



POLICY TITLE: Accounts Receivable Policy
POLICY NUMBER: 2100

2100.1 It is the policy of the District that accounts receivable be reviewed monthly, as it is critical to the cash flow of the District and requires continued follow-up and attention.

2100.2 Procedures:

- a) The accounts receivable balances are reviewed monthly by the General Manager, along with assigned staff.
- b) Notices are sent for all accounts 30 or more days past their due date.
- c) Finance charges of ~~1.5 percent per month~~ are assessed on all accounts past due as provided by the District Fee Schedule. ~~Identify the ordinance or resolution imposing late payment charges.~~
- d) Credit memos are limited to control of the ~~position title~~, ~~after consulting with the General Manager or his or her designee~~ General Manager.
- e) At month-end closing, an accounts receivable schedule is prepared, reviewed, and reconciled to the General Ledger. The trial balance report is compared to the General Ledger for accuracy.
- f) An appropriate allowance for bad debt is carried on the Balance Sheet. Every attempt is made for collection. At year-end it is determined if there are uncollectible items and, if so, those are written off by the ~~position title~~ finance staff, upon approval by the General Manager or his or her designee. Any amount over the approved allowance for bad debt must be approved by the Board of Directors/Trustees prior to write off.

Adopted: June 25, 2024

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POLICY TITLE: Asset Protection and Fraud in the Workplace
POLICY NUMBER: 2105

2105.1 Purpose and Scope: To establish a policy and procedures for clarifying acts that are considered to be fraudulent, describing the steps to be taken when fraud or other dishonest activities are suspected, and providing procedures to follow in accounting for missing funds, restitution, and recoveries.

2105.2 The District is committed to protecting its assets against the risk of loss or misuse. Accordingly, it is the policy of the District to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the District and, when appropriate, to pursue available legal remedies.

2105.3 Definitions:

- a) Fraud – Fraud and other similar irregularities include, but are not limited to:
- 1) Claim for reimbursement of expenses that are not job-related or authorized by District policy;
 - 2) Forgery, falsification, or unauthorized alteration of documents or records (including but not limited to checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.);
 - 3) Misappropriation of District assets (including but not limited to funds, securities, supplies, furniture, equipment, computer access, etc.);
 - 4) Inappropriate use of District resources (including but not limited to labor, time, and materials);
 - 5) Improprieties in the handling or reporting of money or financial transactions;
 - 6) Authorizing or receiving payment for goods not received or services not performed;
 - 7) Computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of District-owned or –licensed software;
 - 8) Misrepresentation of information;
 - 9) Theft of equipment or other goods;
 - 10) Any apparent violation of federal, state, or local laws related to dishonest activities or fraud;
 - 11) Seeking or accepting anything of material value from those doing business with the District including, but not limited to, vendors, consultants, contractors, lessees, applicants, and grantees. Materiality is determined by the District’s Conflict of Interest Code which incorporates the Fair Political Practices Commission’s regulations;
 - 12) Any other conduct, action, or activity treated as fraud or misappropriation under any federal or state law, rule, or regulation.



- b) Employee – In this context, “employee” refers to any individual or group of individuals who receive compensation, either full- or part-time, including members of the Board, from the [Chester Public Utility District](#). The term also includes any volunteer who provides services to the District through an authorized arrangement with the District or a District organization.
- c) Management – In this context, “management” refers to any manager, supervisor, or other individual who manages or supervises District’s resources or assets.
- d) Internal Audit Committee – In this context, if the claim of fraud involves anyone other than the District’s General Manager, the Internal Audit Committee shall consist of the General Manager or his or her designee, the District’s Legal Counsel, and any other persons appointed to the Internal Audit Committee by the General Manager. If the claim of fraud involves the District’s General Manager, the Internal Audit Committee shall consist of the [Chair/President](#) of the Board of the District or his or her designee, the District’s Legal Counsel, and any other persons appointed to the Internal Audit Committee by the President of the Board. Nothing contained in this policy shall be construed as requiring the General Manager or the President of the Board to appoint other persons to the Internal Audit Committee. Individuals appointed to the Internal Audit Committee by the General Manager or the President of the Board other than the District’s Legal Counsel shall serve at the pleasure of the General Manager or the President of the Board.
- e) External Auditor – In this context, “External Auditor” refers to independent audit professionals appointed by the District’s Board to perform annual audits of the District’s financial statements.

2105.4 It is the District’s intent to fully investigate any suspected acts of fraud, misappropriation, or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, and length of service or relationship with the District of any party who might be or become involved in or become the subject of such investigation. An employee being investigated for fraud may request representation by a representative of any recognized bargaining unit that represents the employee.

2105.5 Each department of the District is responsible for instituting and maintaining a system of internal controls to provide reasonable assurance of the prevention and detection of fraud, misappropriations, and other irregularities. Management staff should be familiar with the types of improprieties that might occur within their areas of responsibility and be alert for any indications of such conduct.

2105.6 For claims of fraud not involving the General Manager, the General Manager or an Internal Audit Committee appointed by the General Manager shall have primary responsibility for investigation of activity covered by this policy. For claims of fraud involving the General Manager, the [President/Chair](#) of the Board or an Internal Audit Committee appointed by the [President/Chair](#) shall have primary responsibility for investigation of activity covered by this policy. The District’s General Counsel shall advise the Committee, the General Manager and/or the Board President on all such investigations.



2105.7 Throughout the investigation, the Internal Audit Committee will inform the General Manager of pertinent investigative findings if the General Manager is not involved in the claims of fraud. Throughout the investigation, the Internal Audit Committee will inform the Board [PresidentChair](#) of pertinent investigative findings if the General Manager is involved in the claims of fraud.

2105.8 An employee will be granted whistle-blower protection when acting in accordance with this policy so long as he or she has not engaged in activity that violates this policy. When informed of a suspected impropriety by an employee not engaged in activity that violates this policy, neither the District nor any person acting on its behalf shall:

- a) Dismiss or threaten to dismiss an employee providing the information,
- b) Discipline, suspend, or threaten to discipline or suspend such an employee,
- c) Impose any penalty upon such an employee, or
- d) Intimidate or coerce such an employee.

Violations of this whistle-blower protection policy will result in discipline up to and including termination.

2105.9 Upon conclusion of an investigation, the results will be reported to the General Manager or, if the investigation involves the General Manager, the Board [PresidentChair](#), either of whom shall advise the Board.

2105.10 Following review of investigation results, the General Manager or the Board, as the case may be, will take appropriate action regarding employee misconduct. Disciplinary action can include employment discipline up to and including termination, referral for criminal prosecution, or both.

2105.11 The General Manager or the General Counsel will pursue every reasonable effort, including court-ordered restitution, to obtain recovery of District losses from the offender, other responsible parties, insurers, or other appropriate sources unless the Board should otherwise direct in consultation with General Counsel.

2105.12 Procedures:

2105.12.1 Board Responsibilities

- a) If a Board Member has reason to suspect a fraud has occurred, he or she shall immediately contact the General Manager, or the Board [PresidentChair](#) if the activity involves the General Manager, ~~and the District's Legal Counsel.~~
- b) The Board Member shall not attempt to investigate the suspected fraud or discuss the matter with anyone other than the General Manager or Board [PresidentChair](#), as the case may be, and the District's Legal Counsel. If the matter involves the General Manager and/or the Board [PresidentChair](#), the Board Member may contact legal counsel.



- c) The alleged fraud or audit investigation shall not be discussed with the media by any person other than the General Manager or the Board President after consultation with the District's Legal Counsel and any Internal Audit Committee appointed for the matter.

