph: 209.474.1084
Fx: 209.474.0301

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - cash basis of the governmental activities and the major fund of the District as of June 30, 2017, and the respective changes in financial position - cash basis, thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

Schwartz, Giannini, Santberger & Adamson

Stockton, California
October 20, 2017

RECLAMATION DISTRICT NO. 828
Statement of Net Position - Cash Basis
June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	<u>\$ 484,410</u>
Total assets	<u><u>\$ 484,410</u></u>
NET POSITION	
Unrestricted	<u>\$ 484,410</u>
Total net position	<u><u>\$ 484,410</u></u>

The accompanying notes are an integral part of these financial statements.

RECLAMATION DISTRICT NO. 828
Statement Of Activities - Cash Basis
For the year ending June 30, 2017

	Cash Disbursements	Operating Receipts, Grants, and Contributions	Net (Disbursements) Receipts and Changes in Net Position
Governmental activities			
Operations	\$ (77,838)	\$ 9,568	\$ (68,270)
Net program (disbursements) receipts	\$ (77,838)	\$ 9,568	\$ (68,270)
General receipts:			
Landowner assessments			\$ 54,463
Interest income			3,604
Total general receipts			\$ 58,067
(Decrease) in net position			\$ (10,203)
Net position - beginning of year			494,613
Net position - end of year			\$ 484,410

The accompanying notes are an integral part of these financial statements.

RECLAMATION DISTRICT NO. 828
Balance Sheet - Governmental Fund - Cash Basis
June 30, 2017

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 484,410</u>
Total assets	<u><u>\$ 484,410</u></u>
FUND BALANCE	
Unassigned	<u>\$ 484,410</u>
Total fund balance	<u><u>\$ 484,410</u></u>

The accompanying notes are an integral part of these financial statements.

RECLAMATION DISTRICT NO. 828
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance -
Governmental Fund
For the Year Ending June 30, 2017

	<u>General Fund</u>
RECEIPTS	
Landowner assessments	\$ 54,463
State assistance	9,568
Interest income	3,604
Total receipts	<u>\$ 67,635</u>
DISBURSEMENTS	
Engineering	\$ 33,858
Insurance	4,255
Legal and accounting	13,687
Levee repairs and maintenance	24,998
Miscellaneous	640
Trustee fee	400
Total disbursements	<u>\$ 77,838</u>
Net change in fund balance	\$ (10,203)
Fund balance - beginning	<u>494,613</u>
Fund balance - ending	<u><u>\$ 484,410</u></u>

The accompanying notes are an integral part of these financial statements.

RECLAMATION DISTRICT NO. 828
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Nature of business

Reclamation District No. 828 is a political subdivision of the State of California organized March 4, 1912 by the landowners of Weber Tract for the purpose of maintenance, protection and repair of the reclamation works on Weber Tract. The District operates under Section 50000 "Reclamation Districts" of the California State Water Code.

The District lies within the City of Stockton, bounded on the north by Smith Canal, on the west and south by the Stockton Channel, and on the east by Pershing Avenue. The total area of the District is approximately 695 acres.

The District is primarily supported by assessments of its landowners as projected, calculated, and levied by its Board of Trustees. Expenses incurred by the District are, at times, partially reimbursed by various federal, state, and local assistance or reimbursement programs.

The District management considered all potential component units for inclusion in the reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. The District concluded that there are no potential component units which should be included in the reporting entity.

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position - cash basis and the statement of activities - cash basis) report information on all of the cash receipts and disbursements activity of the primary government.

The statement of activities demonstrates the degree to which cash disbursements of a given function or segment are offset by program cash receipts. Cash disbursements are those that are clearly identifiable with a specific function or segment. Program cash receipts include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other receipts not classified as program receipts are presented as general receipts.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary accounting

The District does not utilize formal budgetary procedures and is not required to adopt such procedures by law. Accordingly, budgetary comparison information is not required or presented.

RECLAMATION DISTRICT NO. 828

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund financial statements

The fund financial statements provide information about the District's funds. The District has one type of fund (governmental), which is comprised of one major fund as follows.

General fund – This fund is established to account for resources devoted to financing the general services that the District performs. State assistance and other sources of revenue used to finance the fundamental operations of the District are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

The District has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the District to classify and report amounts in the appropriate fund balance classifications. The District's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned.

The District reports the following classifications:

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the Board of Trustees. Assigned fund balance includes all amounts in the general fund that are intended to be used for a specific purpose.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Measurement focus, basis of accounting, and financial statement presentation

The District accounts for governmental funds using the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when received and expenditures are recorded when paid.

RECLAMATION DISTRICT NO. 828

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Demand Warrants

The District is authorized under the California State Water Code to issue demand warrants.

Use of estimates

The preparation of financial statements in conformity with the cash receipts and disbursements basis of accounting used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Related party information

The Board of Trustees is made up of District landowners or their representatives. The Board is either elected by the landowners within the District or appointed by the San Joaquin County Board of Supervisors.

Income Tax Status

Reclamation District No. 828 is a governmental entity and not subject to federal and state income taxes.

NOTE 2. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 20, 2017, the date the financial statements were available to be issued.

NOTE 3. CASH AND INVESTMENTS

Investments of the District as of June 30, 2017 consist of the following:

	<u>Carrying amount</u>	<u>Fair value</u>
Investment in external investment pool		
San Joaquin County Treasurer	\$ 484,410	\$ 484,410

Cash on deposit with the San Joaquin County Treasurer is invested in a pooled fund maintained by the Treasurer. These funds are pooled with other County deposits for investment purposes by the County Treasurer in accordance with the investment policy of the County Treasurer (see County Treasurer's investment policy at <http://www.sjgov.org/treasurer/treasury.htm>). The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained in the Pool.

RECLAMATION DISTRICT NO. 828

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (Continued)

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily cash balances. The value of the District's shares in the Pool, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the District's position in the Pool. The District's investment in the Pool is unrated, stated at amortized cost which approximates fair value, available upon demand and considered cash equivalents.

The District does not maintain a formal investment policy.

NOTE 4. GOVERNING BOARD

The powers of the District are exercised by the Board of Trustees which consists of the following members:

	<u>TITLE</u>	<u>TERM EXPIRATION</u>
William Mendelson	President	December 2017
Deby Provost	Trustee	December 2019
Robert G. Merdinger	Trustee	December 2019

Secretary: Dan Schroeder

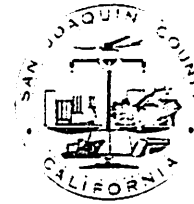
NOTE 5. INSURANCE

The District is covered by the following types of insurance as of June 30, 2017:

<u>Coverage</u>	<u>Limits of Liability</u>
Property	\$ 1,000,000/3,000,000
Commercial crime	100,000
General liability	1,000,000/3,000,000
Public officials and management liability	1,000,000/3,000,000
Commercial excess	1,000,000



JEROME C. WILVERDING
AUDITOR-CONTROLLER
SAN JOAQUIN COUNTY



ASSISTANT AUDITOR-CONTROLLER
Jeffery M. Woltkamp, CPA

CHIEF DEPUTIES
Tod Hill – Accounting
Janice McCutcheon, CPA – Internal Audit
Stanley Lawrence – Property Tax

PAYROLL ADMINISTRATOR
Lori Rolleri

December 20, 2017

Dan Schroeder
P.O. Box 20
Stockton, CA 95201

Re: Reclamation District Nos. 403, 773, 828, 1608, 1614, 2115, 2118, and 2126

Dear Mr. Schroeder:

This information packet is being sent to you in regards to the 2016-17 San Joaquin County Civil Grand Jury report segment entitled "Who is Watching the Cookie Jar," pages 73-83 of the Report. For your convenience, a copy of this report segment has been included in this packet. Also included are my responses to the Grand Jury, the resulting report "San Joaquin County Best Practices for Accounting and Reporting for Locally-Governed Special Districts," and a "Cash Handling Best Practices" document.

Per the recommendation in the Grand Jury report, it is my obligation to get this information to the Independent Special Districts by December 31, 2017. While this packet fulfills that obligation, it is the intent of the Grand Jury to have the Independent Special Districts, to the extent possible, utilize the best practices contained in this information. Toward that end, I would like to discuss with each recipient of this material the information contained herein, its applicability for each District, and answer any questions you may have.

I will be following up with a call as we get into the new calendar year. In the meantime, I look forward to addressing the concerns mentioned in the Grand Jury Report. Please feel free to call me at (209) 468-3337 with any questions you may have. I look forward to speaking with you soon.

Sincerely,

Jerome C. Wilverding

cc: San Joaquin County Board of Supervisors
Monica Nino, San Joaquin County Administrator
Trisa Martinez, Judicial Secretary, San Joaquin County Civil Grand Jury

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San Joaquin County Civil Grand Jury



San Joaquin County Self-Governing Special Districts *Who is Watching the Cookie Jar?* 2016-2017 Case No. 0416

(AMENDED REPORT)

Summary

The Escalon Cemetery District was a victim of employee embezzlement in 2014. This prompted the interest of the San Joaquin County Grand Jury (Grand Jury). The Grand Jury was surprised to discover the number and variety of special districts within San Joaquin County.

One of the main functions of the Grand Jury is to serve as a sentinel within the county for which it serves. Members are charged to identify instances of dishonest, inefficient or illegal actions and to make recommendations to correct those shortcomings.

Of the two types of special districts in the county, the Grand Jury concentrated on the independent self-governing special districts who only answer to their elected or appointed Board of Directors and applicable state laws. The lack of financial oversight and policies/procedures were found to be prevalent. The focus of the investigation centered around who is watching and who is in control of the special district funds.

Glossary

Footnotes

Explanatory and supplemental notes that accompany financial statements.

CA Government Code

A general set of statutes that outlines the responsibilities and provides legal parameters for governance bodies within the State of California. The Government Code is one of the 29 codes currently in effect.

Background

This report focuses on independent self-governing special districts, which by definition are outside the purview of the San Joaquin County Board of Supervisors. These districts only answer to their elected or appointed Board of Directors and applicable state laws.

There are over 200 special districts in San Joaquin County, including 106 independent self-governing special districts. The remaining districts fall under the authority of the San Joaquin County Board of Supervisors with specific financial requirements and mandated guidelines.

Independent self-governing special districts are agencies within the county performing governmental or proprietary functions within limited boundaries. These districts can include a county service area, a maintenance district or area, an improvement district or zone, or any other area where a property tax rate is levied to pay for a service or improvement benefitting that region.

Funding for special districts in San Joaquin County is primarily acquired through property tax apportionment. These are public funds and should be guarded from potential fraud and abuse. Although financial protections are in place, misuses can and have taken place. Dishonesty cannot be totally prevented but can be anticipated and safeguarded against. Using best practices and good financial oversight can mitigate theft. The Grand Jury investigation focused on audits, fraud and best practices in financial oversight and management.

The Grand Jury expanded its research to include a sampling of self-governing special districts' policies/procedures to find other instances of misuse of funds.

The San Joaquin County independent self-governing special districts and their functions are listed below:

Type of District	Number of Districts	Function of District
Reclamation	52	Levee maintenance
Fire	18	Fire suppression
Irrigation	7	Water provision
Water Agencies	8	Provide potable water
Drainage	3	Flood control
Cemetery	2	Cemetery maintenance
Community Services	2	General services
Sanitation	2	Sewer services
Levee	1	Flood control
Mosquito Abatement	1	Vector control
Stockton Port	1	Port administration
Resource Conservation	1	Conservation promotion
Storm Drainage	1	Flood control
Miscellaneous Districts	6	Variety of services

Reason for Investigation

The Grand Jury initiated an investigation of the special districts of San Joaquin County prompted by news coverage of the Escalon Cemetery District embezzlement case. An Escalon Cemetery District employee was convicted of fraud and embezzlement.

This was not an isolated incident. The table covers the last three years of publicized fraud and embezzlement of public funds, not exclusive to special districts.

District Involved	Tax Payer Dollars Embezzled
Escalon Cemetery District	Over \$100,000
Panoche Water District, Fresno	Over \$100,000
Health Plan of San Joaquin	Over \$100,000
Kern County College District	\$16,400,000
Kern County School District	\$2,600,000
Mokelumne Fire District	\$11,500

Method of Investigation

Materials Reviewed:

- Voucher reports from the San Joaquin County Auditor-Controller;
- California Government Code sections 26881, 26909 and 29741; and
- The Record, April 17, 2015, "*Escalon Cemetery District Manager accused of embezzlement.*"

Interviews Conducted:

- San Joaquin County Auditor-Controller Staff;
- LAFCo staff; and
- Three Certified Public Accountants.

Site Visits:

- Escalon and Tracy Cemetery Board meetings

Discussions, Findings and Recommendations

1.0 Audits

The San Joaquin County Auditor-Controller is the repository for accounts of the various independent self-governing special districts in the county and is charged with disbursement of these funds. Districts with more than \$150,000 on account are required to undergo external, annual audits. Districts with less than \$150,000 on account can submit external audits in one, two or five year intervals, reporting on all years within that time frame. Independent certified public accounting firms are contracted by the individual district to conduct these audits.

As a result of the county's budget crisis, severe staff cuts were made in many county departments. Ten years ago, the Auditor-Controller had six auditors on payroll, currently there are only two. Due to staff size, time constraints and workload, only minimal internal auditing of the independent self-governing special districts is being completed and lacks detailed analysis.

By their nature, internal and external audits are not designed to expose fraud. Management letters, footnotes and other accounting tools can be used to perform a quick analysis for improprieties. The Record reported:

"...the second time in recent history that the district attorney has prosecuted a case with the assistance of the auditor."

April 17, 2015 – "Escalon Cemetery District Manager accused of embezzlement."

