

CLEAR CREEK COMMUNITY SERVICES DISTRICT
GENERAL ADMINISTRATIVE POLICIES
FEBRUARY 2010
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ORGANIZATIONAL STRUCTURE

Board of Directors

Clear Creek Community Services District, hereinafter referred to as "Clear Creek CSD" is governed by its five member Board of Directors, which is responsible for the oversight of the organization by:

1. Planning for the future
2. Establish broad policies
3. Identify and proactively deal with emerging issues
4. Establishing and maintaining programs and systems designed to assure compliance with terms of contracts and grants

The Board is responsible for hiring and periodically evaluating the General Manager, whom is responsible for the oversight and management of Clear Creek CSD.

The Board of Directors must receive training every two years in the Brown Act and in Ethics.

The Board of Directors is required to file the Statement of Economic Interests (Form 700) electronically.

Committee Structure

The Board of Directors shall form committees in order to assist the Board in fulfilling its responsibilities. These committees will work in small groups of two or more Directors to review issues relative to the particular committee for the purpose of making recommendations to the full Board for consideration. Standing committees of Clear Creek CSD consist of the following:

1. Executive
2. Financial (budget & audit)
3. Personnel
4. Planning and Steering
5. Legislative
6. JPIA Insurance

Financial Committee Responsibilities

The Financial Committee is responsible for direction and oversight regarding the overall financial management of Clear Creek CSD. Functions of the committee include, but are not limited to:

1. Review and recommendation of the annual O&M and Capital Budgets for approval by the full Board of Directors

2. Long term financial planning
3. Monitoring investment performance
4. Evaluation of approval of assets (i.e. purchase verses lease)
5. Monitoring of budget and financial performance
6. Oversight of reserves
7. Oversight of general ledger on quarterly basis to aid in separation of duties
8. Review annual audit as well as management letter responses

Review of the financial statements shall not be limited to the Financial Committee, but shall be the responsibility of the full Board of Directors.

Roles of the General Manager and Staff

The Board of Director hires the General Manager, who reports directly to the Directors. The General Manager is responsible for hiring and evaluating management/confidential employees for Administration, Distribution and Treatment.

Within each of the three departments, the manager/confidential employee of that department is responsible for hiring, with approval of the General Manager, employees in that department. The managers are responsible for evaluating employees. Each manager shall report directly to the General Manager.

Each department manager/confidential employee is responsible for making budget requests and tracking expenditures of that department.

Ethics and Whistleblower

Refer Ordinance 2004-07.

ACCOUNTS PAYABLE MANAGEMENT

Overview

Clear Creek Community CSD strives to maintain efficient business practices and good cost control. It is the policy of the district that the employee recording the assets or expenses and the related liability is independent of ordering and receiving. The amounts recorded are based on the original vendor invoice for the goods or services. The vendor invoice should be supported by an approved purchase order where necessary, and should be approved by the manager/confidential employee of the department responsible for the purchase. Invoices and related general ledger account numbers are reviewed prior to posting to the A/P system.

The primary objective for accounts payable and cash disbursements is to ensure that:

1. Disbursement are properly reviewed and approved
2. Invoices are processed in a timely manner to take advantage of any cash discounts
3. Manage vendor credit terms and operating cash for maximum benefits

Recording Accounts Payable

All payables, properly supported with the required documentation shall be recorded as a payable in a timely manner.

Payables are processed on a semi-monthly basis. Information is entered in the system directly from the approved invoices with appropriate documentation attached. Only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching vendor records. Vendor statements shall not be processed for payments.

Timely Receipt/Approval/Payment

All vendor invoices received, approved and supported by adequate documentation by the 5th of the month shall be paid by the 10th of that month. Invoices received, approved and supported by adequate documentation by the 20th of the month shall be paid by the 25th of that month. With the exception of payroll related expenses, all other invoices shall not be processed until the 10th of the following month. These timelines make preparation of the monthly financial statements by the 10th of the following month possible for presentation at the monthly board meeting.

Approval by department manager/confidential employee indicated their acknowledgement of satisfactory receipt of the goods and/or services, agree with the contents of the invoice, the general ledger coding and approval to pay in full. The invoices are initialed by approving party.

Vendor Discounts

To the extent practical, it is the policy of Clear Creek CSD to take advantage of all prompt payment discounts offered by vendors. When availability of such discounts is

noted and all required documentation is available, payments will be scheduled to take full advantage of the discounts.

Expense Reimbursement/Travel and Entertainment

Refer to Ordinance 2000-05.