2105.12.2 Management Responsibilities

- a) Management staff are responsible for being alert to, and for reporting, fraudulent or related dishonest activities in their areas of responsibility.
- b) Each manager should be familiar with the types of improprieties that might occur in his or her area of responsibility and be alert for any indication that improper activity, misappropriation, or dishonest activity did occur or is occurring.
- c) When an improper activity is detected or suspected, management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.
- d) If a manager determines a suspected activity may involve fraud or related dishonest activity, he or she should contact his or her immediate supervisor or the District's General Manager. If the activity involves the General Manager, it shall be reported to the Board President or the District's Legal Counsel.
- e) Managers should not attempt to conduct individual investigations, interviews, or interrogations other than as directed by the General Manager or General Counsel. However, management staff are responsible for taking appropriate corrective actions to implement adequate controls to prevent recurrence of improper actions.
- f) Management staff must support the District's responsibilities and cooperate fully with the Internal Audit Committee, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of criminal acts, including the prosecution of offenders.
- g) Management staff must give full and unrestricted access, as permitted by law, to all necessary records and personnel to those responsible for identifying, investigating, and remedying fraud and related dishonest acts. All District assets, including furniture, desks, and computers, are open to inspection at any time. No District officer, agent, or employee has a reasonable expectation of privacy in District property and other resources to preclude such inspection.
- h) In dealing with suspected dishonest or fraudulent activities, great care must be taken. Therefore, management staff should avoid the following:
 - 1) Incorrect accusations;
 - 2) Alerting suspected individuals that an investigation is underway;
 - 3) Treating employees unfairly; and
 - 4) Making statements that could lead to claims of false accusations or other offenses.
- i) In handling dishonest or fraudulent activities, managers shall:
 - 1) Make no contact (unless requested) with the suspected individual to determine facts or demand restitution. Under no circumstances should there be any reference to "what you did", "the crime", "the fraud", "the misappropriation", etc;



- 2) Avoid discussing the case, facts, suspicions, or allegations with anyone outside the District, unless specifically directed to do so by the General Manager or the Board [PresidentChair](#); and
- 3) Avoid discussing the case with anyone inside the District other than employees who have a need to know such as the General Manager, Internal Audit Committee, or the District's Legal Counsel.
- 4) Direct all inquiries from the suspected individual, or his or her representative, to the General Manager, the Board [PresidentChair](#), or the District's Legal Counsel. All inquiries by attorneys representing a suspected individual should be directed to the District's Legal Counsel. All inquiries from the media should be directed to the General Manager or the Board [PresidentChair](#), if the activity involves the General Manager.
- 5) Take appropriate corrective and disciplinary action, up to and including dismissal, after consulting with the General Manager and Legal Counsel, in conformance with District policy and applicable law.

2105.12.3 Employee Responsibilities

- a) A suspected fraudulent incident or practice observed by, or made known to, an employee must be reported to the employee's supervisor for reporting to the proper management official.
- b) When an employee believes his or her supervisor may be involved in inappropriate activity, the employee shall make the report to the next higher level of management and/or the General Manager. If the activity involves the General Manager, it shall be reported to the Board [PresidentChair](#) or the District's Legal Counsel.
- c) A reporting employee shall refrain from further investigation of the incident, confrontation with the alleged violator, or further discussion of the incident with anyone, unless requested by the General Manager, Internal Audit Committee, the District's Legal Counsel, or law enforcement personnel.

2105.12.4 Internal Audit Committee Responsibilities

- a) Upon assignment by the General Manager or the Board [PresidentChair](#), an Internal Audit Committee will promptly investigate the allegations.
- b) In all circumstances when there is reason to suspect a criminal fraud has occurred, the Internal Audit Committee, in consultation with the District General Manager or the Board [PresidentChair](#), if the General Manager is suspected of involvement in the fraud, and Legal Counsel will contact the appropriate law enforcement agency.
- c) The Internal Audit Committee shall be available and receptive to relevant, confidential information, to the extent allowed by law, after consultation with the District's Legal Counsel.
- d) If evidence is uncovered showing possible dishonest or fraudulent activities, the Internal Audit Committee will:
 - 1) Discuss the findings with management and the General Manager, to the extent management and/or the General Manager is not involved in the activities;



- 2) Advise management, if the case involves District staff members, to meet with the employee(s) and his/her designated representative, if applicable, to determine if disciplinary action should be taken, up to and including, termination;
- 3) Report to the External Auditor such activities to assess the effect of the illegal activity on the District's financial statements;
- 4) Coordinate with the District's risk manager regarding notification to insurers and filing of insurance claims;
- 5) Take immediate action, after consultation with the Legal Counsel, to prevent the theft, alteration, or destruction of evidence. Such action shall include, but is not limited to:
 - a) Removing relevant records and placing them in a secure location, or limiting access to those records
 - b) Preventing the individual suspected of committing the fraud from having access to the records.
- 6) In consultation with the District Legal Counsel and the local law enforcement agency, the Internal Audit Committee may disclose particulars of the investigation to potential witnesses if such disclosure would further the investigation.
- 7) If the Internal Audit Committee is contacted by the media regarding an alleged fraud or audit investigation, the Internal Audit Committee will refer the media to the General Manager or Board [PresidentChair](#), if the activity involves the General Manager.
- 8) At the conclusion of the investigation, the Internal Audit Committee will document the results in a confidential memorandum report to the General Manager or the Board [President Chair](#) for action. If the report concludes that the allegations are founded and the District's Legal Counsel has determined that a crime has occurred, the report will be forwarded to the appropriate law enforcement agency.
- 9) The Internal Audit Committee shall make recommendations to the appropriate department as to the prevention of future similar occurrences.
- 10) Upon completion of the investigation, including all legal and personnel actions, all records, documents, and other evidentiary material, obtained from the department under investigation will be returned by the Internal Audit Committee to that department.

2105.13 Exceptions

There will be no exceptions to this policy unless provided and approved in writing by the General Manager, or the Board [PresidentChair](#), with consent from the District Legal Counsel. The Board reserves the right to amend, delete, or revise this policy at any time by formal action of the Board.

[Adopted: June 25, 2024](#)



POLICY TITLE: Budget Preparation
POLICY NUMBER: 2110

2110.1 An annual budget proposal shall be prepared by the General Manager ~~[FINANCE DIRECTOR, or other responsible managing employee].~~

2110.2 Before review by the Board of Directors ~~Trustees~~, the Board's ~~[name]~~ Finance Committee shall meet with the General Manager to review his/her annual budget proposal.

2110.3 The proposed annual budget as reviewed and amended by the ~~Board's~~ Finance Committee shall be reviewed by the Board at its regular meeting in ~~[MONTH]~~ June.

2110.4 The proposed annual budget as amended by the Board during its review shall be adopted at its next regular meeting.

Adopted: June 25, 2024



POLICY TITLE: Credit Card Use
POLICY NUMBER: 2115

2115.1 Purpose: The purpose of this policy is to prescribe the internal controls for management of District credit cards.

2115.2 Scope: This policy applies to all individuals who are authorized to use District credit cards and/or who are responsible for managing credit card accounts and/or paying credit card bills.

2115.3 Implementation: A credit card shall be issued to ~~the General Manager and [position title(s)]~~ all employees authorized by the Board. Credit cards shall not be issued or used by members of the Board of Directors ~~Trustees, Directors-Board Members~~. Directors-Board Members will use their personal credit cards for lawful expenses of the District and seek reimbursement on a form provided by the District for that purpose.

- a) All credit card bills shall be paid timely to avoid late fees and finance charges. The District shall not reimburse for late fees and finance charges except under extraordinary circumstances.
- b) All credit card expenses shall be reasonable and necessary to the furtherance of District business and made in accordance with District policy. No personal expenses shall be charged on a District credit card. If a transaction involves both personal and District business, the employee shall pay for the transaction personally and request reimbursement by the District of the appropriate portion of the expense.
- c) All credit card transactions shall have third-party documents (receipts) attached and the District purpose annotated by the cardholder.
- d) The ~~[position title]~~ Board Chairperson shall review and approve credit card transactions by the General Manager. ~~The General Manager shall review and approve credit card transactions by the [position title(s)]~~.
- e) All records of the District involving credit card use, including receipts, invoices, and requests for reimbursement are disclosable public records to be maintained consistently with the District's records ~~man-~~ agement-retention policy.