California Government Code section 26909 (see Appendix II) places the responsibility on the Auditor-Controller to see that independent financial audits are completed for each independent self-governing special district. Other California Government Codes exist to minimize the opportunity for theft. As demonstrated in the Escalon Cemetery independent self-governing special district example, the Auditor-Controller can be judicious in performing this function given adequate staffing.

Finding

F.1.0 The San Joaquin County Auditor-Controller performs minimal review of audits which can result in fraud being overlooked due to inadequate staffing.

Recommendation

R.1.0 The Auditor-Controller increase the number of auditors on staff within the financial audit department and budget accordingly for the subsequent fiscal year.

2.0 Fiduciary Responsibilities and Oversight

Independent self-governing special districts answer only to their board of directors and must follow applicable state laws. Each district develops self-generated by-laws to guide their boards regarding the operation and oversight of their district. Guides to develop these by-laws were not found.

California Government Code section 26881 (see Appendix III) states in part:

“The county auditor shall be the chief accounting officer of the county and shall exercise a general supervision of all districts whose funds are kept in the county treasury.”

Guidelines from the Auditor-Controller containing a list of best practices need to be developed and shared with each district. This would provide a road map for board members to understand financial documentation.

The board of directors is mandated to review financial reports and audits. No requirements for financial expertise are included in by-laws or mandated for service as a board member. Board members believed they possessed adequate knowledge to review and understand financial documents. It is presumed that board members and staff of independent self-governing special districts will follow moral and ethical standards. However, theft still occurs.

It is incumbent upon all taxpayers to attend special district meetings that are supported by tax dollars and affect their lives. Taxpayer participation at board meetings creates a culture of transparency.

Finding

F2.1 Due to the lack of tools and guidelines, there are board members who do not understand their district's financial reports.

Recommendation

R2.1 By Dec. 31, 2017, the Auditor-Controller develop, adopt and implement a list of best practices regarding financial reports to guide board members of independent self-governing special districts.

3.0 Embezzlers can be creative

Written policies/procedures are required and must be followed in order to fight fraudulent activity, both in the private and public sector. Board members of independent self-governing

special districts need to ensure that by-laws include requirements concerning receipt and disbursement of funds with adequate supporting documentation.

Special districts in the Central Valley have had several instances of embezzlement:

- Falsifying employee time sheets causing over payment;
- Creating non-existent employees;
- Authorizing payment to vendors for services or products never performed or received;
- Abusing credit cards; and
- Funneling money to friends and family for services not performed.

Circumventing written policies and procedures can lead to embezzlement. Lack of oversight by the independent self-governing special district board of directors and/or staff can have the same result. Enforcement of policy can only be accomplished by boards of directors monitoring the work of bookkeepers and general managers. When staff is not actively monitored, neglect can lead to resentment and feelings of entitlement. "I am doing all the work and deserve a bonus," can be a personal justification to embolden someone to commit fraud.

Findings

F 3.1 The San Joaquin County independent self-governing special districts can be subject to fraud due to lack of oversight and the lack of documentation required for accounts payable.

F 3.2 There are minimal guidelines regarding financial processes for independent self-governing special districts which may lead to fraud.

Recommendations

R 3.1 By Dec. 31, 2017, the Auditor-Controller develop and distribute to all independent self-governing boards a list of best practices including, but not limited to: profit and loss statements, balance sheets, signatory requirements and general ledger items.

R3.2 The Board of Supervisors direct independent, self-governing special districts to review and revise fact sheets to include financial acumen of board candidates and provide financial training for all board members.

Conclusion

Property tax apportionment is the primary source of funding for independent self-governing special districts. This money comes from the taxpayers within the special districts' regions; therefore, residents have some authority over these funds. Merely entrusting the appointed or elected board directors with a blind leap of faith is not good business practice. The public is allowed and should be encouraged to attend special district board meetings. When the public does not attend meetings, the board operates with impunity.

Independent self-governing special districts' functions are to protect and monitor areas that directly affect public health and safety. It is imperative that these tax dollars allocated are monitored closely and used wisely. Careful financial oversight, along with knowledgeable, trustworthy directors and staff will protect the limited funding in these independent self-governing special districts' cookie jars.

Disclaimer

Grand Jury reports are based on documentary evidence and the testimony of sworn or admonished witnesses, not on conjecture or opinion. The Grand Jury is precluded by law from disclosing such evidence except upon the specific approval of the Presiding Judge of the Superior Court, or another judge appointed by the Presiding Judge (Penal Code section 911.924.1 (a) and 929). Similarly, the Grand Jury is precluded by law from disclosing the identity of witnesses except upon an order of the court for narrowly defined purposes (Penal Code sections 924.2 and 929).

Response Requirements

California Penal Code sections 933 and 933.05 require that specific responses to all findings and recommendations contained in this report be submitted to the Presiding Judge of the San Joaquin County Superior Court within 90 days of receipt of the report.

The San Joaquin County Auditor Controller shall respond to all findings and recommendations in this report within 60 days of receipt of this report and the San Joaquin County Board of Supervisors shall respond to all findings and recommendations within 90 days of receipt of this report, where applicable.

Mail or hand deliver a hard copy of the response to:

Honorable José L. Alva, Presiding Judge
Superior Court of California, County of San Joaquin
180 E. Weber Avenue, Suite 1306
Stockton, CA 95202

Also, please email the response to:

Ms. Trisa Martinez, Staff Secretary to the Grand Jury at grandjury@sjcourts.org

Appendices

Appendix I

California Government Code section 26881:

The county auditor, or in counties that have the office of controller, the auditor-controller shall be the chief accounting officer of the county. Upon order of the board of supervisors, the auditor or auditor-controller shall prescribe, and shall exercise a general supervision, including the ability to review departmental and countrywide internal controls, over the accounting forms and the method of keeping the accounts of all offices, departments and institutions under the control of the board of supervisors and of all districts whose funds are kept in the county treasury.

Appendix II

California Government Code section 26909:

(a)(1) The county auditor shall either make or contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of every special district within the county for which an audit by a certified public accountant or public accountant is not otherwise provided. In each case, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to generally accepted auditing standards.

(2) Where an audit of a special district's accounts and records is made by a certified public accountant or public accountant, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to generally accepted auditing standards, and a report thereof shall be filed with the Controller and with the county auditor of the county in which the special district is located. The report shall be filed within 12 months of the end of the fiscal year or years under examination.

(3) Any costs incurred by the county auditor, including contracts with, or employment of, certified public accountants or public accountants, in making an audit of every special district pursuant to this section shall be borne by the special district and shall be a charge against any unencumbered funds of the district available for the purpose.

(4) For a special district that is located in two or more counties, the provisions of this subdivision shall apply to the auditor of the county in which the treasury is located.

(5) The county controller, or ex officio county controller, shall effect this section in those counties having a county controller, or ex officio county controller.

(b) A special district may, by unanimous request of the governing board of the special district, with unanimous approval of the board of supervisors, replace the annual audit required by this section with one of the following, performed in accordance with professional standards, as determined by the county auditor:

(1) A biennial audit covering a two-year period.

(2) An audit covering a five-year period, if the special district's annual revenues do not exceed an amount specified by the board of supervisors.

(3) An audit conducted at specific intervals, as recommended by the county auditor, that shall be completed at least once every five years.

(c)(1) A special district may, by unanimous request of the governing board of the special district, with unanimous approval of the board of supervisors, replace the annual audit required by this section with a financial review, in accordance with the appropriate professional standards, as determined by the county auditor, if the following conditions are met:

(A) All of the special district's revenues and expenditures are transacted through the county's financial system.

(B) The special district's annual revenues do not exceed one hundred fifty thousand dollars (\$150,000).

(2) If the board of supervisors is the governing board of the special district, it may, upon unanimous approval, replace the annual audit of the special district required by this section with a financial review in accordance with the appropriate professional standards, as determined by the county auditor, if the special district satisfies the requirements of subparagraphs (A) and (B) of paragraph (1).

(d) Notwithstanding the provisions of this section, a special district shall be exempt from the requirement of an annual audit if the financial statements are audited by the Controller to satisfy federal audit requirements.

Appendix III

California Government Code section 29741:

The auditor shall audit and allow or reject claims in lieu of, and with the same effect as, allowance or rejection by the board of supervisors in any of the following cases:

(a) Expenditures which have been authorized by purchase orders issued by the purchasing agent or other officer authorized by the board.

(b) Expenditures which have been authorized by contract, ordinance, resolution, or order of the board.

(c) Expenditures under any statute authorizing payment of public aid or assistance which have been ordered by the board.

(d) Expenditures for charges incurred by the county pursuant to the provisions of Chapter 3 (commencing with Section 29600) of this division.

(e) Refunds of unearned business license fees, permit fees and similar fees authorized by resolution of the board of supervisors.



JEROME C. WILVERDING
AUDITOR-CONTROLLER
SAN JOAQUIN COUNTY



ASSISTANT AUDITOR-CONTROLLER
Jeffery M. Woltkamp, CPA

CHIEF DEPUTIES
Tod Hill – Accounting
Sandra Chan – Property Tax
Janice McCutcheon, CPA – Internal Audit

PAYROLL ADMINISTRATOR
Lori Rolleri

July 24, 2017

Honorable José L. Alva, Presiding Judge
Superior Court of California, County of San Joaquin
180 E. Weber Avenue, Suite 1306
Stockton, CA 95202

Dear Judge Alva,

Please find below responses from the Auditor-Controller's Office to findings and recommendations made by the 2016-17 Grand Jury regarding "Who's Watching the Cookie Jar", pages 73-83 of the 2016-17 San Joaquin County Civil Grand Jury Report.

Finding

F.1.0 The San Joaquin County Auditor-Controller performs minimal review of audits which can result in fraud being overlooked due to inadequate staffing.

Recommendation

R.1.0 The Auditor-Controller increase the number of auditors on staff within the financial audit department and budget accordingly for the subsequent fiscal year.

Response to Recommendation R.1.0

The Auditor-Controller's Office (ACO) concurs with the recommendation.

The ACO has been rebuilding its Internal Audit (IA) Division since 2013, as this Division was virtually eliminated during the County downsizing, which occurred during the Great Recession. Beginning in 2013, IA staff was increased from one to two, and in 2015 an IA Division Chief was added to manage the Division, bringing the total to three. The ACO currently has budgeted for an additional staff position to be hired in fiscal 2017-18, which will bring the Division total to four. This will allow the ACO to expand

its scope of auditing regarding the independent special districts, along with other County-related departments.

Finding

F.2.1 Due to the lack of tools and guidelines, there are board members who do not understand their district's financial reports.

Recommendation

R.2.1 By Dec. 31, 2017, the Auditor-Controller develop, adopt and implement a list of best practices regarding financial reports to guide board members of independent self-governing special districts.

Response to Recommendation R.2.1

The ACO partially concurs with the recommendation.

The ACO will develop a list of best practices for use by the independent special districts along with an easy-to-use reference guide for any board members with limited accounting and financial knowledge. The reference guide and best practices list will cover development and implementation of an annual budget, how to properly compile comprehensive actual transaction information, and analysis of budget-to-actual activities. This information will be provided to the independent special districts before the December 31, 2017 deadline in the recommendation.

However, it is beyond the authority of the ACO to have those best practices adopted and implemented by the independent special districts. It will be up to each district's board to adopt and implement. The ACO's authority is limited to a "general supervision" per Government Code 26881.

Finding

F.3.1 The San Joaquin County independent self-governing special districts can be subject to fraud due to lack of oversight and the lack of documentation required for accounts payable.

Recommendation

R.3.1 By Dec. 31, 2017, the Auditor-Controller develop and distribute to all independent self-governing boards a list of best practices including, but not limited to: profit and loss statements, balance sheets, signatory requirements and general ledger items.

Response to Recommendation R.3.1

The ACO concurs with the recommendation.

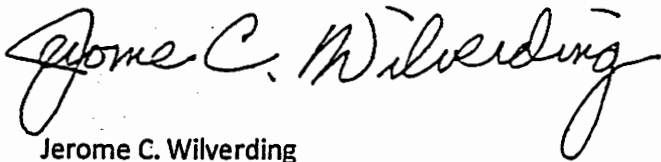
In addition to developing and providing the independent special districts with the best practices information discussed in R.2.1, the ACO will also include best practices related to controls and oversight for accounts payable and payroll processing. This will include a recommendations for the independent

July 24, 2017

Page 3

special districts to review accounts payable transaction details before approving the expenditures for payment by the ACO, and to analyze payroll activities and exceptions (overtime) data prior to submission to the ACO for disbursement. We believe a comprehensive set of guidelines which cover accounting operations and financial reporting will best serve the independent special district boards.

Respectfully submitted,

A handwritten signature in black ink that reads "Jerome C. Wilverding". The signature is written in a cursive style with a large, sweeping initial "J".

Jerome C. Wilverding

c: San Joaquin County Board of Supervisors
Monica Nino, County Administrator
J. Mark Myles, County Counsel

San Joaquin County

Office of the Auditor-Controller – Internal Audit

**San Joaquin County
Best Practices for Accounting and Reporting
For Locally-Governed Special Districts**

Report Due Date: December 31, 2017
Report Issue Date: December 20, 2017



**Jerome C. Wilverding
Auditor-Controller**

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San Joaquin County Office of the Auditor-Controller Best Practices for Accounting and Reporting For Locally-Governed Special Districts

December 31, 2017

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Summary

Background

The 2016-17 San Joaquin County Grand Jury Report segment entitled, *Who is Watching the Cookie Jar?*¹ addressed a lack of policies and procedures and financial oversight it found to be prevalent in the independent self-governing special districts in San Joaquin County. The Grand Jury's investigation focused on audits, fraud, and best practices in oversight and management. It concluded that since the primary source of funding for special districts comes from property tax apportionment, it is imperative that district boards monitor the allocated tax dollars closely and use them wisely.