CASH DISBURSEMENTS

Check Preparation

Vendor checks and expense reimbursement checks shall be prepared on a semi-monthly basis. Checks shall be prepared by the Administrative Assistant and approved by the CEO/CFO or department managers/confidential employee. The entire payable package shall be reviewed and approved by a director and the authorized check signer.

All vendor and expense reimbursement checks shall be produced in accordance with the following guidelines:

1. Expenditures must be supported in conformity with the applicable sections described in this policy
2. Timing of disbursements shall be timed to take advantage of all discounts offered by vendors
3. Generally, all vendors shall be paid within 30 days of submitting a proper invoice upon delivery of goods or services.
4. Total cash requirements associated with each A/P run is monitored in conjunction with available cash in the general bank account prior to release of any checks
5. Supporting documentation is attached to invoice and corresponding check to forward to the authorized check signer for final approval and signature
6. Checks shall be used in numerical order. Unused checks are to be secured in a locked office. Void checks are to be marked through with red ink and kept with monthly payable information for review by the auditor.
7. Checks shall never be made payable to "bearer" or "cash"
8. Checks shall never be signed prior to proper preparation
9. Upon preparation of checks, vendor invoices and supporting documentation shall be stamped and filed to prevent being paid again.

Check Signing

All checks, regardless of amount shall require two signatures by authorized signers. Checks shall never be signed prior to complete preparation (no signing blank checks)

Ideally, an individual other than the one who approved the transaction for payment shall sign each check. In any event, a director shall review and approve all disbursements.

Check signers shall examine all original documentation to ensure that each item has been properly checked prior to signing the check. Checks should not be signed if supporting documentation appears to be missing or if there are any questions about the disbursement.

Mailing Checks

After signature, checks are returned to the individual who prepared them, who then mails them immediately. Individuals who authorized expenditures shall not mail checks.

Voided Checks and Stop Payments

Checks may be voided due to processing errors by making proper notations in the check register and defacing the check may clearly marking it "void" in red ink. All voided checks shall be retained to aid in preparation of bank reconciliation.

Stop payment orders may be made for checks lost in the mail or for other valid reasons. Stop payments are processed on-line or by telephone instruction and written authorization to the bank by accounting personnel with this authority. A journal entry is made to record the stop payment and any related bank fees.

Record Keeping Associated with Independent Contractors

Clear Creek CSD shall obtain a completed Form W-9 or equivalent substitute documentation from all vendors to whom payments are made. A record shall be maintained of all vendors whom a Form 1099 is required to be issued at year-end. Payments to such vendors shall be accrued over the course of the calendar year.

PAYROLL AND RELATED POLICIES

Classification of Workers as Independent Contractors or Employees

Clear Creek CSD will consider all relevant facts and circumstances regarding the relationship between the district and the individual in making determinations about the classification of workers as independent contractors or employees. This determination is based on the degree of control and independence associated with the relationship with the individual. Facts that provide evidence of the degree of control and independence fall into three categories:

1. Behavioral control
2. Financial control
3. The type of relationship of the parties

Facts associated with each of these categories that will be considered by the district in making employee/contractor determinations shall include:

1. Behavioral control
 - a. Instructions given by the district to the worker that indicates control over the worker (suggesting an employee relationship) such as:
 - i. When and where to work
 - ii. What tools or equipment to use
 - iii. What workers to hire or to assist with the work
 - iv. Where to purchase supplies and services
 - v. What work must be performed by a specified individual
 - vi. What order or sequence to follow
 - b. Training provided by the district to the worker (i.e. employees typically are trained by their employer, whereas contractors typically provide their own training)
2. Financial control
 - a. The extent to which the worker has unreimbursed business expenses (i.e. employees are more likely to be fully reimbursed for their expenses than is a contractor)
 - b. The extent of the worker's investment in the facilities/assets used in performing services for the district
 - c. The extent to which the worker makes services available to the relevant market
 - d. How the worker is paid (i.e. guaranteed regular wage for employees vs. flat fee paid to contractors)
 - e. The extent to which the worker can realize a profit or loss
3. Type of relationship
 - a. Written contracts describing the relationship that the district and the individual intend to create.
 - b. Whether the district provides the worker with employee-type benefits such as insurance, paid leave, etc.
 - c. The permanency of the relationship
 - d. The extent to which services performed by the worker is a key aspect of the regular business of the district

If an individual qualifies for independent contractor status, the individual will be sent a Form 1099 if total compensation paid to that individual for any calendar year, on the cash basis is \$600 or more. The amount reported on a Form 1099 is equal to the compensation paid to that person during the calendar year (on the cash basis). Excluded from "compensation" are reimbursements of business expenses that have been accounted for by the contractor by supplying receipts and business explanations.