Adopted: June 25, 2024



POLICY TITLE: Employment of Outside Contractors and Consultants
POLICY NUMBER: 2120

2120.1 The District employs outside contractors or consultants for construction, engineering, planning, and environmental review projects, auditing, and other purposes approved by the Board of Directors ~~Trustees~~. The District's procedure is as follows:

- a) Construction projects will be advertised for bid on the Chester Public Utility District website, the local post office, and in at least one local newspaper of general circulation and the local contractors bidding news if available.
- b) The bid opening is open to the public and will be specified in the bid documents.
- c) If public bidding requirements apply under State law or the terms of any grant contract, those requirements shall be complied with to the exclusion of the previous paragraph.

2120.2 Consultants will be approved by the Board of Directors ~~Trustees~~ on the recommendation of the General Manager. The General Manager and/or Board of Directors ~~Trustees~~ will make their decision based on the consultant's experience and qualifications. The consultant will also be required to provide an explanation of scope of work, hours to complete, and applicable cost estimate for their services that will be used in their evaluation in the selection process. Consultants for engineering, architectural, and other professional services shall be evaluated based upon qualification and not on cost of services ~~per as allowed by~~ state law.

2120.3 Every person involved in the solicitation, selection, and approval of consultants shall comply with applicable conflicts of interest laws, including Government Code section 1090, the Political Reform Act of 1974 as amended, renumbered, or recodified from time to time, and the District's conflict of interest code.

Adopted: June 25, 2024



POLICY TITLE: Expense Authorization
POLICY NUMBER: 2125

2125.1 All purchases made for the District by staff shall be authorized by the General Manager [~~FINANCE DIRECTOR~~ or other responsible managing employee], and shall be in conformance with the approved District budget and applicable District policies.

2125.2 Any commitment of District funds for a purchase or expense greater than \$20,000.00 [~~for other appropriate amount~~] and which was not included in the Board-approved budget shall first be submitted to the Board of Directors for approval, or shall be in conformance with prior Board action and/or authorizations.

2125.3 A "petty cash" fund shall be maintained in the District office having a balance-on-hand maximum of \$200.00 [~~for other appropriate amount~~].

- a) Petty cash may be advanced to District staff or Directors upon their request and the execution of a receipt for same, for the purpose of procuring item(s) or service(s) appropriately relating to District business. After said item(s) or service(s) have been obtained, a receipt for same shall be submitted to the District ~~Treasurer [FINANCE DIRECTOR, or other responsible managing employee]~~ finance staff, and any remaining advanced funds shall be returned. The maximum petty cash advance shall be \$50.00 [~~for other appropriate amount~~].
- b) No personal checks shall be cashed in the petty cash fund.
- c) The petty cash fund shall be included in the District's annual independent accounting audit.

2125.4 Whenever employees or Directors of the District incur "out-of-pocket" expenses for item(s) or service(s) appropriately relating to District business as verified by valid receipts, said expended cash shall be reimbursed upon request from the District's petty cash fund or by warrant request if needed. In those instances when a receipt is not obtainable, the requested reimbursement shall be approved by the General Manager [~~DISTRICT TREASURER, FINANCE DIRECTOR or other responsible managing employee~~] before remuneration. The District may establish a reimbursement request form and, if it does, no reimbursement will be made without submission of a request on that form.

2125.5 Requests for reimbursement to the District must have a good faith basis. Submission of a request for a reimbursement without such a basis shall subject the requestor to appropriate sanctions, up to and including termination of employment and referral to an appropriate law enforcement agency for prosecution.

Adopted: June 25, 2024



POLICY TITLE: Investment of District Funds
POLICY NUMBER: 2130

2130.1 Premise:

- a) The State Legislature has declared the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (Government Code (GC) § 53600.6 and § 53630.1); and,
- b) Government Code Sections 53601, et seq., allow the legislative body of a local agency to invest surplus monies not required for the immediate necessities of the local agency; and,
- c) The treasurer or fiscal officer of a local agency is required to annually prepare and submit a statement of investment policy and such policy, and any changes thereto, is to be considered by the local agency's legislative body at a public meeting (GC § 53646(a)). The statement shall also be annually presented to any oversight agency of the local agency.
- d) For these reasons, and to ensure prudent and responsible management of the public's funds, it is the policy of the District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds.

2130.2 Scope:

This investment policy applies to all financial assets of the District. These funds are accounted for in the annual audited financial statements of the District and include:

- a) Demand Accounts
- b) Investments
- c) General Fund
- d) Local Agency Investment Fund [others]
- e) Operation and Maintenance Fund
- f) Enterprise Funds [others]

2130.3 Prudence:

The Board and persons authorized to make investment decisions subject to these policies are fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a fiduciary shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived.



Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from policy or expectations are reported in the next issued quarterly treasury report and appropriate actions are taken to control adverse developments. When a deviation poses a significant risk to the District's financial position, the fiscal officer shall notify the Board immediately.

2130.4 Objectives:

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

- a) Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the whole portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- b) Liquidity: The secondary objective shall be to meet the liquidity needs of the District.
- c) Yield: The third objective shall be to achieve a return on the funds under the District's control.

Adopted: June 25, 2024



POLICY TITLE: Purchasing
POLICY NUMBER: 2135

2135.1 To purchase small items — such as office supplies, auto parts, and other miscellaneous items costing less than \$1,000 — vendors will be asked to submit pricing information by telephone or written quotation. District accounts are then awarded to those firms that provide the best price, discount, service, etc. Acquisitions are processed on purchase order forms that list instructions to vendors.

2135.2 To purchase items costing more than \$1,000 and up to \$20,000 ~~for other appropriate amount~~, quotations will be solicited from vendors and received by telephone or written quotation. Quotations will be solicited from at least two sources before selecting a supplier and processing a purchase order. The General Manager and ~~position title~~ must approve purchase orders.

2135.3 For items over \$20,000 ~~for other appropriate amount~~ or orders of large quantities, the District will provide suppliers with a list of items to be purchased. Suppliers will provide written quotes for consideration and recommendation. District staff will then present written quotes to the Board of Directors/Trustees for award of contract. Items on the list will be purchased from the supplier quoting the lowest prices, with an acceptable delivery date.

2135.4 Vehicles will be purchased through the State's Contract for Fleet Vehicles, unless they can be acquired at the same cost or less expensively from local sources by competitive quotation bids in accordance with section 2135.2.

2135.5 This policy covers the purchase of goods, not services and not public works construction services. Those matters are addressed in other policies of the District: ~~identify the policies~~.

Adopted: June 25, 2024



POLICY TITLE: Receiving/Depositing Remittances
POLICY NUMBER: 2140

2140.1 It is the policy of the District that the General Manager shall cause appropriate staff to timely receive and deposit remittances and to ensure accountability. The General Manager shall designate a person or position to act as the designated staff person under this policy ([“Designated Staff Person”](#)).

2140.2 Procedures for incoming Checks:

- a) [\[Position title\] Office clerical staff](#) opens mail, receiving all checks and stamping “for deposit only”.
- b) Using approved account codes, [\[Position title\] staff](#) logs each check on a weekly spreadsheet. If the application of any check to a particular fund or account of the District is unclear, [\[Position title\] staff](#) logs as “Miscellaneous”.
- c) [\[Position title\] Office clerical staff](#) stamps any accompanying paperwork “Paid” and gives it to the [Designated sStaff pPerson](#). If there is no accompanying paperwork, [\[Position title\]](#) will match check to open invoice(s) and proceed with above.
- d) Once a week, the spreadsheet is given to the [Designated sStaff pPerson](#).
- e) Checks are given to the [Designated sStaff pPerson](#) each day.
- f) The [Designated sStaff pPerson](#) records each check in the accounting program. Any checks logged as “Miscellaneous” go to the [\[position title\]](#) for appropriate coding.
- g) [\[position title\] Office clerical staff](#) prepares the bank deposit.
- h) [\[position title\] Office clerical staff](#) verifies correct coding and dollar amounts coding and accounting for any check classified as payment for an administrative service will be verified by the General Manager.
- i) The [Designated sStaff pPerson](#) deposits with bank.
- j) The [Designated sStaff pPerson](#) records the deposit in the General Ledger.