To guide the boards of special districts in management of their financial resources, the Report recommended that the San Joaquin County Auditor-Controller (ACO) develop and distribute to all districts a list of best practices for financial accounting and reporting.

Purpose

This document, *Best Practices for Accounting and Reporting for Locally-Governed Special Districts*, is the ACO's response to the Grand Jury's recommendations. It is intended to be a user-friendly set of guidelines that can be easily adapted to each district's unique operational and financial situation. The ultimate goal is to help ensure that all involved are playing their necessary and proper roles as informed and responsible stewards of scarce public agency resources.

Organization of Best Practices for Special Districts

The ACO has organized financial best practices into four categories, as follows:

I. Financial Governance Best Practices

- A. Written Financial Policies and Procedures
- B. Development, Implementation, and Monitoring of an Annual Budget
- C. Periodic Financial Reporting

II. Financial Accounting Best Practices

- A. A Financial Accounting System Which Includes All Transaction Activity
- B. Signatory Authority
- C. Authorization for Purchases
- D. Cash Handling

III. Financial Reporting Best Practices

- A. Overview of Financial Reporting
- B. Types of Financial Reports

IV. Transaction Controls Best Practices

- A. Cash
- B. Billing and Accounts Receivable
- C. Operating Assets: Inventories and Capital Assets
- D. Accounts Payable, Purchasing, and Expenditures
- E. Payroll

I. Financial Governance Best Practices

A. Written Financial Policies and Procedures

Financial policies can provide a solid foundation for sound fiscal practices by a local agency. They should be in writing and adopted by the governing body. As such, they provide:

- A means through which the governing body can communicate its policies and goals to staff, the public, and others;
- Direction to staff and standards against which current practices can be measured and changes in practices can be evaluated; and
- A way to optimize credit for borrowing. Ratings agencies who assess local agencies' credit for borrowing look at their written financial policies. Well-crafted policies can mean higher rating grades and lower borrowing costs.

Board members and staff need to understand why they are doing the things they are doing and be committed to doing them correctly and completely. Written policies and procedures enhance this understanding. Specific policies will vary depending upon the nature and scope of a district's operations. Nevertheless, having a range of policies (from big picture to practical and operational) helps an agency chart a wise course financially and avoid operational missteps.³

Examples of financial policies:

Budget policy
Asset inventory and disposal of surplus property
User fees and charges
Expense reimbursement policy
Credit and purchase card user policy
Petty cash policy
Purchasing/procurement policy

B. Development, Implementation, and Monitoring of an Annual Budget

Budgets are an agency's tool for linking near-term goals with the resources available to achieve them, while keeping in mind long-term goals. Budgeting typically involves:

1. Establishing goals and priorities for the agency;
2. Allocating resources according to those goals and priorities; and
3. Comparing actual expenses and revenues to those estimated (budgeted), making adjustments during the course of the budget year as necessary.

Budgets play the following roles:

A Financial Plan (where revenues will come from and how they will be used)
A Communications Tool (to decision-makers, news media, staff, and the public)
A Yardstick (an ongoing budget-to actual financial management tool)³

C. Periodic Financial Reporting

Financial reports are an essential oversight tool. They require a solid financial information system to track revenues and expenditures and provide that information to decision-makers. There are two basic kinds of financial reports:

Interim Reports – These can include monthly reports, quarterly reports, and mid-year budget reviews. Good interim reporting identifies important trends in time for local officials to act on them before serious problems arise.

Annual Reports – Well-managed public agencies typically prepare a report at the end of the year presenting assets and liabilities and explaining revenues and expenditures. In the case of many of the locally-governed special districts, Government Code Section 26909 requires an independent financial audit be performed every one, two, or five years.

Financial Warning Signs - Using these reports, district decision-makers can watch for some financial warning signs, such as:

- Operating expenses exceeding revenues by more than five percent during the year
- Large mid-year variances in budgeted revenues and expenditures versus actual
- Inadequate or late financial reports
- Depletion of reserves to balance the budget, for example if the reserves fall below ten percent of operating costs
- Expenses exceeding revenues for two consecutive years, with the second year's deficit being larger than the first year's
- Large turnover in staff responsible for monitoring financial status ³

II. Financial Accounting Best Practices

A. A Financial Accounting System Which Includes All Transaction Accounts

Regardless of the financial information software system used by the local agency, it should include all bank accounts and related transaction activity inside and outside of the County Treasury. This is necessary in order to give a complete accounting of the entity's assets, liabilities, revenues, and expenditures. It is from this accounting system that the district will create its interim and annual financial statements and budget-to-actual variance analyses.

B. Signatory Authority

Only board-authorized check signers should be on the current signature card. Remove previously authorized signers from the card whenever a resignation or authorized signer change occurs.

C. Authorization for Purchases

Special districts should review details of accounts payable transactions before approving the expenditures for payment by the ACO.

D. Cash Handling

The ACO has prepared *Cash Handling Best Practices*⁴, which have been adopted by the Board of Supervisors into the San Joaquin County Administrative Manual as Section 719. The ACO recommends these policies and procedures to ensure that a department or agency protects, accurately processes, and properly reports collections and disbursements. It organizes practices into these four key control areas:

- Separation of Duties
- Authorization, Accountability, and Approval
- Safeguarding of Assets
- Daily Operations and Reconciliations

This publication is also available upon request from the Auditor-Controller's Office.

III. Financial Reporting Best Practices

A. Overview of Financial Reporting

The goal of financial reporting is to provide a clear and complete picture of the district's assets and liabilities, revenues, and expenditures on a periodic basis. These reports are necessary for proper financial oversight and decision-making, as well as transparency to the public.

Financial reports can be prepared by outside accounting firms or by agency staff using data from the district's financial accounting software system.

Annual external financial reports and audits are required by the districts per Government Code (GC) 26909. However, these reports occur only once per year, are often issued six months after the reporting date, and are frequently summarized at a high level.

While annual external audit reports meet minimum legal reporting requirements, the reporting data described here is generally prepared internally within a district and is formatted to provide actionable information to management. Best practices dictate these reports be prepared monthly, done timely (within two weeks following month-end), and in sufficient detail to provide meaningful information.

B. Types of Financial Reports

Whether on an interim or annual basis, three types of reports are essential for effective management and transparency:

Balance Sheet/Statement of Net Position - This report provides a snapshot of an agency's assets, liabilities, and net fund balance/net position at a point in time.

Income Statement ("Profit and Loss") - This report is also called Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds. It presents total revenues and expenditures over a period of time, such as "For the Year Ended June 30, 2017" or "For the Three Months Ended September 30, 2017." The expenditures are subtracted from the revenues to indicate an "excess" or a "deficit." These are analogous to "profit" and "loss."

Budget-to Actual Comparison/Variance Analysis - This report compares the actual revenues and expenses from the income statement by category with the budgeted amounts for that period. If budgeted revenues are greater than actual, the variance is considered "unfavorable." If the opposite is true, the variance is favorable. If budgeted expenditures are greater than actual, the variance is unfavorable, while the opposite situation is termed unfavorable.

These three report types are generally provided within each district's external auditor's annual report. However, the formats will differ for each district--and these external auditor versions

will often contain minimum details. The recommended internally-prepared versions noted in the Overview above should be prepared monthly, timely, and in sufficient detail.

IV. Transaction Controls Best Practices

A. Cash

A district's cash is its most liquid asset. Follow these practices to monitor and safeguard cash balances:

1. **Open and review the bank statements.** Someone independent of check processing should receive the unopened bank statement and review the activity before passing it on to the person responsible for the reconciliation.
2. **Reconcile all bank accounts monthly.** Present the reconciliations to the governing board. Question unexplained reconciling items.
3. **Verify wire transfers.** Work with the bank(s) to set up a system of verification of wire transfers.
4. **Verify Cash logs** – Verify cash receipts with the cash log and with the bank deposit slips.
5. **Re-count cash.** When handling cash, have a second person involved in verifying the cash count.
6. **Make daily bank deposits.** It is the district's money, and it should have access to it as soon as possible.
7. **Protect checks.** Store checks in a secure area, never pre-sign checks, limit the number of check signers and bank accounts, use pre-numbered checks, watch for missing checks or checks used out of sequence, and do not make checks payable to cash.⁵

Best practices for cash handling transactions are those controls that minimize misappropriation of assets through the following types of fraud schemes:²

Fraud Scheme	Symptoms	Mitigating Controls
Theft of a Daily Deposit	<ul style="list-style-type: none"> • Cash receipts differ from normal or expected patterns • Cash deposit totals differ from normal or expected patterns • Missing deposit slips • Unusual journal entries or items on the bank reconciliation • Differences between daily list of receipts and deposits on bank statement 	<ul style="list-style-type: none"> • Compare bank deposits to cash receipts records • Review journal entries • Review bank reconciliations

Fraud Scheme	Symptoms	Mitigating Controls
VOIDS	<ul style="list-style-type: none"> • Unusual/unexpected voids • Cash receipts/deposits differ from normal patterns • Mutilated or destroyed cash register control tapes and tapes with faint ink • Unusual activity on the daily cash register tape 	<ul style="list-style-type: none"> • Review of daily cash register tape • Account for all voided receipts • Review the receipts ledger to determine whether voids appear unusual or excessive • Verify the numerical sequence of receipts
Theft of Cash on Hand	<ul style="list-style-type: none"> • Discrepancies between the cash count and the account balance • Unusual fluctuations in cash on hand • Personal checks included in cash funds • Cash shortages • Increased use of petty cash fund • Mutilated or destroyed cash register control tapes or tapes with faint ink 	<ul style="list-style-type: none"> • Conduct surprise cash counts

B. Billing and Accounts Receivable

Best practices for accounts receivable are those controls that minimize misappropriation of assets through the following types of fraud schemes: ²

Fraud Scheme	Symptoms	Mitigating Controls
Lapping	<ul style="list-style-type: none"> • Customer or other complaints • Increased, unexplained aging of receivables balances • Different dates between deposits and credits to customer accounts • Discrepancies between deposit slip names and amounts of credits to customer • Lifestyle changes in potential suspects 	<ul style="list-style-type: none"> • Prepare a proof of cash • Review journal entries • Review reconciling items • Review detail of accounts receivable • Trace deposits, paying particular attention to composition of each deposit • Review the allowance for uncollectible accounts

Lapping (continued)	<ul style="list-style-type: none"> • Persons with access to cash receipts and related records do not take annual vacations 	
False credits, discounts, and other write-offs	<ul style="list-style-type: none"> • Unusual/unexplained credits • Unusual unexpected, or unauthorized write-offs • Lifestyle changes in potential suspects • Customer complaints 	<ul style="list-style-type: none"> • Review detail of accounts receivable • Review the allowance for uncollectible accounts • Inspect credit memos • Inspect deposit slips

C. Operating Assets: Inventories and Capital Assets

Inventories of special districts usually consist of materials and supplies used in operations. Best practices for minimizing inventory theft include:

- Locked storage areas
- Established procedures for issuance from storage
- Effectiveness of counting and pricing procedures

Best practices for managing operating assets are controls that minimize misappropriation through the following types of fraud schemes: ²

Fraud Scheme	Symptoms	Mitigating Controls
Theft of Assets	<ul style="list-style-type: none"> • Unusual/unexpected asset purchase(s) • Unusual/unexpected fluctuations in balance or depreciation accounts or in ancillary accounts • Missing assets 	<ul style="list-style-type: none"> • Physical count • Review fully depreciated assets • Analyze salvage and scrap sales • Match sales of assets to reorders of replacement assets • Review support for capital expenditures
Personal Capital Improvements Paid by the District	<ul style="list-style-type: none"> • Unusual/unexpected fluctuations in balance or depreciation accounts • Changes in lifestyle of potential suspects 	<ul style="list-style-type: none"> • Physical count of assets • Review support for capital expenditures • Inspect capital improvements

Fraud Scheme	Symptoms	Mitigating Controls
Manipulation of Records to Conceal Other Fraud	<ul style="list-style-type: none"> Unusual/unexpected fluctuations in balance of depreciation/ ancillary accounts 	<ul style="list-style-type: none"> Physical count of assets Review support for capital expenditures Agree detail to G/L

D. Accounts Payable, Purchasing, and Expenditures

According to the Institute for Local Government, purchasing presents a number of ethical and legal hazards for local officials, despite what can be a relatively small impact on overall agency spending. This is because missteps can undermine the public's overall confidence in the agency's financial practices.³

It is the responsibility of special districts to review the backup detail for expenditures before approving them for payment by the ACO.