If an individual qualifies as an employee, a personnel file will be created for that individual and all documentation required by the district shall be obtained. The balance of this section shall apply to all workers classified as employees.

Payroll Administration

Clear Creek CSD produces a bi-weekly payroll. All employees have an established personnel file that is maintained with current documentation, as described throughout this section. The district pays bi-weekly as described in the MOU, which serves as the district Personnel Manual.

The following forms, documents and information shall be obtained and included in personnel files for all new employees:

1. Employment application and resume
2. Applicant references (work and personal)
3. Interview questions and notes
4. W-4 Federal Withholding Certificate
5. State Withholding Certificate if filing different than Federal
6. I-9 Employment Eligibility Verification
7. Copy of valid driver's license
8. Verification of Social Security Number
9. Authorization for voluntary withholdings, direct deposit, etc.

Changes In Payroll Data

All changes in payroll data shall be authorized in writing before implementation:

1. New hires
2. Terminations
3. Changes in compensation
4. Voluntary payroll deductions
5. Changes in income tax withholding status
6. Court ordered payroll deductions

The appropriate department manager/confidential employee shall authorize new hires; terminations and changes in compensation shall be authorized in writing by the CEO/CFO prior to implementation.

The individual employee shall authorize voluntary payroll deductions and changes in income tax withholding status in writing.

Documentation of all changes in payroll status shall be maintained in each employee's personnel file and on the individual employee status screen of the payroll software.

Payroll Taxes

It is the responsibility of the Administrative Assistant, who processes payroll, to ensure all required tax forms are properly completed and submitted and all required taxes are withheld and paid in the required timeline. Each employee shall submit a new W-4 in January of each year. Withholding of federal income taxes shall be based on the most current W-4 prepared by each employee.

Preparation of Timecards

Each employee must submit signed, approved timecards no later than 9:00 on the morning following the end of the pay period. Timecards will be prepared in accordance with the following:

1. Timecards shall reflect all hours worked and compensated hours during the pay period. The timecard should generally reflect 80 hours.
2. Errors corrected by the person preparing payroll shall make changes in ink by crossing out entries and writing new entries in.
3. Department, or job number coding must identify all hours worked.
4. Compensated absences such as vacation, holidays and sick leave should be clearly identified as such.
5. Both employee and supervisor prior to submission must sign timecards.

Employees who are on leave or ill on the day that timecards are due may phone or e-mail information to the supervisor or designated alternate. Immediately upon return to work the employee must sign the time card.

Tampering with, altering, falsifying timecards or willfully violating any other timesheet policy or procedure may result in disciplinary action.

Payroll Distribution

Individuals who do not approve timecards nor control the preparation of payroll will distribute checks.

The district strongly encourages the use of direct deposit, due to the efficiencies created.

SPECIFIC ASSET AND LIABILITY ACCOUNTS

Cash Accounts

General Checking Account:

The primary operating account provides for routine business cash disbursements, including payroll. All cash payments received either at the office or by mail are deposited to this account. Excess funds in this account are transferred to short-term investments, when feasible.

Cash transfers are done on an as needed basis to cover disbursements, capital expenditures or payment on assessment district debt.

Bank Accounts Reconciliation

Bank account statements are received by the 10th of the month for the preceding month. The accounts are reconciled within five days of receipt of bank statements. Any unusual or unexplained items shall be immediately investigated and if necessary, reported to the Financial Committee.

Bank account reconciliations, including any adjusting journal entries resulting from preparing bank reconciliations are reviewed by two directors on a quarterly basis.

Stale Checks

The district writes off uncashed checks in the amount of \$500 or less that have not cleared the bank after a six-month period. Uncashed checks in excess of \$500 and over six months old will be investigated by contacting the payee to determine the best course of action.

All stale checks written off within the same fiscal year of issue will be credited back to the expense account originally charged. Checks written off in fiscal year subsequent to the year the check was written will be credited to the miscellaneous income account.

Petty Cash

It is district policy to maintain an imprest fund for valid transactions and to periodically replenish these funds up to the authorized balance of \$200. It is the responsibility of the Administrative Assistant to ensure that the petty cash fund is secured at all times.

All disbursements from the petty cash fund must be accompanied by a completed and approved petty cash voucher. Receipts are required for all disbursements from petty cash.