Adopted: June 25, 2024



POLICY TITLE: Records Retention

POLICY NUMBER: 2145

2145.1 The purpose of this policy is to: provide guidelines to staff regarding the retention or disposal of District records; provide for the identification, maintenance, safeguarding, and disposal of records in the normal course of business; ensure prompt and accurate retrieval of records; and, ensure compliance with legal and regulatory requirements.

2145.2 Vital and important records, regardless of recording media, are those having legal, financial, operational, or historical value to the District.

2145.3 The General Manager is authorized by the Board of Directors to interpret and implement this policy, and to cause to be destroyed any or all such records, papers, and documents that meet the qualifications governing the retention and disposal of records, specified below and under applicable law, after consultation with the General Counsel.

2145.4 Pursuant to the provisions of Government Code §§ 60200 through 60204, and the guidelines prepared by the State Controller's office and the Controller's Advisory Committee for Special Districts, the following qualifications will govern the retention and disposal of records of the District.

2145.4.1 Duplicate records, papers, and documents may be destroyed at any time without Board authorization, advice of the General Counsel, or copying to photographic or electronic media.

2145.4.2 Originals of records, papers, and documents more than two years old that were prepared or received in any manner other than pursuant to State or Federal statute may be destroyed without the necessity of copying to photographic or electronic media except for permanent records of the District, as defined in this policy and under applicable law

2145.4.3 In no instance shall records, papers, or documents be destroyed where there is a continuing need for such records for such matters as pending litigation, special projects, etc.

2145.4.4 Records, papers, or documents which are not expressly required by law to be filed and preserved may be destroyed if all of the following conditions are met:

2145.4.4.1 The record, paper, or document is photographed, micro-photographed, reproduced on film of a type approved for permanent photographic records by the National Institute of Standards and Technology of the U.S. Department of Commerce, or copied to an approved electronic media;



2145.4.4.2 The device used to reproduce such record, paper, or document on film, or retrieves and prints the document from the electronic media, is one which accurately reproduces the original thereof in all details; and,

2145.4.4.3 The photographs, micro-photographs, or other reproductions on film are placed in conveniently accessible files and provisions are made for preserving, examining, and using the same, together with documents stored via electronic media.

2145.4.5 Any accounting record except the journals and ledgers which are more than five years old and which were prepared or received in any manner other than pursuant to State statute may be authorized for destruction, provided that:

2145.4.5.1 There is no continuing need for said record, i.e., long-term transactions, special projects, pending litigations, etc., and;

2145.4.5.2 There exists in a permanent file, an audit report or reports covering the inclusive period of said record, and that;

2145.4.5.3 Said audit report or reports were prepared pursuant to procedures outlined in Government Code section 26909 and other State or Federal audit requirements, and that;

2145.4.5.4 Said audit(s) contain the expression of an unqualified opinion.

2145.4.6 Any accounting record created for a specific event or action may be destroyed upon authorization and five years after said event or action has in all respects terminated. Any source document detailed in a register, journal, ledger or statement may be authorized for destruction five years from the end of the fiscal period to which it applies. The following may be destroyed at any time without Board authorization or consultation with the General Counsel:

2145.4.6.1 Duplicated (original-subject to aforementioned requirements).

2145.4.6.2 Rough drafts, notes or working papers (except audit).

2145.4.6.3 Cards, listings, nonpermanent indices, other papers used for controlling work or transitory files.

2145.4.7 All payroll and personnel records shall be retained indefinitely. Originals may, upon authorization, be destroyed after seven years' retention provided said records have been microfilmed or otherwise electronically duplicated and qualify for destruction in accordance with section 2145.4, above. Payroll and personnel records include the following:



2145.4.7.1 Accident reports, injury claims and settlements.

2145.4.7.2 Medical histories.

2145.4.7.3 Injury frequency charts.

2145.4.7.4 Applications, changes and terminations of employees.

2145.4.7.5 Insurance records of employees.

2145.4.7.6 Time cards.

2145.4.7.7 Classification specifications (job descriptions).

2145.4.7.8 Performance evaluation forms.

2145.4.7.9 Earning records and summaries.

2145.4.7.10 Retirements.

2145.4.8 Records of proceedings for the authorization of long-term debt, bonds, warrants, loans, etc., after issuance or execution may be destroyed if microfilmed or otherwise electronically duplicated as provided for in section 2145.4.4, above. Terms and conditions of bonds, warrants, and other long-term agreements should be retained until final payment, and thereafter may be destroyed in less than 10 years if microfilmed or otherwise electronically duplicated as provided for in section 2145.4.4, above. Paid bonds, warrant certificates, and interest coupons may be destroyed after six months if detailed payment records are kept for 10 years.

2145.5 Minutes of the meetings of the Board of Directors shall be retained indefinitely in their original form. However, meeting minutes may, upon the General Manager's authorization, be destroyed if they are microfilmed or otherwise electronically duplicated as provided for in section 2145.4.4, above. Recording tapes (or other media) of Board meetings will be kept for a period of two years from the date of the recorded meeting, after which they will be destroyed.

2145.6 Construction records, such as bids, correspondence, change orders, etc., shall not be kept in excess of seven years unless they pertain to a project which includes a guarantee or grant and, in that event, they shall be kept for the life of the guarantee or grant plus seven years. As-built plans for any public facility or works shall be retained as long as said facility is in existence.



2145.7 Contracts should be retained for their lives plus seven years. Any unaccepted bid or proposal for the construction or installation of any building, structure or other public work which is more than two years old may be destroyed.

2145.8 Property records, such as documents of title, shall be kept until the property is transferred or otherwise no longer owned by the District.

2145.9 For records existing in paper form, retention periods apply to the original paper copy only. Drafts (i.e., initial or preliminary versions) may be disposed of at any time. Duplicate copies and electronic copies may be disposed of at any time at the discretion of the District's management, unless the original has been lost. Electronic records will be retained as if they were paper documents. Therefore, any electronic files, including emails that fall into one of the document types in this Policy will be maintained for the appropriate amount of time.

2145.10 Confidentiality. The District is committed to ensuring the security and confidentiality of all records within its custody or control containing personal, confidential, or proprietary information. When such records are due to be destroyed under this Policy, they will be shredded, erased, or otherwise modified or destroyed to make them unreadable or undecipherable through any means.

2145.11 Exceptions.

2145.11.1 Legal Requirements. To the extent that any Applicable Laws exceed the retention periods in this Policy, the Applicable Laws will control.

2145.11.2 Legal Hold. All Records required to be retained due to pending or threatened litigation or investigation shall be retained for so long as the legal hold is active.

2145.11.3 Contractual Requirements. To the extent that contractual records retention requirements exceed the retention periods in this Policy, or specify the retention of Records not listed in the Policy, the contractual requirements will control. No originals of Records related to open contracts and subject to contractual retention requirements may be destroyed without the approval of the General Manager, who will consult with other District personnel as necessary.