In addition, best practices for expenditure transactions include those controls that minimize misappropriation of assets through the following types of fraud schemes:²

Fraud Scheme	Symptoms	Mitigating Controls
Kickbacks	<ul style="list-style-type: none"> Higher than usual costs Lower quality goods or services Excess goods or services Vendor complaints Customer complaints Unusual/unexpected/unexplained fluctuation in payables, expenditures, or disbursements Employee tips Increase in purchases from favored vendors Unusual changes in behavior or lifestyle of potential suspects 	<ul style="list-style-type: none"> Review contracts and bids Analyze disbursement records Vouch and trace documents
False or Inflated Vendor Invoices	<p>In addition to above symptoms:</p> <ul style="list-style-type: none"> Copies of supporting documents instead of originals Unusual or unauthorized vendors added to vendor list Unusual vendor names Improper or unauthorized payments Unusual endorsements on checks Vendors with alternate addresses 	<p>In addition to above controls:</p> <ul style="list-style-type: none"> Confirm with third parties Review personnel files

Fraud Scheme	Symptoms	Mitigating Controls
Excess Purchasing Schemes	<ul style="list-style-type: none"> • Higher than usual costs • Unusual/unexpected/unexplained fluctuation in payables, expenditures, or disbursements • Unusual changes in behavior or lifestyle of potential suspects • Employee tips 	<ul style="list-style-type: none"> • Review vendor lists • Confirm with third parties
Duplicate Payment Schemes	<ul style="list-style-type: none"> • Copies of supporting documents instead of originals • Unusual endorsements on checks • Improper or unauthorized payments • Improper cancellation of paid vendor invoices • Altered or modified vendor invoices • Duplicate payments • Unusual changes in behavior or lifestyle of potential suspects 	<ul style="list-style-type: none"> • Confirm with third parties • Review personnel files • Use database software to identify payments in the same amount to the same employee or vendor
Theft of Disbursement Checks	<ul style="list-style-type: none"> • Missing checks or checks out of sequence • Unusual endorsements on checks • Unusual payees • Altered checks • Poor safeguards over unused checks or lack of segregation of duties • Unlimited access to checks or check printing machines • Stale checks on bank reconciliations 	<ul style="list-style-type: none"> • Prepare an inventory of unused checks. • Review bank reconciliations • Review canceled checks for proper signature
Employees Writing Checks to Themselves	<ul style="list-style-type: none"> • Unusual payees (such as checks written to cash, employees, or unapproved vendors) • Complaints from vendors • Missing or altered canceled checks • Disbursements with missing or unusual supporting documentation • Discrepancies between payee on checks and check registers 	<ul style="list-style-type: none"> • Compare canceled checks to disbursement records • Review personnel files • Confirm with third parties

E. Payroll

It is the responsibility of special districts to analyze payroll activities and exceptions (overtime) data prior to submission to the ACO for disbursement.

This will ensure that wages, salaries, and benefits disbursements are made only for work actually authorized and performed—and by legitimate employees on the district’s payroll.

Other best practices for payroll actions are those controls that minimize misappropriation of assets through the following types of fraud schemes: ²

Fraud Scheme	Symptoms	Mitigating Controls
Ghost Employees	<ul style="list-style-type: none"> • Unusual fluctuations in payroll expense or hours • Checks to employees with no personnel records • Unexplained variances from budget 	<ul style="list-style-type: none"> • Verify employees’ existence • Distribute payroll checks or observe their distribution • Perform a social security number review
Overpayment Schemes	<ul style="list-style-type: none"> • Unusual/unexpected fluctuations in payroll expense or hours • Unexplained variances from budgeted costs 	<ul style="list-style-type: none"> • Review Payroll register • Analyze payroll activities and overtime data prior to submission to the ACO for disbursement
Diverting Wages or Payroll Taxes	<ul style="list-style-type: none"> • Employee complaints about improper pay or withholding calculations • Irregularities in gross pay or withholding calculations 	<ul style="list-style-type: none"> • Review payroll register • Review payroll withholding tax returns filed
Theft of Paychecks	<ul style="list-style-type: none"> • Missing payroll checks • Unusual endorsements on cancelled paychecks 	<ul style="list-style-type: none"> • Trace payroll register to checks

Fraud Scheme	Symptoms	Mitigating Controls
Employees Writing Extra Payroll Checks to Themselves	<ul style="list-style-type: none"> • Duplicate paychecks or entries on payroll records • Missing payroll checks • Unusual behavior of potential suspects (ex: changes in lifestyle or not taking annual vacations) 	<ul style="list-style-type: none"> • Review payroll register • Review payroll checks • Distribute payroll checks • Perform a physical inventory of unused checks
Diverting Withholdings	<ul style="list-style-type: none"> • IRS notices about failure to make timely deposits • Late tax deposits • Unusual endorsements on tax deposits 	<ul style="list-style-type: none"> • Review payroll register • Review payroll checks
Keeping Former Employees on the Payroll	<ul style="list-style-type: none"> • Unusual/unexpected fluctuations in payroll expense or hours • Unexplained variances from budgeted expenses • Unusual endorsements on cancelled paychecks • Employee complaints about excess compensation on Form W-2 	<ul style="list-style-type: none"> • Review payroll register • Review payroll checks • Distribute payroll checks or observe their distribution

Sources:

¹ 2016/17 San Joaquin County Grand Jury Report – Case No. 0416

² *PPC Audits of Local Governments*, Thompson Reuters, (February 2017), Section 900, pp. 9-18 – 9-82

³ *Financial Management for Elected Officials*, Institute for Local Government, www.ca-ilg.org

⁴ San Joaquin county Administrative Manual, Section 719 - *Cash Handling Best Practices*

⁵ *California State PTA Toolkit*, (November 2014), www.toolkit.capta.org/

Additional Resources

Local Agency Governance:

Institute for Local Government, *Good Governance Checklist: Good and Better Practices*, available at www.ca-ilg.org

Government Finance Officers Association, *Best Practices*, available at www.gfoa.org/best-practices

Local Agency Budgeting:

Government Finance Officers Association, *Recommended Budget Practices: A Framework for Improved State and Local Budgeting* (1998), available at www.gfoa.org/services/dfi/budget/RecommendedBudgetPractices.pdf

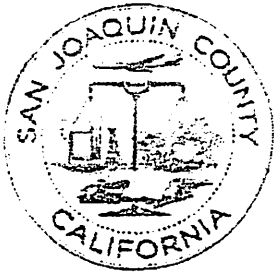
Institute for Local Government, *A Local Official's Guide to Public Engagement in Budgeting* (2010), available at www.ca-ilg.org/public-engagement-best-practices/engaging-public-budgeting

Cash Handling Best Practices:

San Joaquin County Administrative Manual Section 719, *Cash Handling Best Practices*; **(See Attached)**

Purchasing, Procurement, and Contracting Practices:

Institute for Local Government, www.ca-ilg.org/post/fair-procurement



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(719.1 – 719.9)

PURPOSE STATEMENT

“Best Practices” for handling cash are policies and procedures to ensure protection, accurate processing, and proper reporting of collections and disbursements of the County’s assets. Several County departments handle cash over the counter, but may or may not have formal procedures that incorporate internal controls. This document will serve as the minimum guideline for proper cash handling by departments. Departments may impose more specific and/or restrictive department cash handling policies. These best practices will focus on following major conditions that provide for strong environments of internal control:

- Safeguarding of Assets
- Segregation of Duties
- Accountability, Authorization, and Approval
- Daily Operations

Section Contents

719 **Cash Handling Best Practices**

719.1 Cash Handling Best Practices Policy

719.3 Safeguarding of Assets

719.5 Segregation of Duties

719.7 Accountability, Authorization, and Approval

719.9 Daily Operations

Sources



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POLICY

719.1 Cash Handling Best Practices Policy

a. What It Means:

Safeguarding of Assets are policies and procedures for maintaining and protecting the County's resources, as well as providing proper security for cash handlers.

The concept of Segregation of Duties is to separate the major responsibilities of:

1. Custody of Assets
2. Authorizing transactions
3. Recording of transactions
4. Reconciliation/verification of transactions

Accountability is the responsibility of either an individual or department to perform a specific function.

Daily operations are the normal day-to-day activities in which employees engage for cash handling: collection, recording, depositing, and reconciling.

b. Why It's Important:

Policies and procedures for safeguarding of assets provide reasonable assurance regarding prevention or timely detection of unauthorized use of the County's assets. Be sure to keep all resources physically protected--including cash handlers.

To provide for effective Separation of Duties, no one employee should have responsibility to complete two or more of the major responsibilities listed above. However, staff limitations may make this impractical. That is when compensating controls must be considered. Compensating controls are additional procedures managers can use to help reduce the risk of error or loss. Some examples of compensating controls may include:

1. Review detailed transactions report
2. Review a sample of transactions
3. Increase supervision through observation and inquiry of employees
4. Perform surprise cash counts



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Cash accountability ensures that cash is accounted for, properly documented and secured, and traceable to specific cash handlers.

Standard best practices for cash handling in daily operations are important to ensure the safeguarding, accuracy, and efficiency of the County's assets.

c. What Can Go Wrong:

Potential consequences if assets are not secured:

1. Lost or stolen cash receipts
2. Improper use of County assets
3. Unsafe work environment

Potential consequences if segregation of duties does not exist are:

1. Concealed errors or irregularities going unchecked
2. Lost or stolen cash receipts
3. Inaccurate application of cash receipts to department accounts

Potential consequences if accountability does not exist:

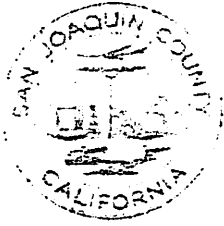
1. Lost or stolen cash receipts
2. Inaccurate application of cash receipts to departmental accounts
3. Improper use of County assets

Potential consequences if best practices for daily operations are not implemented:

1. Lost or stolen cash receipts
2. Errors, discrepancies, or irregularities not detected
3. Inaccurate application of cash receipts to department accounts

d. Authority:

1. California Government Code, Section 26881
2. San Joaquin County Board of Supervisors Order B-74-2731
3. California State controller's Office's 2015 *Internal Control Guidelines for California Local Agencies*
4. San Joaquin County Administration Manual, Sec. 700 Budget & Fiscal, Sub-Sec. 701 Cash Receipts and Treasury Deposits



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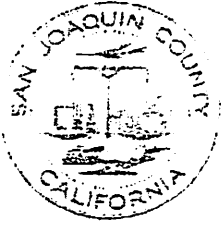
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RESPONSIBILITIES & PROCEDURES

719.3 Safeguarding of Assets

- a. Cash should be stored in a secure location: a safe or locking file cabinet.
 1. Safes should only be opened with at least two people present.
 2. The person with the combination/key to the safe should not be one of the people involved in handling the cash in the safe.
 3. Safes should never be left unlocked once the employee walks away from the safe.
 4. Minimize the amount of funds held overnight.
- b. Cash Drawers:
 1. Do not leave cash drawers unattended
 2. Only under direct supervision should cashier(s) allow anyone access to cash drawer(s).
 3. Do not carry excess cash in cash drawer(s)
 4. Keep cash drawer(s) locked when not in use
 5. Count/balance drawer away from public view
- c. Departments are encouraged to have camera surveillance over workstations in which cash is handled.
- d. Safes being used to store cash or checks should be closed and locked immediately upon depositing the cash into the safe.
- e. Restrict access of cash to as few people as possible (while still maintaining segregation of duties).
- f. Combinations/keys to the safe should be changed at least annually or immediately upon the separation from the department (whether voluntary or involuntary) of any employees to which the combinations are known and/or the keys are accessible.



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g. Safety in event of robbery:

1. Do not treat a hold up note as a joke or a prank
2. Do exactly what the robber(s) instructs
3. Do not attempt to bring attention to the robbery
4. Do not ever leave the office after a robber
5. Do not attempt to engage the robber(s)
6. Know where the trip alarms are located
7. Remember details about the robber(s)
 - Physical characteristics (features, scars, tattoos, unique mannerisms, etc.)
 - Clothing (look for layers under the outer layer)

719.5 Segregation of Duties

- a. Duties should be segregated as much as possible. For example, the person recording the receipt should not be the same as the one making the deposit. Additionally, a person independent of the recorder and depositor responsibilities should reconcile the deposit to the general ledger.
- b. No one person should be allowed to collect, handle or transport, and deposit checks/currency without additional controls to ensure that all funds are accounted for.
- c. Separate staff should be assigned to the following duties:
 1. Receive cash
 2. Deposit cash
 3. Record cash payments to receivable records
 4. Reconcile cash receipts to deposits and the general ledger
 5. Bill for goods and services
 6. Follow up on collection of returned checks
 7. Distribute payroll or other checks
- d. Separation of reconciliation and cash access. A reconciliation of receipts should be completed by someone who does not have access to cash.



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719.7 Accountability, Authorization, and Approval

- a. Record cash receipts when received
- b. Keep funds secured
- c. Document transfers of cash
- d. Give receipts to each customer
- e. Don't share passwords
- f. Give each cashier a separate cash drawer
- g. Supervisors verify cash deposits
- h. Supervisors approve all voided refunded transactions
- i. Proper cash accountability should answer the four W's during a process:
 1. Who has access to cash
 2. Why those persons have access to cash
 3. Where cash is at all times
 4. What has occurred from the transaction's beginning to end

719.9 Daily Operations

- a. Maintain Cash Receipts Records:
 1. Any money received by a department shall be recorded in a cash receipts journal or cash receipts record.
 2. Only receipts or receipt books furnished or approved by the Auditor-Controller shall be used, except machine receipts. Press-numbered receipt books shall be obtained from the Auditor-Controller. One-write receipts, as approved in design by the Auditor-Controller, shall be purchased by individual departments.
 3. Machine or computer receipts shall be approved in format by the Auditor-Controller prior to deployment for use.



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4. Each department is accountable for the number of receipt books purchased or obtained from the Auditor-Controller.
 5. Receipt books should be reconciled to accounting records on a routine basis.
 6. Voided receipts should be reviewed by management.
- b. Cash Transactions:
1. Separate the cash received into denominations with all bills facing up and in the same direction.
 2. Examine bills received, does it look real, does it feel real? Verify bills greater than \$20 with a counterfeit pen.
 3. If available, use validation machine for cash bills.
 4. Count the largest denomination first and recount to verify the amount tendered.
 5. Start over if there is uncertainty about the amount received or tendered.
 6. Be familiar with the currency. Refer to federalreserve.org select link for Know Your Money.
- c. Check Transactions:
1. Verify all information for accuracy and completeness:
 - There should be a MICR line.
 - Routing number should have exactly nine digits.
 - There should be a check number in upper right hand corner – and should match the MICR below.
 - The written amount and numerical amounts should match; however, the written amount under the Pay to the Order line is the legal amount.
 - Name and address of account holder should be in upper left hand corner.
 - Make sure the check is signed and should match the name in the upper left hand corner.
 - Date should be filled in. Make sure it is not stale dated or post-dated.
 2. Do not fill out check or money order for the customer.
 3. Do not accept checks that have been altered or are illegible.
 4. Do not give change for any type of check.
 5. Do not accept two party checks.



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6. Money orders should have amount written in upper right hand corner by printed amount and should also have the payee and address.
 7. Use restrictive endorsements on checks – stamp immediately upon receipt.
- d. Deposits (Pay-In):
1. Monies received shall be deposited intact in the County Treasury or an authorized bank account immediately.
 2. When making a treasury deposit, the department shall prepare a deposit report, which will show the fund(s), the department(s), and/or revenue account(s) to be credited.
 3. Department will take the deposit report and money to the Treasurer's counter of the Treasurer-Tax Collector's Office. Cashiers at the Treasurer's counter will:
 - Count the money to verify the total amount shown on the deposit report
 - Issue a depository receipt and distribute a copy to the depositing department
 - Forward a copy of the deposit report to the Auditor-Controller
 4. The Auditor-Controller will prepare an official Treasury Deposit and distribute a copy to the depositing department.
 5. When making a local bank deposit, the department shall prepare a bank deposit report itemizing the checks and total cash to be deposited. The stamped bank deposit report shall be kept for audit purposes.
 6. Outlying County offices and courts authorized to open bank accounts for official business shall transfer the fees, fines, forfeitures, and other monies payable to the County treasury as often as possible or within a time limit as provided by law. The checks drawn on such bank accounts shall be made payable to *San Joaquin County Treasurer-Tax Collector* and mailed or delivered to the Auditor-Controller who will prepare treasury deposits in accordance with established procedures.
 7. When an armored car service is used to pick up monies and deliver same to the Treasure-Tax Collector, treasury deposits shall be made by the Treasurer-Tax Collector for the department in accordance with established procedures.



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e. Review and reconciliation:

1. Reconciliation activities confirm that transactions are correctly recorded. Perform monthly reconciliations of cash receipts and bank account statements to provide good checks and balances.
2. Each County department which receives fees, fines and/or other money sources should maintain a monthly cash receipts summary report showing total money received and deposited during the month by nature of the receipts.
3. Compare receipts to deposit records.
4. Record cash receipts when received.
5. Count and balance cash receipts daily.
6. Perform periodic surprise cash counts.

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Sources

- California Government Code Section 26881
[CalGovCode26881](#)
- San Joaquin County Board of Supervisors Order B-74-2731
[SJCBOB B-74-2731](#)
- San Joaquin County Administrative Manual – *700 Budget & Fiscal – 701.1, 701.3, 701.5*
[County Admin Manual – Budget & Fiscal](#)
- San Joaquin County Treasurer-Tax Collector – *Cash Handling Training PowerPoint*
[Cash Handling Procedures](#)
- California State Controller's Office – *2015 Internal Control Guidelines*
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- Rutgers University Treasury – *Cash and Check Handling Procedures*
[treasurv.rutgers.edu](#)
- UC San Diego – *Internal Control Practices: Cash*
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- Dartmouth University Office of Risk and Internal Control Services – *The Use of Compensating Controls*
[The Use of Compensating Controls](#)



**CALIFORNIA ASSOCIATION OF MUTUAL WATER COMPANIES
JOINT POWERS RISK AND INSURANCE MANAGEMENT AUTHORITY (JPRIMA)**

**COVERAGE PROPOSAL
Reclamation District No. 828 - Weber Tract**

**COVERAGE PERIOD
4/1/2018 - 4/1/2019**

**PRESENTED BY:
Dohrmann Insurance Agency**



Insurance Administrator
www.alliedpublicrisk.com
Allied Community Insurance Services, LLC
CA License Number: 0L01269
National Producer Number: 17536322



PREMIUM SUMMARY

NOTE: This proposal is prepared from information supplied to us on the application submitted by you or insurance broker. It may or may not contain all terms requested on the application. Coverage is provided by the JPRIMA Memorandum of Coverage (MOC) and subject to its terms, exclusions, conditions and limitations. A specimen MOC is available for your review, as is the JPRIMA Member Agreement. Enrollment in the JPRIMA requires execution of the JPRIMA Member Agreement as well as membership in the California Association of Mutual Water Companies (Cal Mutuals).

PAGE	COVERAGE SECTION		PREMIUM
3-7	SECTION 1. PROPERTY (Property, Equipment Breakdown & Mobile Equipment)	\$	200.00
8	SECTION 2. COMMERCIAL CRIME	\$	250.00
9-10	SECTION 3. COMMERCIAL GENERAL LIABILITY	\$	2,174.00
11	SECTION 4. PUBLIC OFFICIALS & MANAGEMENT LIABILITY (Wrongful Acts, Employment Practices & Employee Benefits, Privacy and Network Risk)	\$	600.00
12	SECTION 5. BUSINESS AUTO	\$	N/A
13	SECTION 6. COMMERCIAL EXCESS LIABILITY	\$	500.00
		MEMBER CONTRIBUTION	\$ 3,724.00
		JPRIMA ADMINISTRATION FEES	\$ 474.00
		TOTAL AMOUNT DUE*	\$ 4,198.00

*Payment is due within thirty (30) days of binding.

NOTES:

The JPRIMA MOC has a common anniversary date of April 1, 2018.
Terrorism coverage is automatically included for Property and General Liability.
Binding is subject to a signed supplemental application. Losses will be reviewed prior to binding. An increase in incurred losses may effect renewal pricing.



SECTION 1. PROPERTY*

***PROPERTY IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Proprietary & Integrated

LIMITS:

Blanket Property: (Real Property & Business Personal Property)	\$10,000
Blanket Coverage Extension: A separate blanket limit that applies to the following coverages: Business Income, Extended Business Income, Commandeered Property, Civil Authority, Extra Expense, Tenant Leasehold Interest, Electronic Data, Preservation of Property.	\$50,000
Equipment Breakdown / Boiler & Machinery:	INCLUDED
Mobile Equipment (scheduled):	N/A
Mobile Equipment (unscheduled, maximum \$10,000 any one item):	N/A
Mobile Equipment (borrowed, rented & leased):	N/A
Flood Zone X: (shaded/unshaded)	N/A

DEDUCTIBLES:

\$1,000	Property
N/A	Mobile Equipment
\$1,000	Equipment Breakdown (aboveground & less than 50 feet belowground)
\$2,500	Equipment Breakdown (greater than 50 feet belowground)
N/A	Flood Zone X (per occurrence)

COVERAGE HIGHLIGHTS:

- Blanket Property Limits & Blanket Coverage Extension Limits
- No Coinsurance Penalty
- Equipment Breakdown
- Foundations as Covered Property

VALUATION:

- Replacement Cost: Real Property & Business Personal Property
- Actual Cash Value: Mobile Equipment
- Actual Loss Sustained: Loss of Income & Expenses
- Market Price: Fine Arts

KEY EXCLUSIONS:

- Earthquake & Earth Movement
- Flood (unless coverage is designated above, such coverage would be limited to locations in Zone X only)

COVERAGE PROPOSAL FOR MEMBER: Reclamation District No. 828 - Weber Tract

EFFECTIVE DATE: 4/1/2018 - 4/1/2019

DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.



SPECIAL COVERAGES:

- ☒ **New Locations or Newly Constructed Property:**
Pays up to \$1,000,000 for your new real property while being built on or off described premises as well as real property you acquire, lease or operate at locations other than the described premises; and business personal property located at new premises.
- ☒ **Utility Services – Direct Damage, Business Income & Expense:**
Pays up to \$250,000 for covered property damaged by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss and does not apply to loss or damage to electronic data, including destruction or corruption of electronic data. Separate limits apply to Direct Damage and Business Income/Expense.
- ☒ **Pollution Remediation Expenses:**
Pays up to \$100,000 or \$250,000 for remediation expenses resulting from a Covered Causes of Loss or Specified Cause of Loss occurring during the coverage period and reported within 180 days. Covered Causes of Loss means risks of direct physical loss unless the loss is excluded or limited by the Property Coverage Form. Specified Cause of Loss means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow; ice or sleet; water damage; and equipment breakdown.
- ☒ **SCADA Upgrades:**
Pays up to \$100,000 to upgrade your scheduled SCADA system after direct physical loss from a Covered Cause of Loss. The upgrade is in addition to its replacement cost. SCADA means the Supervisory Control and Data Acquisition system used in water and wastewater treatment and distribution to monitor leaks, waterflow, water analysis, and other measurable items necessary to maintain operations.
- ☒ **Contract Penalties:**
Pays up to \$100,000 for contract penalties you are required to pay due to your failure to deliver your product according to contract terms solely as a result of direct physical loss or damage by a Covered Cause of Loss to Covered Property.
- ☒ **Contamination:**
Pays up to \$250,000 for loss or damage to covered property because of contamination as a result of a Covered Cause of Loss. Contamination means direct damage to real property and business personal property caused by contact or mixture with ammonia, chlorine, or any chemical used in the water and / or wastewater treatment process.
- ☒ **Property In Transit:**
Pays up to \$100,000 for direct physical loss or damage to covered property while in transit more than 1000 feet from the described premises. Shipments by mail must be registered for covered to apply. Electronic data processing property and fine arts are excluded.
- ☒ **Unintentional Errors:**
Pays up to \$250,000 for any unintentional error or omission you make in determining or reporting values or in describing the covered property or covered locations.



KEY DEFINITIONS

☒ Real Property:

The buildings, items or structures described in the Declarations that you own or that you have leased or rented from others in which you have an insurable interest. This includes:

- Aboveground piping;
- Aboveground and belowground penstock;
- Additions under construction;
- Alterations and repairs to the buildings or structures;
- Buildings;
- Business personal property owned by you that is used to maintain or service the real property or structure or its premises, including fire-extinguishing equipment; outdoor furniture, floor coverings and appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- Completed additions;
- Exterior signs, meaning neon, automatic, mechanical, electric or other signs either attached to the outside of a building or structure, or standing free in the open;
- Fixtures, including outdoor fixtures;
- Foundations;
- Glass which is part of a building or structure;
- Light standards;
- Materials, equipment, supplies and temporary structures you own or for which you are responsible, on the premises or in the open (including property inside vehicles) within 1000 feet of the premises, used for making additions, alterations or repairs to buildings or structures at the premises;
- Paved surfaces such as sidewalks, patios or parking lots;
- Permanently installed machinery and equipment;
- Permanent storage tanks;
- Solar panels;
- Submersible pumps, pump motors and engines;
- Underground piping located on or within 100 feet of premises described in the Declarations;
- Underground vaults and machinery.

☒ Business Personal Property:

The property you own that is used in your business including:

- Furniture and fixtures;
- Machinery and equipment;
- Computer equipment;
- Communication equipment;
- Labor materials or services furnished or arranged by you on personal property of others;
- Stock;
- Your use interest as tenant in improvements and betterments.
- Leased personal property for which you have a contractual responsibility to insure.

☒ Pollution Conditions:

The discharge, dispersal, release, seepage, migration, or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, minerals, chemical elements and waste. Waste includes materials to be recycled, reconditioned or reclaimed.



KEY DEFINITIONS *(continued)*

Ⓕ Remediation Expenses:

Expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, or neutralization of pollution conditions to the extent required by: (1) Federal, state or local laws, regulations or statutes, or any subsequent amendments thereof enacted to address pollution conditions; and (2) a legally executed state voluntary program governing the cleanup of "pollution conditions."

Ⓖ Outdoor Property:

Fixed or permanent structures that are outside covered real property including but not limited to:

- Historical markers or flagpoles;
- Sirens, antennas, towers, satellite dishes, or similar structures and their associated equipment;
- Exterior signs not located at a premises;
- Fences or retaining walls;
- Storage sheds, garages, pavilions or other similar buildings or structures not located at a premises;
- Dumpsters, concrete trash containers, or permanent recycling bins; or
- Hydrants.

Ⓖ Equipment Breakdown:

Direct damage to mechanical, electrical or pressure systems as follows:

- Mechanical breakdown including rupture or bursting caused by centrifugal force;
- Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires;
- Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control;
- Loss or damage to steam boilers, steam pipes, steam engines or steam turbines; or
- Loss or damage to hot water boilers or other water heating equipment;
- If covered electrical equipment requires drying out as a result of a flood, we will pay for the direct expenses for such drying out.
- None of the following are covered objects as respects to equipment breakdown:
 - a. Insulating or refractory material;
 - b. Buried vessel or piping;
 - c. Sewer piping, piping forming a part of a fire protection system or water piping other than:
 - (1) Feed water piping between any boiler and its feed pump or injector;
 - (2) Boiler condensate return piping; or
 - (3) Water piping forming a part of refrigerating and air conditioning vessels and piping used for cooling, humidifying or space heating purposes;
 - d. Structure, foundation, cabinet or compartment containing the object;
 - e. Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well-casing;
 - f. Conveyor, crane, elevator, escalator or hoist, but not excluding any electrical machine or electrical apparatus mounted on or used with this equipment; and
 - g. Felt, wire, screen, die, extrusion, late, swing hammer, grinding disc, cutting blade, cable chain, belt, rope, clutch late, brake pad, non-metallic part or any part or tool subject to frequent, periodic replacement.