Appendix A
Definitions for Records Retention and Disposal Policy

1. AUTHORIZATION. Approval from the General Manager, as authorized by the District's Board of Directors.

2. ACCOUNTING RECORDS. Include but are not limited to the following:
 - a. SOURCE DOCUMENTS
 - (1) Invoices
 - (2) Warrants
 - (3) Requisitions/Purchase Orders (attached to invoices)
 - (4) Cash Receipts
 - (5) Claims (attached to warrants in place of invoices)
 - (6) Bank Statements
 - (7) Bank Deposits
 - (8) Checks
 - (9) Bills
 - (10) Various accounting authorizations taken from Board minutes, resolutions or contracts

 - b. JOURNALS
 - (1) Cash Receipts
 - (2) Accounts Receivable or Payable Register
 - (3) Check or Warrant (payables)
 - (4) General Journal
 - (5) Payroll Journal

 - c. LEDGERS
 - (1) Expenditure
 - (2) Revenue
 - (3) Accounts Payable or Receivable Ledger
 - (4) Construction
 - (5) General Ledger
 - (6) Assets/Depreciation

 - d. TRIAL BALANCE

 - e. STATEMENTS (Interim or Certified - Individual or All Fund)
 - (1) Balance Sheet
 - (2) Analysis of Changes in Available Fund Balance



- (3) Cash Receipts and Disbursements
- (4) Inventory of Fixed Assets (Purchasing)

f. JOURNAL ENTRIES

g. PAYROLL and PERSONNEL RECORDS include but are not limited to the following:

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

h. OTHER

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

3. LIFE. The inclusive or operational or valid dates of a document.

4. RECORD. Any "writing" as defined in government Code section 6252(f), which includes: means any handwriting, typewriting, printing, photostating, photographing, photocopying, transmitting by electronic mail or facsimile, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combinations thereof, and any record thereby created, regardless of the manner in which the record has been stored that is issued by or received in a department, and maintained and used as information in the conduct of its operations.

5. RECORD COPY. The District copy of a document or file.

6. RECORD SERIES. A group of records, generally filed together, and having the same reference and retention value.

7. RECORDS CENTER. The site selected for storage of inactive records.



- 8. RECORDS DISPOSAL. The planning for and/or the physical operation involved in the transfer of records to the Records Center, or the authorized destruction of records pursuant to the approved Records Retention Schedule.
- 9. RECORDS RETENTION SCHEDULE. The consolidated, approved schedule list of all District records which timetables the life and disposal of all records.
- 10. RETENTION CODE. Abbreviation of retention action which appears on the retention schedule.
- 11. VITAL RECORDS. Records which, because of the information they contain, are essential to one or all of the following:
 - a. The resumption and/or continuation of operations;
 - b. The re-creation of the legal and financial status of the District, in case of a disaster;
 - c. The fulfillment of obligations to bondholders, customers, and employees.

Vital records include but are not limited to the following [detail the records structure of the District, stating the retention time for each class of records. These times can be drawn from the recommendations of the Secretary of State (<http://archives.cdn.sos.ca.gov/local-gov-program/pdf/records-management-8.pdf>) or developed with the advice of legal counsel, as there are many laws governing records retention]:

- | | |
|---------------------------------------|--|
| (1) | (11) |
| Agreements | District insurance records |
| (2) | (12) |
| Annexations and detachments | District water rights |
| (3) | (13) |
| As-built drawings | Employee accident reports, injury claims & settlements |
| (4) | (14) |
| Audits | Employee earning records |
| (5) | (15) |
| Contract drawings | Employee fidelity bonds |
| (6) | (16) |
| Customer statements | Employee insurance records |
| (7) | (17) |
| Deeds | Encroachment permits (by others) |
| (8) | (18) |
| Depreciation schedule | Encroachment permits |
| (9) | (19) |
| Disposal of surplus & excess property | Facility improvement plans |
| (10) | (20) |
| Disposal of scrap materials | Improvement districts |



-
- (21)
Individual water rights
 - (22)
Individual claims/settlements
 - (22)
Inventory
 - (24)
Journal vouchers
 - (25)
Ledgers
 - (26)
Licenses & permits (to operate)
 - (27)
Loans & grants
 - (28)
Maps
 - (29)
Minutes of Board meetings
 - (30)
Payroll register
 - (31)
Policies, Rules & Regulations
 - (32)
Purchase orders & requisitions
 - (33)
Restricted materials permits
 - (34)
Rights of ways & easements
 - (35)
Spray permits
 - (36)
Statements of Economic Interest
 - (37)
 - (38)
 - (39)
 - (40)
 - (41)



Appendix B
Records Retention & Storage Summary

Group No.	Title or Description	Original	Duplicate	Retention Periods		
				Office	Record Center	Retain or Destroy
1	Records affecting title to real property or liens thereof.	X		2 yrs.	OP	ES
2	Records required to be kept permanently by statute.	X		2 yrs.	OP	ES
3	Minutes, ordinances & resolutions of Board.	X		2 yrs.	OP	ES
4	Documents with lasting historical, administrative, legal, fiscal, or research value.	X		2 yrs.	OP	ES
5	Correspondence, operational reports and information upon which District policy has been established.	X		2 yrs.	10 yrs.	12 yrs.
6	Duplicates of 5, above, when retention is necessary for reference.	X		2 yrs.		2 yrs.
7	Records requiring retention for more than five years, but no more than 15 years by statute or administrative value.	X		2 yrs.	13 yrs.	15 yrs.
8	Duplicates needed for administrative purposes for five to 15 years.		X	2 yrs.	13 yrs.	15 yrs.
9		X		2 yrs.	1 yr.	3 yrs.



	All other original District records, or instruments, books or papers that are considered public documents not included in Groups 1 through 8.					
10	Duplicates and other documents not public records required to be maintained for administrative purposes.	X	X	2 yrs.	3 yrs.	5 yrs.
11	Duplicate records requiring retention for administrative purposes such as reference material for making up budgets, planning and programming.		X	3 yrs.		3
12	Reference files (copies of documents which duplicate the record copies filed elsewhere in the District; documents which require no action and are non-record; rough drafts, notes, and similar working papers accumulated in preparation of a communication, study or other document, and cards, listings, indexes and other papers used for controlling work).		X	1 yr.		1 yr.
13	Transitory files, including letters of transmittal (when not a public record), suspense copies when reply has been received, routine requests for information and publication, tracer letters, and other duplicate copies no longer needed.	X	X	3 mos.		3 mos.
14	Original documents disposable upon occurrence of an event or an action (i.e., audit, job completion, completion of contract, etc.) or upon obsolescence, supersession, revocation.	X		2 yrs.	3 yrs.	5 yrs.
15	Policy files and reference sets of publications.		X	1		1



16	Duplicates or non-record documents required for administrative needs but destroyable on occurrence of an event or an action.		X	I		I
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OP = Original or photographic copy.
ES = May be destroyed if stored in electronic media.
I = Indefinitely

Adopted: June 25, 2024



POLICY TITLE: Reserve Policy
POLICY NUMBER: 2150

2150.1 Purpose: The ~~name of District~~ Chester Public Utility District (the District) shall maintain reserve funds from existing unrestricted funds as designated by the District's Reserve Policy. This policy establishes the procedure and level of reserve funding to achieve the following specific goals:

- a) Fund replacement and major repairs for the District's physical assets.
- b) Fund regular replacement of computer hardware and software.
- c) Fund designated conservation projects/programs or other special uses not otherwise funded by grants or requiring additional monetary support;
- d) Fund capital improvements; and
- e) Maintain minimal operational sustainability in periods of economic uncertainty.

The District shall account for reserves as required by Governmental Accounting Standards Board Statement No. 54, which distinguishes reserves as among these classes: non-spendable, restricted, committed, assigned and unassigned. The reserves stated by this policy, unless otherwise required by law, contract, or District policy shall be deemed "assigned" reserves.