PROPERTY SUBLIMITS:

Coverage		Limit	
Accounts Receivable	X \$500,000	\$1,000,000	\$2,000,000
Valuable Papers and Records	X \$500,000	\$1,000,000	\$2,000,000
Contamination	X \$250,000		
Tools and Equipment Owned by Your Employees	X \$5,000	\$10,000	\$25,000
Personal Effects and Property of Others	X \$5,000	\$10,000	\$25,000
New Locations or Newly Constructed Property	\$1,000,000		
Business Personal Property at New Locations	\$1,000,000		
Backup/Overflow of Water from Sewer, Drain, Sump	\$250,000		
Utility Services - Direct Damage	\$250,000		
Utility Services -	\$250,000		
Business Income and Extra Expense			
Dependent Business Premises	\$250,000		
Property at Other Locations	\$250,000		
Pollution Remediation Expense (specified cause of loss)	\$250,000		
Outdoor Property (unscheduled)	\$100,000		
Contract Penalties	\$100,000		
Pollution Remediation Expense (covered cause of loss)	\$100,000		
Property in Transit	\$100,000		
SCADA Upgrades	\$100,000		
Indoor and Outdoor Signs (unscheduled)	\$50,000		
Limited Coverage for "Fungus", Wet Rot or Dry Rot	\$50,000		
Fine Arts	\$25,000		
Fire Department Service Charge	\$25,000		
Fire Protection Devices	\$25,000		
Key and Lock Replacement Expenses	\$25,000		
Trees, Shrubs & Plants (maximum \$1,000 any one item)	\$25,000		
Arson Reward	\$10,000		
Rental Reimbursement - Mobile Equipment	\$10,000		
Cost of Inventory or Adjustment	\$5,000		
Non-Owned Detached Trailers	\$5,000		
Water Contamination Notification Expenses	\$5,000		
Patterns, Dies, Molds, Forms	\$2,500		
Debris Removal	25% of scheduled limit plus \$250,000		
Ordinance or Law Provision	100% of scheduled limit plus 25%		

NOTES:

Contribution is calculated from attached property schedule; review property schedule for coverage and limit adequacy.

Flood and Earthquake coverages are excluded.



SECTION 2. COMMERCIAL CRIME*

***COMMERCIAL CRIME IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Proprietary & Integrated

RATING BASIS:

- On file with underwriter
- Non auditable

LIMITS:

COVERAGE GROUP SELECTED	EMPLOYEE THEFT	FORGERY OR ALTERATION	INSIDE THE PREMISES Theft of Money and Securities	INSIDE THE PREMISES Robbery or Safe Burglary or Other Property	OUTSIDE THE PREMISES	COMPUTER FRAUD	FUNDS TRANSFER FRAUD	MONEY ORDERS & COUNTERFEIT PAPER CURRENCY
X	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
	\$500,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
	\$1,000,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
	\$2,000,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000

DEDUCTIBLE:

\$1,000 each claim

DESIGNATED EMPLOYEE BENEFIT PLAN(S):

COVERAGE HIGHLIGHTS:

- Separate Limits Apply to Each Coverage
- Coverage Extended to Directors and Authorized Volunteers
- Faithful Performance

NOTES:

COVERAGE PROPOSAL FOR MEMBER: Reclamation District No. 828 - Weber Tract

EFFECTIVE DATE: 4/1/2018 - 4/1/2019

DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.



SECTION 3. GENERAL LIABILITY*

***GENERAL LIABILITY IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Occurrence
- Defense Costs Outside the Limit
- Proprietary & Integrated

RATING BASIS:

- On file with underwriter
- Non auditable

LIMITS:

Per Occurrence	\$ 1,000,000
General Aggregate	\$10,000,000
Products & Completed Operations Aggregate	\$10,000,000
Personal & Advertising Injury Limit	\$ 1,000,000
Damage to Premises Rented to You	\$ 1,000,000
Medical Payments	\$ 10,000

DEDUCTIBLE:

N/A

COVERAGE HIGHLIGHTS:

- Duty to Defend
- Broad Definition of Enrolled Named Member
- Blanket Additional Enrolled Named Member
- Water & Wastewater Testing Errors & Omissions
- Expanded Pollution Liability
- Failure to Supply (no ISO limitation)
- Lead (potable water)
- Waterborne Asbestos (potable water)
- Product Recall
- Impaired Property
- Fungi & Bacteria

OPTIONAL COVERAGES:

- Hired & Non Owned Automobile Liability
- Employee Benefits Liability
- Dam, Levee & Dike Structural Failure

COVERAGE PROPOSAL FOR MEMBER: Reclamation District No. 828 - Weber Tract

EFFECTIVE DATE: 4/1/2018 - 4/1/2019

DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.



SPECIAL COVERAGES:

- ☒ **Water & Wastewater Testing Errors & Omissions:**
Coverage is provided for damages arising out of an act, error or omission which arises from your water or wastewater testing.
- ☒ **Failure To Supply:**
Coverage is provided for bodily injury or property damage arising out of the failure of any Enrolled Named Member to adequately supply water.
- ☒ **Waterborne Asbestos:**
Coverage is provided for bodily injury or property damage from waterborne asbestos arising out of potable water which is provided by you to others.
- ☒ **Contractual Liability - Railroads:**
Coverage is provided for any contract or agreement that indemnifies a railroad for bodily injury or property damage arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing.
- ☒ **Pollution:**
Coverage is provided for bodily injury or property damage which occurs or takes place as a result of your operations and arises out of the following:
 - Potable water which you supply to others;
 - Chemicals you use in your water or wastewater treatment process;
 - Natural gas or propane gas you use in your water or wastewater treatment process;
 - Urgent response for the protection of property, human life, health or safety conducted away from premises owned by or rented to or regularly occupied by you;
 - Your application of pesticide or herbicide chemicals if such application meets all standards of any statute, ordinance, regulation or license requirement of any federal, state or local government;
 - Smoke drift from controlled or prescribed burning that has been authorized and permitted by an appropriate regulatory agency.
 - Fuels, lubricants or other operating fluids needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of mobile equipment or its parts
 - Escape or back-up of sewage or waste water from any sewage treatment facility or fixed conduit or piping that you own, operate, lease, control or for which you have the right of way, but only if property damage occurs away from land you own or lease.
 - Sudden and accidental events that are neither expected nor intended by an Enrolled Named Member. However, no coverage is provided under this exception for petroleum underground storage tanks.
- ☒ **Damage to Impaired Property or Property Not Physically Injured**
Coverage is provided for bodily injury or property damage arising from your potable water, nonpotable water, or wastewater as well as any loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.
- ☒ **Fungi or Bacteria**
Coverage is provided for bodily injury or property damage arising from any "fungi" or bacteria that are, are on, or are contained in a good or product intended for consumption; or to any injury or damage arising out of or caused by your water, irrigation, or wastewater intake, outtake, reclamation, treatment and distribution processes.
- ☒ **Recall of Products, Work or Impaired Property**
Coverage applies to any injury or damage arising out of or caused by your potable water, nonpotable water, or wastewater for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of: "Your product"; "Your work"; or "Impaired property"; if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

NOTES:

COVERAGE PROPOSAL FOR MEMBER: Reclamation District No. 828 - Weber Tract
EFFECTIVE DATE: 4/1/2018 - 4/1/2019
DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.

Page 10 of 14

The MOC may contain limits, exclusions, and limitations that are not detailed in this proposal.



SECTION 4. PUBLIC OFFICIALS & MANAGEMENT LIABILITY*

***PUBLIC OFFICIALS & MANAGEMENT LIABILITY IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Proprietary & Integrated
- Claims Made
- Defense Costs Outside the Limits

RATING BASIS:

- On file with underwriter
- Non auditable

LIMITS:

Wrongful Acts	\$1,000,000 per act
Employment Practices (including third party discrimination)	N/A per offense
Employee Benefit Plans	N/A per act
Injunctive Relief	\$5,000 per act
	\$10,000,000 aggregate limit

PRIVACY LIABILITY AND NETWORK RISK¹:

Privacy & Network Security Wrongful Acts	1,000,000 per act
Breach Consultation Services	1,000,000 per offense
Breach Response Services	100,000 per offense
Public Relations & Data Forensics	100,000 per act

¹Coverage provided for Privacy Liability & Network Risk Coverage is issued on a claims made basis with defense inside the limit of liability. Privacy Retroactive Date:4/1/2018. Privacy Deductible: None.
*\$1,000,000 maximum annual aggregate applies per Enrolled Named Member, with a \$2,000,000 coverage form aggregate applicable to all participating Enrolled Named Members.

SPECIAL COVERAGE:

- Inverse Condemnation

RETROACTIVE DATE:

8/1/2010

DEDUCTIBLE:

\$1,000 each claim including expenses

COVERAGE PROPOSAL FOR MEMBER: Reclamation District No. 828 - Weber Tract

EFFECTIVE DATE: 4/1/2018 - 4/1/2019

DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.



COVERAGE HIGHLIGHTS:

- Duty To Defend
- Broad Definition of Enrolled Named Member including Past and Future Employees
- Outside Directorship

NOTES:



SECTION 5. BUSINESS AUTO*

***BUSINESS AUTO IS INCLUDED IN THE PROPOSAL: No**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Proprietary & Integrated
- Occurrence
- Defense Costs Outside the Limits

PORTFOLIO:

Coverage	Symbol	Limit
Combined Single Limit for Bodily Injury & Property Damage (each accident)	No Coverage	N/A
Hired Auto Liability	No Coverage	N/A
Non-Owned Auto Liability	No Coverage	N/A
Medical Payments	No Coverage	N/A
Uninsured / Underinsured Motorists	No Coverage	N/A
Hired Physical Damage	No Coverage	N/A
Owned Physical Damage – Comprehensive	No Coverage	N/A
Owned Physical Damage – Collision	No Coverage	N/A
Towing & Rental Car Reimbursement (covered accident)		N/A
Fleet Automatic		N/A

DEDUCTIBLE:

Liability: None
 Comprehensive: N/A
 Collision: N/A

NOTES:

This section of the proposal is excluded. There is no Business Auto coverage afforded to this insured. Please refer to General Liability section for Hired and Non-Owned Auto Liability coverage.



SECTION 6. EXCESS LIABILITY*

***EXCESS LIABILITY IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Following Form
- Occurrence
- Defense Costs Outside the Limits

LIMITS:

\$1,000,000/\$1,000,000

SCHEDULED UNDERLYING POLICIES:

Commercial General Liability - Yes
 Hired and Non-Owned Auto Liability - Yes
 Owned Auto Liability - No
 Public Officials & Management Liability - Yes
 Wrongful Acts - Yes
 Employment Practices - No
 Employee Benefit Plans - No
 Employers' Liability: (minimum underlying limit requirement of \$500,000 / \$500,000 / \$500,000) - No
 Other:

NOTABLE EXCLUSION:

- Workers' Compensation
- Uninsured Motorists / Underinsured Motorists
- Underlying Limits < \$1,000,000 except for Employers' Liability

NOTES:

Employers' Liability subject to JPRIMA security requirements.
 Please provide current WC declaration page for EL consideration in Excess line.

Pinasco, Andrew J.

From: Adan Ortega <adan@calmutuals.org>
Sent: Friday, December 8, 2017 5:25 PM
To: susan@ostrategiesgroup.com
Subject: NOTICE OF JPRIMA ANNUAL MEMBERS' MEETING
Attachments: JPRIMA Bylaws EXECUTED.pdf



NOTICE OF ANNUAL MEMBERS' MEETING

To be held March 16, 2018

To the Members of California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA or the Authority):

NOTICE IS HEREBY GIVEN that the Annual Members' meeting of the California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority will be held at Zenith Insurance Company located at 21255 Califa St, Woodland Hills, CA 91367 on **Friday, March 16, 2018, at 10:00 a.m.** for the purpose of conducting the election of directors and such other business as may properly come before the Authority.

Consistent with Section 2.8(b) of the Agency's bylaws (attached), director nominations may be submitted electronically or in writing to the Authority on or before February 9, 2018. A Member may nominate one of its directors, upper-level management employees or any other person affiliated in any manner with that Member (including, but not limited to a former director or employee, or consultant) for a position on the Authority's Board of Directors. Any such nomination must include a written resolution of that Member and written resolutions of at least two other Members in support of that nomination.

By order of the Board of Directors,

Jim Byerrum, President and Executive Director

11/13/17	13994	Reclamation District No. 828	4612000000	50.00
DATE	RECEIPT NUMBER	NAME	ACCOUNT NO.	AMOUNT



OFFICIAL RECEIPT
 REGISTRAR OF VOTERS
 COUNTY OF SAN JOAQUIN • STATE OF CALIFORNIA

13994

PAID FOR
 Reclamation District Election Preparation Fee 11/7/2017
 RD 828
 Chk # 887247

CK. OR
 M.O.

CASH

RECEIVED BY: *[Signature]*

THE BACK OF THIS DOCUMENT CONTAINS A TRUE WATERMARK. HOLD AT AN ANGLE TO VIEW.

COUNTY OF SAN JOAQUIN
44 N. San Joaquin Street Suite 550
Auditor-Controller
Stockton CA 95202

COUNTY OF SAN JOAQUIN
The Treasurer of San Joaquin County
1800-488-2265

00887247

90-75/
1211

Date: 11/06/2017

Pay Amount: \$50.00***

THIS WARRANT VOID SIX MONTHS FROM THE DATE OF ISSUE

****FIFTY AND XX/100 DOLLAR ****

SAN JOAQUIN CO REGISTRAR OF VOTERS
44 N SAN JOAQUIN ST STE 350
CA 95202

Jerome C. Wilverding
JEROME C. WILVERDING
AUDITOR-CONTROLLER

RD-828 Invoice # CF-17025

⑈00887247⑈ ⑆121100782⑆ 028523928⑈

11/13/17	13994	Reclamation District No. 828	4612000000	50.00
DATE	RECEIPT NUMBER	NAME	ACCOUNT NO.	AMOUNT



OFFICIAL RECEIPT
REGISTRAR OF VOTERS

COUNTY OF SAN JOAQUIN • STATE OF CALIFORNIA

13994

PAID FOR

Reclamation District Election Preparation Fee 11/7/2017
RD 828
Chk # 887247

CK. OR
M.O.

CASH

RECEIVED BY:

Brian S. [Signature]

RECEIVED
17 NOV 13 AM 11:41
REGISTRAR OF VOTERS

ITEM 6

DEPARTMENT OF WATER RESOURCES

DIVISION OF FLOOD MANAGEMENT
P.O. BOX 219000
SACRAMENTO, CA 95821-9000



November 7, 2017

Mr. Dan Schroeder, Secretary
Reclamation District No. 828
Post Office Box 20
Stockton, California 95201

Dear Mr. Schroeder:

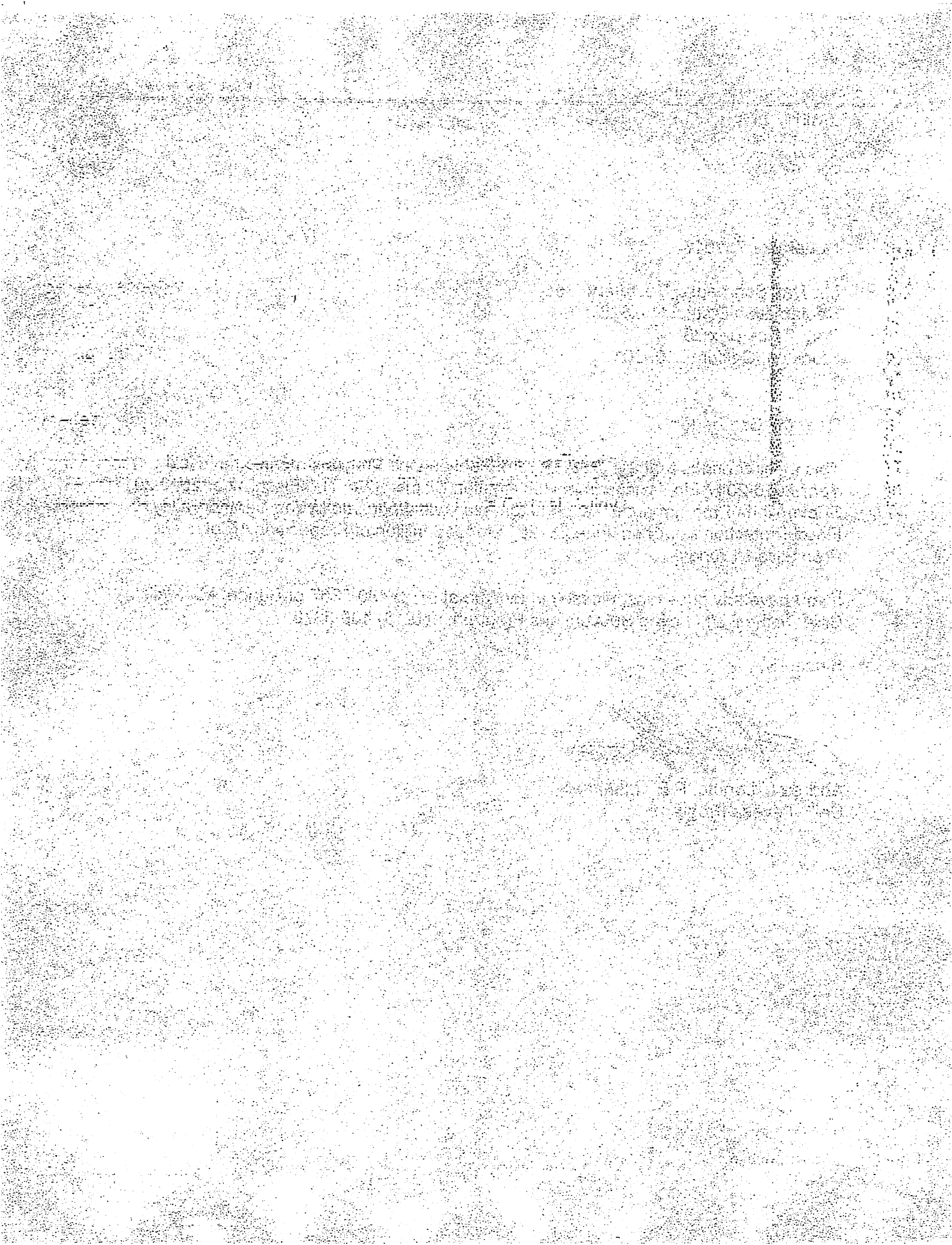
This letter confirms that the Delta Levees Subventions Program received a Fiscal Year 2016-2017 Final Claim from Reclamation District 828. The Fiscal Year 2016-2017 Subventions Program annual expenditure plan was approved by the Central Valley Flood Protection Board on June 23, 2017 for \$12 million of Proposition 1E or Proposition 1 funds.

If you have any questions, please contact me at (916) 480-5367 or Sandra Maxwell, Chief of the Delta Levee Subventions Program, at (916) 480-5378.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrea L. Lobato".

Andrea L. Lobato, P.E., Manager
Delta Levees Program





**California Special
Districts Association**
Districts Stronger Together

November 17, 2017

Resources for Your Newly Elected or Appointed Board Members

The California Special Districts Association (CSDA) provides our special district members with resources—educational opportunities, information sharing and advocacy services—which improve and support the important function of local government. We are dedicated to the success of special districts of all types and sizes from all regions of the state. Today CSDA serves nearly 1,200 members and affiliate organizations. Your district is not yet a contributing member, but we would like to start your new board members off on the right foot.

Whether the members of your agency's Board are newly elected, re-elected or appointed, they will be looking for resources to help best serve their community in the coming year. In keeping with our mission, we have enclosed some important information we ask you to share with your Board Members.

- Complimentary **CSDA Special District Board Member/Trustee Handbook**, full of information needed to be an effective and productive official.
- **Special District Leadership Academy** brochure designed for training experienced and newly elected/appointed officials.

CSDA offers an array of webinars and trainings scheduled early in 2018 that would be particularly helpful for new board members, including:

- Board Member Best Practices
- Rules of Order Made Easy
- Good Governance
- What Every Board Member Should Know
- Ethics AB 1234 Compliance Training
- Harassment Prevention Trainings

Please visit www.csda.net for a complete listing.

If you would like to purchase additional copies of the Special District Board Member/Trustee Handbook or workshop brochure, or want to learn more about the other resources we offer for special district board members, please contact CSDA Member Services at 877.924.2732 or annap@csda.net.

Serving on the Board of Directors/Trustees for a special district is a unique and significant responsibility. Please extend our congratulations to your newly elected/appointed Board members and our thanks for their commitment to special districts.

Best Regards,

Anna Palmer
Member Services Specialist

PS: Membership in CSDA would provide your district with a host of additional benefits and resources. Call 877.924.2732 to find out more. Be sure to ask about our Trial Membership program!

ACHIEVING DISTRICT GOALS... TOGETHER.



**CSDA's 2018
Special District
Leadership Academy Conference**

A Comprehensive Governance Leadership Conference for Elected and Appointed Directors/Trustees.





Participate in the **Special District Leadership Academy Conference** and complete all four modules of the Academy during the course of two and a half days.

This conference content is based on CSDA's Special District Leadership Academy (SDLA) groundbreaking, curriculum-based continuing education program, which recognizes the necessity for the board and general manager to work closely toward a common goal. SDLA provides the knowledge base to perform essential governance responsibilities and is designed for both new and experienced special district board members.

Local boards are the reason why local control is local. Special district boards are the voices of the community and they are also a large reason why special districts exist.

The truth is that every elected or appointed public official needs to worry about governance; governance is what boards do. It's what they bring to the table.



Three locations throughout the state.



Early bird discount!



SDLA Conference is presented by CSDA and co-sponsored by SDRMA.



February 4 – 7, 2018
Embassy Suites La Quinta
 55-777 Santa Rosa Plaza
 La Quinta, CA 92253

ROOM RESERVATIONS
 Room reservations are available at CSDA rate of \$169 plus tax, single or double occupancy by calling 760-777-1711 and using the group code CSD. This location also offers complimentary self-parking. The room reservation cut-off is January 14, 2018, however, space is limited and may sell out before this date.



EARLY BIRD DISCOUNT
 The early bird discount for this location requires registration on or before Friday, January 5, 2018.

*Cancellations must be in writing and received by CSDA no later than January 22, 2018 at 5:00 p.m. Substitutions are acceptable and must be done in writing no later than February 1, 2018 at 5:00 p.m.**



April 15 – 18, 2018
Embassy Suites Monterey – Seaside
 1441 Canyon Del Rey
 Seaside, CA 93955

ROOM RESERVATIONS
 Room reservations are available at CSDA rate of \$169 plus tax, single or double occupancy by calling 1-800-EMBASSY and using the group code CS9. The room reservation cut-off is March 16, 2018, however, space is limited and may sell out before this date.



EARLY BIRD DISCOUNT
 The early bird discount for this location requires registration on or before Friday, March 16, 2018.

*Cancellations must be in writing and received by CSDA no later than April 3, 2018 at 5:00 p.m. Substitutions are acceptable and must be done in writing no later than April 12, 2018 at 5:00 p.m.**



Returning Attendee track only at this location!



July 8 – 11, 2018
Embassy Suites Napa Valley
 1075 California Blvd.
 Napa, CA 94558

ROOM RESERVATIONS
 Room reservations are available at CSDA rate of \$184 plus tax, single or double occupancy by calling 1-800-HILTONS and using the group code CPD. The room reservation cut-off is June 8, 2018, however, space is limited and may sell out before this date.



EARLY BIRD DISCOUNT
 The early bird discount for this location requires registration on or before Friday, June 8, 2018.

*Cancellations must be in writing and received by CSDA no later than June 25, 2018 at 5:00 p.m. Substitutions are acceptable and must be done in writing no later than July 5, 2018 at 5:00 p.m.**



SDRMA Credit Incentive Points
 Special District Risk Management Authority (SDRMA) is committed to establishing a strategic partnership with our members to provide maximum protection, help control losses and positively impact the overall cost of property/liability and workers' compensation coverage through the Credit Incentive Program. Credit incentive points can be earned based on an agency's attendance at the Special District Leadership Academy Conference, reducing SDRMA member's annual contribution amount.

***Important Cancellation Information**
 All cancellations received by the date indicated for that particular conference and location will be refunded, less a \$75 cancellation fee. There will be no refunds or cancellations made after the date as specified per location. Please submit any cancellation notice or substitution requests to megan@csdc.net or fax to 916-520-2465.



FIRST TIME ATTENDEE SCHEDULE - Available at all three locations.

Sunday

5:30 – 7:00 p.m.

REGISTRATION AND NETWORKING RECEPTION

Take a moment to network with your peers from throughout the state at this informal networking reception. Reception includes light appetizers.



Monday

8:30 a.m. – 12:30 p.m.

(Break from 10:00 - 10:30 a.m.)

BUILDING A FOUNDATION FOR GOOD GOVERNANCE

This session covers Module 1 of the SDLA: Governance Foundations

In this informational session, the instructor will lay the ground work for good governance in your district.

Attendees will discover:

- Why good governance is so important to the overall well-being of the district.
- The traits of effective board members.
- What good governance means and how to effectively put it into practice.
- How to move your board from "I" to "we," including how to become an effective team, establish team standards, and essential conditions for team building.

12:30 – 1:30 p.m.

LUNCH PROVIDED *(all attendees)*

1:45 – 4:30 p.m.

(Break from 3:00 - 3:30 p.m.)

FULFILLING YOUR DISTRICT'S MISSION: CHARTING THE COURSE

This session covers Module 2 of the SDLA: Setting Direction/Community Leadership.

This session will highlight the importance of setting the direction for your district. Learn the critical components of direction setting for your district along with how to avoid planning pitfalls. Attendees will walk through the steps of establishing and fulfilling your district's mission, vision, values and strategic goals and how to communicate those objectives to your constituents.



5:30 – 7:00 p.m.

SIP AND SAVOR EVENING RECEPTION



Sponsored by the Special District Risk Management Authority (SDRMA)

Join us for an evening of networking and refreshments.

Tuesday

8:30 a.m. – 12:00 p.m.

(Break from 10:00 - 10:30 a.m.)

DEFINING BOARD/STAFF ROLES AND RELATIONSHIPS

This session covers Module 4 of the SDLA: Board's Role in Human Resources

This conference session will teach participants how to determine the Human Resource health of their district and what areas to focus on as a board and individual governing official including:

- Identifying the board's role in human resources.
- Recognizing HR red flags and positive indicators.
- Developing and maintaining essential HR policies.
- Covering confidentiality and legal liabilities.
- Evaluating the general manager.

12:00 – 1:00 p.m.

LUNCH PROVIDED *(all attendees)*

1:15 – 4:00 p.m.

(Break from 2:45 - 3:00 p.m.)

GET THE WORD OUT! BEST PRACTICES FOR COMMUNICATION AND OUTREACH

This session covers Module 2 of the SDLA: Setting Direction/Community Leadership.

This session looks at common communication breakdowns and areas for improvement in public agency communications. It will discuss proper and effective communication methods to be aware of as a governing official including:

- Identifying audiences.
- Responding to public input.
- Media relations.
- Legislative outreach and advocacy.

OPEN EVENING

Wednesday

8:30 a.m. – 12:00 p.m.

(Break from 10:00 - 10:15 a.m.)

SHOW ME THE MONEY! WHAT DO BOARD MEMBERS NEED TO KNOW ABOUT DISTRICT FINANCES?

This session covers Module 3 of the SDLA: Board's Role in Finance and Fiscal Accountability

This session will provide a review and insight of important financial concepts, reports, and policies specific to public agencies including special districts. Attendees will learn:

- How to ask the right questions
- How to link the finance process to the district mission and goals.
- Budget process, budget assessment, and communicating budget information to the public.
- How to develop and analyze capital improvement plans and reserve guidelines.

12:00 – 12:30 p.m.