2150.2 Policy: Use of District ~~r~~Reserves is limited to available "~~U~~unrestricted" ~~f~~Funds (not obligated by law, contract or agreement), including donations, interest earned, fees for service, or other non-grant earnings. All special use funds will be designated by formal action of the Board of Directors. ~~[The following reserves reflect common purposes of many Districts for cash reserves; the listed purposes and reserve amounts should be tailored to the needs of your District.]~~

a) ~~Vehicle Fleet Reserve:~~

~~Vehicle Fleet Reserves will accumulate from existing unrestricted funds, at a rate of [\$10,000] annually. The maximum amount of Vehicle Fleet Reserves will be [\$50,000]. When the annual accumulation would increase the Reserve beyond [\$50,000], only the amount required to reach the maximum will be reserved.~~

b) ~~Technology Reserve:~~

~~Technology Reserves will accumulate from existing unrestricted funds at a rate of [\$4,000] annually. The maximum amount of Technology Reserves will be [\$20,000]. When the annual accumulation would increase the Reserve beyond [\$20,000], only the amount required to reach the maximum will be reserved.~~

e) ~~Designated Project/Special Use Reserve:~~

~~Designated Project/Special Use Reserves will accumulate from existing unrestricted funds at a rate of [\$10,000] annually. The maximum amount of Designated Project/Special Use Reserve will be [\$50,000]. When the annual accumulation would increase the Reserve beyond [\$50,000], only the amount required to reach the maximum will be reserved.~~



d) ~~Capital Improvement Reserve: Capital Improvements Reserve will accumulate from existing unrestricted funds at a rate of [\$25,000] annually. The maximum amount of Capital Improvement Reserves will be [\$100,000]. When the annual accumulation would increase the Reserve beyond [\$100,000], only the amount required to reach the maximum will be reserved.~~

e) ~~Repair/Operations & Administrative Operations Reserve: Facility & Administrative Operations Reserves will accumulate from existing unrestricted funds at a rate of [\$260,000] annually. The maximum amount of Facility & Administrative Operations Reserves will be [\$780,000 (equivalent of three years of Operations Reserves)]. When the annual accumulation would increase the Reserve beyond [\$780,000] (equivalent of three years of Operations Reserves), only the amount required to reach the maximum will be reserved.~~

f) ~~Total All Reserve Funds:~~

~~The total amount of Reserves designated annually from all funds shall be [\$309,000] with a cumulative accrual cap of [\$1,000,000].~~

~~The District shall budget and maintain a minimum reserve of no less than six (6) months of average expenses in both the 200 (Water) Fund and 300 (Sewer) Fund.~~

2150.3 Using Reserve Funds: [The following reserves reflect common purposes of many Districts for cash reserves; the listed purposes and reserve amounts should be tailored to the needs of your District.]

a) ~~Vehicle Fleet Reserve:~~

~~Vehicle Fleet Reserves will be used exclusively for the purchase of new vehicles to support District operations, or to make major repairs to existing vehicles.~~

b) ~~Technology Reserve:~~

~~Technology Reserves will be used to purchase hardware and software in support of District operations, with the intent of maintaining a modern technology for employees.~~

c) ~~Designated Project/Special Use Reserve:~~

~~Designated Projects/, programs or sSpecial uUses will be identified by the General Manager and/or the Board of Directors and approved by the Board. Uses must further the mission of the District and will be evaluated for designation according to value to the District and the people it serves.~~

d) ~~Capital Improvements Reserve:~~

~~Capital Improvements Reserves shall be limited to costs related to making changes to improve capital assets, increase their useful life, or add to the value of these assets.~~

~~Operations/Repair & Administrative Operations Reserve:~~

e) ~~Operational Reserves shall be utilized to support:~~

~~1) Administrative operational functions, including minimal staffing levels and administrative/office expenses;~~

~~2) facility operations;~~

~~3) facility repairs (distinguished from Capital Improvements and may include painting, caulking of seams, roof repairs, HVAC repairs, patching of walls, etc.).~~



~~2150.4 Monitoring Reserve Levels: The General Manager, in collaboration with the [position title], shall perform a reserve status analysis annually, to be provided to the Board of Directors' annual deliberation/approval of Budget and Reserve Funds.~~

Additional information may be provided to the Board ~~of Directors~~ upon the occurrence of the following events:

- a) When a major change in conditions threatens the reserve levels established by this policy or calls into question the effectiveness of this policy;
- b) Upon General Manager and/or Board request.

Adopted June 25, 2024



POLICY TITLE: Debt Management
POLICY NUMBER: 2155

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

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

This Policy establishes parameters and provides guidance governing the issuance, management, continuing evaluation of, refunding, and reporting on all debt obligations of the District. This Debt Policy shall guide the issuance and management of all debt funded through the capital markets, including the selection and management of related financial and advisory services and products. When used in this Policy, "debt" refers to all indebtedness and financing obligations of the District.

2155.1. Purposes for Which Debt May Be Issued

2155.1.1 Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment, and land to be owned and operated by the District. Long-term debt financings are appropriate:

- a) When a project to be financed is necessary to provide District services.
- b) When the project to be financed will benefit constituents over several years.
- c) When total debt does not constitute an unreasonable burden to the District and its taxpayers or ratepayers.
- d) When the debt is used to refinance outstanding debt to reduce the total cost of the debt or to realize other benefits of a debt restructuring, such as increased flexibility in the use of cash and reserves.

2155.1.1.2 Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses. The District may use long-term debt financings subject to the following conditions:

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



2155.1.2 Short-term debt. Short-term debt may be issued to provide financing for the District's operational cash flows to maintain a steady and even cash flow balance as in anticipation of periodic receipts of property taxes and other revenues. Short-term debt may also be used to finance short-lived capital projects. For example, the District may undertake lease-purchase financing for equipment consistently with debt limit requirements of Article XVI of the California Constitution, Article XVI, section 18.

2155.1.3 Financings on Behalf of Other Entities. The District may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties to further the public purposes of District. In such cases, the District shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with this Policy.

2155.2. Types of Debt - The following types of debt are allowable under this Debt Policy:

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

2155.2.1 The Board may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Policy. Debt shall be issued as fixed rate debt unless the District makes a specific determination as to why a variable rate issue would be beneficial to the District in a specific circumstance.

2155.3. Relationship of Debt to Capital Improvement Program and Budget

2155.3.1 The District is committed to long-term capital planning. The District intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the District's capital budget and capital improvement plan.

2155.3.2 The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues ("pay as you go"). The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.



2155.3.3 The District shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes.

2155.4. Policy Goals Related to Planning Goals and Objectives

2155.4.1 The District is committed to long-term financial planning, maintaining appropriate reserves, and employing prudent practices in governance, management, and budget administration. The District intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the District's annual operations budgets.

2155.4.2 It is a policy goal of the District to protect taxpayers, ratepayers, and constituents by using conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical total borrowing costs.

2155.4.3 The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates, and charges.

2155.4.4 When refinancing debt, it shall be the policy goal of the District to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings approximately 3.0% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than any escrow fund negative arbitrage. The cost of refinancing will always be less than the savings.

2155.4.5 The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to temporarily reduce annual budgetary expenditures. Capital investments intended to reduce District operating costs indefinitely, as by improving the efficiency of its operations, are appropriate for long-term debt.

2155.4.6 The District shall seek to time debt issues to avoid need for unplanned general fund expenditures for capital improvements or equipment.

2155.5. Internal Control Procedures

2155.5.1 When issuing debt, in addition to complying with the terms of this Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds. Without limiting the foregoing, the District will periodically review the requirements of and will remain in compliance with the following:

- a) Any continuing disclosure undertakings entered into by the District in accordance with SEC Rule 15c2-12 (17 CFR § 240.15c2-12 "Municipal securities disclosure").



-
- b) Any federal tax compliance requirements, including, without limitation, arbitrage, and rebate compliance.
 - c) The District's investment policies as they relate to the use and investment of bond proceeds.

2155.5.2 Proceeds of debt will be held either (a) by a third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the District upon the submission of one or more written requisitions by the General Manager of the District or his or her written designee, or (b) by the District, to be held and accounted for in a separate fund or account to ensure debt proceeds are expended only for the purposes for which the debt was issued, the expenditure of which will be carefully documented by the District in records compliance with current accounting standards and subject to the District's annual audit.

| [Adopted: June 25, 2024](#)

POLICY TITLE: Internal Controls
POLICY NUMBER: 2160

2160.1 There will be established procedures for the adequate separation of duties, including at least the following:

- a) A receipt log of all cash/checks received will be prepared daily ~~by an employee not in the Finance department;~~
- b) ~~An accounting technician~~ Office staff will prepare or oversee the deposit and ensure it is made using the check scanning machine and software provided by agreement with ~~bank;~~ the District's banking institution;
- c) The ~~Finance Director~~ Office Manager will confirm that the daily deposits agree with the original of the receipt log which the District maintains;
- d) The bank reconciliation will be prepared promptly after month-end by an employee or outside accounting firm with no authority to prepare or sign checks or authorize other debits against the account;
- e) All invoices presented for payment must be approved by a person authorized by the District Manager or Board ~~of Directors;~~
- f) Every check above ~~above~~ [\$8,000, 10,000] must be signed by two authorized signers as determined by the District/Board ~~Board;~~
- g) All paid invoices shall be so marked and filed for reference;
- h) The same employee cannot be responsible for authorizing transactions, collecting or paying bills, and maintaining accounting records.

2160.2 There will be an annual financial audit and any finding(s) shall be reported to the Board of Directors with simultaneous notice to the General Manager.

2160.3 There will be biennial audits of the Property/Liability and Workers' Compensation Program claims paid by the District and those report(s) will be promptly presented to the Board of Directors.

2160.4 In regard to the District's cash reserve account in the Local Agency Investment Fund (LAIF) or the California Cooperative Liquid Assets Securities System (California CLASS), the District will maintain a balance for all programs, not to exceed the amount as currently authorized by LAIF or CLASS guidelines, and that transfers out of LAIF or CLASS may only be made to the District's ~~Property/Liability General Account, Workers' Compensation General Account or Health Benefits Account;~~ primary bank account and must have the approval of one of the following individuals: 1) President Chair of the Board, 2) Vice President Chair of the Board, 3) Secretary of the Board, 4) General Manager, ~~5) Finance Director~~. The requests for such transfers out of LAIF or CLASS shall be signed by one of the five individuals above and be supported by detailed information which shall be maintained by the District's Finance Director.

2160.5 ~~That~~ Other excess funds shall be deposited in or transferred to such long-term investment accounts as the Board may, from time to time, designate by resolution, ~~and~~

2160.6 ~~That~~ Funds in the investment account(s) shall only be withdrawn upon approval of the ~~Chairperson-
President of the Board, Vice Chair~~ President of the Board, or Secretary of the Board, Vice Chair, or General Manager. Such withdrawals must then be remitted only to one of the checking accounts referenced above in Section 2160.4 of this policy. The requests for such transfers shall be signed by the General Manager and be supported by detailed information which shall be provided to the Finance Director approving the transfer. Such information shall be maintained by the District's Office Manager Finance Director.

2160.7 To maximize interest earnings and manage the District's cash flow needs, the Finance Director will strive to maintain a reasonable balance in the checking accounts to off-set monthly bank charges, but at the same time recognizing that surplus funds should be transferred as appropriate to LAIF, CLASS, or the long-term investment accounts. ~~[However, the Workers' Compensation Program – Claims Account will maintain a higher balance to ensure funds are available for timely payment of claims and projected growth of the program.]~~

2160.8 Templates for Fed-wire or Automated-Clearing House (ACH) Transfers out of the District's bank accounts may only be established by the General Manager Finance Director. Subsequent use of these Fed-wire or ACH templates shall require two staff – an initiator and an approving staff person.

2160.9 The signing of any checks written on the accounts of the District will be in accordance with the District's ~~[procurement policy]~~ policy. All "Fed-wires" or ACH transfers that exceed \$50,000 (other than to/from LAIF, CLASS, or other investment accounts ~~-or from the [Health Benefits Account]~~) shall be considered similar to a "large check" and be disclosed quarterly to the Board.

2160.10 Any payment of funds for claims and/or allocated loss adjustment expenses will be made in accordance with the District's ~~[Claim Settlement Policy]~~ Claim Settlement Policy.

2160.11 The Board ~~of Directors~~ confirms that the Board will review these internal control policies upon completion of each year's audit with input from its external auditor.

This Policy No. 2160 supersedes any policy inconsistent with the provisions included above.

Adopted: June 25, 2024



POLICY TITLE: Procurement Procedures for Federal Awards
POLICY NUMBER: 2165

PURPOSE: These procurement procedures are for the acquisition of property or services funded under a federal award. These procedures are intended to implement the federal procurement requirements, as defined herein, to supplement _____ <insert cross-reference(s) to any local procurement requirements (e.g., ordinances, policies, etc.)> District procurement procedures, and to ensure compliance with applicable state and federal legal requirements.

DEFINITIONS: The definitions set forth below apply to these procedures, regardless of whether the terms are capitalized herein:

Federal Procurement Requirements means the uniform federal award procurement requirements set forth in 2 CFR §§ 200.318 – 200.327, as may be amended from time to time, which apply to federally funded procurements, including FEMA reimbursements or funding, and any additional federal requirements that apply to a particular procurement.

FEMA means the Federal Emergency Management Agency.

Micro-Purchase Threshold means the dollar amount at or below which the District, as a non-federal entity, may purchase property or services subject to the Federal Procurement Requirements using micro-purchase procedures, currently \$10,000. (See Subsection 2165.6(a)(1), Micro-Purchases, below.)

RFP means a request for proposals transmitted to qualified vendors to seek a competitive proposal to provide goods or services to the District.

RFQ means a request for qualifications transmitted to potentially qualified vendors to evaluate qualifications for providing required services.

Simplified Acquisition Threshold means the dollar amount below which the District, as a non-federal entity, may purchase property or services subject to the Federal Procurement Requirements using small purchase procedures, currently \$250,000. (See Subsection 2165(a)(2), Small Purchases, below.)

Vendor means a business entity or sole proprietor that may provide goods or services to the District.

2165.1 Legal Compliance. Any procurement made pursuant to a federal award or subject to reimbursement, in whole or in part, with federal funds must comply with the District’s procurement procedures, including this Section, state law, and the Federal Procurement Requirements, including 2 CFR § 200.322, Domestic preferences for procurements; 2 CFR § 200.323, Procurement of recovered materials; 2 CFR § 200.324, Contract cost and price; 2 CFR § 200.325, Federal awarding agency or pass-through entity review; 2 CFR § 200.326, Bonding requirements; and 2 CFR § 200.327, Contract provisions. (2 CFR § 200.317.) In the event of any conflict between District, state, or federal requirements, the most stringent requirement must be used. (See 2 CFR § 200.318.) District employees must comply with funding agency requests for review of technical specifications or procurement documents as provided in 2 CFR § 200.325. The Federal Procurement Requirements are occasionally updated—be sure to check the currently applicable regulations using the provided references.



2165.2 Standards of Conduct. No employee, officer, or agent of the District may participate in the selection, award, or administration of a contract for the acquisition of property or services required under a federal award if he or she has a real or apparent conflict of interest, as further specified in this Section.

- a) *Conflict of Interest.* A conflict of interest includes any circumstances under which the employee, officer, or agent, or any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of those parties, has a financial interest in or a tangible personal benefit from a vendor considered for a contract. No officer, employee, or agent of the District may solicit or accept gratuities, favors, or anything of monetary value from vendors or parties to subcontracts. Disciplinary actions, up to and including termination for cause, will apply to any violation of these conflict of interest standards, in accordance with District policy, and/or, as applicable, a collective bargaining agreement, employment contract, or contract for services. (See 2 CFR § 200.318(c)(1).)
- b) *Prohibitions.* District employees may not violate laws pertaining to conflicts of interest, political contributions, or unlawful activities. A District employee may not participate in the vendor selection process if the employee has (1) a financial relationship, as set forth in Government Code § 87100 et seq., with the person or firm seeking a contract; or (2) a real or apparent conflict of interest under Government Code § 1090 et seq.
- c) *Vendor Conflicts.* A vendor that develops or drafts specifications, requirements, statement of work, invitation for bids, RFQ, or RFP for a procurement must be excluded from competing for that procurement. (See 2 CFR § 200.319(a), and Govt. Code § 1090 et seq.)