GRADUATION CERTIFICATE DISTRIBUTION

First Time Attendees must attend all sessions in order to receive their certificate at the conclusion of the conference.



Don't miss the Sip and Savor evening reception on Monday night. Sponsored by SDRMA.



Two evening receptions are offered as great networking opportunities.

"The workshop on Selling Direction/Community Leadership was outstanding. The Leadership Academy should be a requirement for all new board members."

- Dale Henny, Board Member, Hudson Valley Association of Districts

you'll Learn



WORKING AS A TEAM: THE ROLES OF THE BOARD AND STAFF IN YOUR DISTRICT.

ATTRIBUTES AND CHARACTERISTICS OF HIGHLY EFFECTIVE BOARDS.

HOW CULTURE, NORMS, VALUES, AND OPERATING STYLES INFLUENCE THE DISTRICT.

SPECIFIC JOBS THAT THE BOARD MUST PERFORM.

HOW INDIVIDUAL VALUES, SKILLS, AND KNOWLEDGE HELP TO SHAPE HOW EFFECTIVE BOARDS OPERATE.

THE IMPORTANCE OF MOVING FROM "I" TO "WE" AS THE GOVERNANCE TEAM.

THE BOARD'S ROLE IN SETTING DIRECTION FOR THE DISTRICT.

THE BOARD'S ROLE IN FINANCE AND FISCAL ACCOUNTABILITY.

AND MUCH MORE!





Sunday - April 15, 2018

5:30 – 7:00 p.m.

REGISTRATION AND NETWORKING RECEPTION

Take a moment to network with your peers from throughout the state at this informal networking reception. Reception includes light appetizers.



Monday - April 16, 2018

8:30 – 10:00 a.m.

THE INTRICACIES OF RUNNING A PUBLIC MEETING: DEEP DIVE INTO THE BROWN ACT

Anna Collins, Lazara Smith

Conducting the district's business in public can be convoluted and tricky. It requires district staff, general managers, and board members to strictly adhere to ever-changing laws, impacting meetings, communications, timelines and use of technology. This workshop will use entertaining hypotheticals to engage participants, letting them dive deep into the Brown Act – all designed to help attendees stay in compliance and effectively run board meetings. Newly elected and experienced board members alike will be equipped with the tools needed to avoid falling into Brown Act traps. Key focus areas: closed sessions, public comments, serial meetings, agendas, voting and quorums, e-communications, and public records.

10:00 – 10:30 a.m.

BREAK (all attendees)

10:30 a.m. – 12:30 p.m.

HARASSMENT PREVENTION FOR BOARD MEMBERS

Kelly Trainer and Traci Park, Burke, Williams & Sorenson, LLP

AB 1661 makes sexual harassment prevention training mandatory for officials receiving any compensation. This legislation requires employers to ensure that all officials receive at least two hours of sexual harassment prevention training every two years. Receive your AB 1661 compliance training for special districts with this breakout.

12:30 – 1:30 p.m.

LUNCH PROVIDED (all attendees)

1:45 – 3:00 p.m.

HOW YOUR BOARD CAN SET CLEAR DIRECTION AND BUILD YOUR DISTRICT'S FUTURE AROUND ITS CORE PRIORITIES

Martin Rauch, Rauch Communication Consultants

Whether you call it identifying priorities, building consensus or strategic planning, every board should map out clear direction around the district's core priorities. Setting direction and clear priorities is a core board responsibility that will guide your district to resolve key challenges and take advantage of important opportunities. This session will provide examples and tips on how the best districts develop and implement core priorities. There will be opportunities for questions, answers and engagement among the participants and the seminar leader.

3:00 – 3:30 p.m.

BREAK (all attendees)

3:30 – 4:30 p.m.

GOVERNANCE BEST PRACTICES

Dennis Timoney, Special District Risk Management Authority (SDRMA)

This session will discuss the board's role in the governance of a special district. Using California Community Services District Law as a template we will examine the "duties" of the board and provide a job description. Samples of various public agency board member manuals will be presented to discuss how the issues and responsibilities of governance and operations are defined. The presenter will also examine Brown Act and ethics related issues that have been identified in various Grand Jury reports recently released to the public.

5:30 – 7:00 p.m.

SIP AND SAVOR EVENING RECEPTION

Sponsored by the Special District Risk Management Authority (SDRMA)
Join us for an evening of networking and refreshments.





Tuesday - April 17, 2018

8:30 – 10:00 a.m.

SAY WHAT?!? SPEAKING PLAINLY THROUGH POLICY

Brent Ives, BHI Management Consulting

This session outlines the critical nature and importance of making long-lasting and meaningful policy as a board. Good policy is the most professional expression of a great board and agency. Yet special districts struggle with what policy means and how to make and use them. Brent Ives, recognized organizational consultant to special districts in California on policy and planning, will bring his years of experience as a consultant and his long tenure as Mayor and Council member of the City of Tracy to this critically important topic. In Brent's words, "Making good policy moves our board to the highest level of performance"

10:00 – 10:30 a.m.

BREAK (all attendees)

10:30 a.m. – 12:00 p.m.

CONDUCTING EFFECTIVE GENERAL MANAGER EVALUATIONS: KEYS TO SUCCESS

Richard Fig Rode, Mayors Nave

The general manager's performance is critical to the success of every special district. The selection, development, and retention of the right GM charged with leading the organization toward its strategic goals is of primary importance to the board. Every governing body has among its primary responsibilities a thorough and professional evaluation of its GM through the use of effective tools that enable honest feedback and incorporate performance objectives and measures. The performance review process can be most effective when it goes beyond measuring performance and incorporates goal-setting, sets expectations, provides for open dialogue, and has in place defined accountability standards. This session will give participants the tools to conduct effective general manager evaluations that will help ensure that both the board and the GM are aligned on the direction and goals of their organization.

12:00 – 1:00 p.m.

LUNCH PROVIDED (all attendees)

1:15 – 2:45 p.m.

LEVERAGING YOUR STATE AND FEDERAL RELATIONSHIPS

Christopher Townsend, Townsend Public Affairs

The course will provide members with an overview on how to best leverage federal and state advocacy trips to Washington, DC and Sacramento. The focus will be on proper preparation, building and maintaining relationships, creation of advocacy materials and leveraging follow up from the advocacy trips. The course will educate board members on the importance of interfacing with their representatives so that they can better promote and advance their legislative platforms and funding agendas. This will include a discussion on how to: schedule meetings with relevant legislators, strategize on the talking points and agendas of the meetings, prepare the offices before the meetings take place, effectively advocate during the sessions with legislators, and handle all follow up generated by the meetings. The instructor will provide guidance on how to best select trip dates and how to handle each step of the advocacy trip process. The instructor will also provide an outline on how to best leverage these trips so that relationships are developed and sustained well beyond the meetings.

2:45 – 3:00 p.m.

BREAK (all attendees)

3:00 – 4:00 p.m.

FRAUD DETECTION AND PREVENTION FOR BOARD MEMBERS

Justin Williams, Mann, Urrutia, Nelson, CPAs and Associates, LLP

Discovering fraud in your organization can be devastating. It can cost your organization time, money and loss of public trust. We will review common fraud schemes and demonstrate how to develop procedures to prevent and detect fraud. This presentation will give you the tools to help you ensure you have the proper controls and processes in place to help mitigate fraud risk in your organization.

4:00 p.m.

CONFERENCE ENDS FOR RETURNING ATTENDEES



2018 Registration Form
Special District Leadership Academy Conference

(Use one form per registrant)




Three Ways to Register

- **Register online** by visiting the Special District Leadership Academy Conference website at leadershipacademy.csdca.net.
- **Fax number:** 916-520-2465. All faxed registration forms must include credit card payment.
- **Mail:** CSDA, 1112 I Street, Suite 200, Sacramento, CA 95814. Please include registration form and payment. Checks should be made payable to: California Special Districts Association.



Not sure if you are a member?

Contact the CSDA office at 877-924-2732 to find out if your agency or company is already a member. To learn more about the many benefits of CSDA membership, contact Member Services Director Cathrine Lemaire at cathrinel@csda.net or call toll-free at the number listed above.

Name/Title:		
District:		
Address:		
City:	State:	Zip:
Phone:		Fax:
<input type="checkbox"/> Member <input type="checkbox"/> Non-Member		Email:
Emergency Contact - Name & Phone:		
WHICH CONFERENCE WILL YOU BE ATTENDING?		
FEBRUARY 4-7, 2018 - LA QUINTA EARLY BIRD DISCOUNT: JANUARY 5 <input type="checkbox"/> CSDA Member \$600  <input type="checkbox"/> Non-Member \$900 AFTER JANUARY 5 <input type="checkbox"/> CSDA Member \$650 <input type="checkbox"/> Non-Member \$975	APRIL 15-18, 2018 - MONTEREY EARLY BIRD DISCOUNT: MARCH 16 <input type="checkbox"/> CSDA Member \$600  <input type="checkbox"/> Non-Member \$900 AFTER MARCH 16 <input type="checkbox"/> CSDA Member \$650 <input type="checkbox"/> Non-Member \$975 <input type="checkbox"/> First Time Attendee <input type="checkbox"/> Returning Attendee	JULY 8-11, 2018 - NAPA EARLY BIRD DISCOUNT: JUNE 8 <input type="checkbox"/> CSDA Member \$600  <input type="checkbox"/> Non-Member \$900 AFTER JUNE 8 <input type="checkbox"/> CSDA Member \$650 <input type="checkbox"/> Non-Member \$975
SEND MORE - SAVE MORE! - SPECIAL DISCOUNTED PRICING!		
ADDITIONAL ATTENDEE FROM THE SAME DISTRICT BEFORE EARLY BIRD DISCOUNT <input type="checkbox"/> CSDA Member \$400 <input type="checkbox"/> Non-Member \$600	ADDITIONAL ATTENDEE FROM THE SAME DISTRICT AFTER EARLY BIRD DISCOUNT <input type="checkbox"/> CSDA Member \$450 <input type="checkbox"/> Non-Member \$675	
Payment		
<input type="checkbox"/> Check <input type="checkbox"/> Visa <input type="checkbox"/> MasterCard <input type="checkbox"/> Discover <input type="checkbox"/> American Express		
Acct. Name:		Acct. Number:
Expiration Date:		Authorized Signature:
Special needs		
<input type="checkbox"/> Vegetarian <input type="checkbox"/> Other:		

SDR A

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY



Risk management requires a well-balanced team.

For over 30 years, our goal has been to serve as an extension of your staff. We provide full-service risk management programs to California public agencies including Property/Liability, Workers' Compensation and Health Benefits coverages. We've built up member programs that surpass anything else on the market and we do it in a way that forms a sturdy foundation for all your coverage and risk management needs.

Learn more about what we do and how we can protect your agency at www.sdrma.org or 800.537.7790.

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SHOW YOUR COMMITMENT AND DEDICATION TO SERVING YOUR COMMUNITY.



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Complete the Special District Leadership Academy + 10 additional professional development hours and receive this recognition.

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Order Your Brown Act Compliance Manual.

Available for
only \$15.00* at the
SDLA Conferences.

This manual includes an overview
of the Brown Act as well as
guidelines and tips for complying
with various meeting agenda,
notice, public participation, and
public reporting requirements.

Order online at csda.net.

* CSDA Member Pricing



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Monterey location only.

SDLA

CSDA's 2018
Special District
Leadership Academy

*A Comprehensive Governance Conference
for Elected and Appointed Directors/Trustees.*

**"Another enjoyable
CSDA experience."**

- P. Dorey, Director, Vista Irrigation District

ITEM 7

RD 828: MASTER CALENDAR

JANUARY

- Board Meeting – 3rd Thursday at 8:30 a.m.
- Adopt Subventions Agreement Resolution
- Election of Officers (After an election)
- Obtain Insurance to be Approved. Insurance year is April to March

FEBRUARY

- Send out Form 700s, remind Trustees of April 1 filing date
- Update Document Retention Policy

MARCH

APRIL

- April 1: Form 700s due
- Board Meeting – 3rd Thursday at 8:30 a.m.
- Renew District Insurance

MAY

JUNE

JULY

- Board Meeting – 3rd Thursday at 8:30 a.m.
- Approve Audit Contract for expiring fiscal year
- Adopted Annual Budget
- Adopt Resolution for setting Assessments and submit to County Assessor's Office
- Adopt Notice of Exemptions Resolution

AUGUST

- August 1: Deadline to certify assessments for tax-roll and deliver to County (duration of current assessment: Indefinite).
- August 1: Insurance renewal
- Send handbills for collection of assessments for public entity-owned properties
- In election years, opening of period for secretary to receive petitions for nomination of Trustees (75 days from date of election.) (*Cal. Wat. Code §50731.5*)

SEPTEMBER

- In election years, last legal deadline to post notice that petitions for nomination of Trustees may be received (7 days prior to close of closure.) (*Cal. Wat. Code §50731.5*).

- In election years, closing of acceptance of petitions for nomination of Trustees (54 days from date of election.) (*Cal. Wat. Code §50731.5*).

OCTOBER

- Publish Notice of Election, odd numbered years (once per week, 4 times, commencing at least 1 month prior to election).
- Board Meeting – 3rd Thursday at 8:30 a.m.

NOVEMBER

- Election.

DECEMBER

- New Trustee(s) take office, outgoing Trustee(s) term(s) end on first Friday of each odd-numbered year.

Term of Current Board Members:

Name	Term Commenced	Term Ends
Bill Mendelson	First Friday 12/2017	First Friday of 12/2021
Debbie Provost	First Friday 12/2015	First Friday of 12/2019
Paul Marsh	Appointed 8/13/2017	First Friday of 12/2019

No Expiration on Assessment

Refund of Smith Canal Closure Election Contribution – when there is adequate surplus funding available, the disbursement of which will not generate Project delays.