2165.3 Administration.

- a) *Oversight.* Department heads must maintain oversight over procurements to ensure that vendors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. (See 2 CFR § 200.318(b).)
- b) *Procurement Records.* Records must be maintained for each procurement of goods or services documenting the history of the procurement, including (1) records of the rationale for procurement method, (2) selection of contract type, (3) contractor selection or rejection, and (4) the basis for the contract price. (See 2 CFR § 200.318(i).)
- c) *Dispute Resolution.* All protests, disputes, or claims, arising from a procurement will be addressed promptly in accordance with good administrative practice and sound business judgment, and in compliance with all applicable legal or contractual requirements. (See 2 CFR § 200.318(k).)
- d) *Conflicting Requirements.* For projects involving grant agencies with specific requirements for procurement of consulting services, to the extent those requirements conflict or are inconsistent with these procedures, the more stringent provisions will control.

2165.4 General Federal Requirements and Recommendations.

- a) *Full Competition.* District personnel must discharge their duties impartially to ensure full and open competition for District business by responsible vendors. (See 2 CFR § 200.319.) District personnel



will treat all vendors equally and fairly, with equal information given to each vendor who participates in the procurement process. District personnel will ensure that all prequalified lists of persons, firms, or products used in acquiring goods or services are current and include enough qualified sources to ensure maximum open and free competition. District personnel may not place unreasonable restrictions on competition, including any of the following restrictions (per 2 CFR § 200.319):

- 1) Placing unreasonable requirements on vendors to qualify for the procurement;
 - 2) Requiring unnecessary experience and excessive bonding;
 - 3) Noncompetitive pricing practices between vendors or affiliates;
 - 4) Noncompetitive contracts to consultants that are on retainer contracts;
 - 5) Organizational conflicts of interest;
 - 6) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement;
 - 7) Precluding potential bidders from qualifying during the solicitation period; and
 - 8) Any arbitrary action in the procurement process.
- b) *Economical Approach.* All procurements must be undertaken in a manner that will avoid acquisition of unnecessary or duplicative items, which may include consideration of consolidating or breaking out procurements, lease alternatives, and other appropriate analysis to determine the most economical approach, subject to the limits of applicable law, including prohibitions against bid-splitting. (See 2 CFR § 200.318(d).)
- c) *Specifications and Requirements.* All procurement solicitations must incorporate a clear and accurate description of the technical requirements or functions of the goods or services to be procured. The description may include a statement of the qualitative nature of the material, product, or services to be procured and, when necessary, must set forth those minimum essential characteristics to which it must conform if it is to satisfy its intended use. However, such descriptions should not be drafted to unduly restrict competition among qualified vendors. (See 2 CFR § 200.319(c), and Pub. Cont. Code § 3400.)
- d) *Required Contract Provisions.* Pursuant to 2 CFR § 200.327, contracts for federally-funded procurements must contain the applicable provisions described in Appendix II to Part 200 – Contract Provisions for non-Federal Entity Contracts Under Federal Awards. Sample Federal Contract Provisions are included as 2166 Appendix A, below. Contracts over \$10,000 must address the District’s ability to terminate for cause and for convenience, including the manner for effectuating termination, and the basis for final payment to the terminated vendor. In addition, contracts for federally-funded procurements that exceed the Simplified Acquisition Threshold must address administrative, contractual, or legal remedies for vendor violation of contract terms, and provide for sanctions and penalties as appropriate, subject to the limitations of law.
- e) *Domestic Preferences for Procurements.* As appropriate and to the extent consistent with the law, the District should, to the greatest extent practicable for a federally-funded procurement, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the



United States, including, but not limited to, iron, aluminum, steel, cement, and other manufactured products, as further specified in 2 CFR § 200.322. This requirement must be included in the contract requirements.

- f) *Solid Waste Disposal Act.* Federally-funded procurements must comply with the Solid Waste Disposal Act, as further specified in 2 CFR § 200.323. This requirement must be included in the contract requirements.
- g) *Cost/Price Analysis.* For federally-funded procurements in excess of the Simplified Acquisition Threshold, including contract modifications, a cost or price analysis must be performed, and must include making independent estimates before receiving bids or proposals. (See 2 CFR § 200.324.) Costs or prices based on estimated costs for federally-funded contracts are allowable only as provided in 2 CFR § 200.324.
- h) *Profit Negotiation.* For a federal contract awarded without price competition, profit must be negotiated as a separate element of price. To establish fair and reasonable profit, consideration must be given to the complexity of the work, the contractor's risk, the contractor's investment, the amount of subcontracting, record of past performance, and industry profit rates, as further specified in 2 CFR § 200.324(b).
- i) *Excess or Surplus Property.* When it will reduce project costs and is feasible, use of federal excess and surplus property is encouraged over purchasing new. (See 2 CFR § 200.318(f).)
- j) *Value Engineering.* For larger federally-funded construction projects, a provision for value engineering may be added to the construction contract, subject to prior authorization from the District Engineer. A value engineering provision must include a clear procedure for submission, approval, and cost-sharing of savings, consistent with Public Contract Code section 7101, and approval as to form by General Counsel. (See 2 CFR § 200.318(g).)
- k) *Geographical Preferences.* Geographical preferences generally may not be used for federally-funded procurements, unless an applicable federal statute expressly mandates or encourages geographic preference or the use of geographical preferences is expressly authorized by the awarding agency. When contracting for architectural or engineering services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract. (See 2 CFR § 200.319(c).)
- l) *Time and Materials.* A time and materials contract may not be used for a federally-funded procurement, unless the Department head has determined that no other type of contract is suitable for the procurement, and provided the procurement complies with 2 CFR § 200.318(j). Similarly, a "cost plus" contract may not be used, as further specified in 2 CFR § 200.324.
- m) *Intergovernmental Agreements.* Use of intergovernmental agreements is encouraged where appropriate. (See 2 CFR § 200.318(e).)

2165.5 Federal Contractor Requirements.

- a) *Responsible Contractors.* Contracts subject to Federal Procurement Requirements will only be awarded to responsible contractors possessing the ability to perform successfully under the terms



and conditions of a proposed procurement, with consideration given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. (See CFR § 200.318(h).) A contractor must also be “responsible” as determined under California law, including Public Contract Code section 1103.

b) *Small and Minority Businesses.* The District will take all necessary affirmative steps, including those identified in 2 CFR § 200.321(b), to assure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible for contracts subject to the Federal Procurement Requirements. The bid documents or RFP must require the vendor to take all necessary affirmative steps pursuant to 2 CFR § 200.321(b), when procuring subcontractors, to ensure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible. (See Section 2166.13, Small and Minority Businesses, in 2166 Appendix A, Sample Federal Contract Provisions.) In either case, the affirmative steps must include:

- 1) Placing qualified small and minority businesses and women’s business enterprises on solicitation lists;
- 2) Assuring that small and minority businesses, and women’s business enterprises are solicited whenever they are potential sources;
- 3) Dividing total requirements, when economically feasible and subject to prohibitions on unlawful bid-splitting, into smaller tasks or quantities to permit maximum participation by small and minority businesses and women’s business enterprises;
- 4) Establishing delivery schedules, where the requirements permit, which encourage participation by small and minority businesses and women’s business enterprises; and
- 5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.

2165.6 Methods of Procurement. Depending on the type and amount of property or services, the District will use one of the below methods for federally-funded procurements, consistent with 2 CFR § 200.320.

Check 2 CFR § 200.320 for the currently applicable procurement requirements.

a) *Informal Procurement Methods.* Under 2 CFR § 200.320(a), when the value of the procurement for property or services does not exceed the Simplified Acquisition Threshold, or a lower threshold established by the District, formal procurement methods are not required. Instead, the District may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods that may be used for procurement of property or services at or below the Simplified Acquisition Threshold include:

- 1) *Micro-Purchases.* The District may use a micro-purchase to acquire supplies or services, the aggregate dollar amount of which does not exceed the Micro-Purchase Threshold. A micro-purchase may be awarded without soliciting competitive price or rate quotations if the District considers the price to be reasonable based on research, experience, purchase



- history or other information and documents it files accordingly, and unless otherwise specified under the District's procurement procedures. Purchase cards may be used for micro-purchases if procedures are documented and approved by the District. To the maximum extent practicable, the District will distribute micro-purchases equitably among qualified suppliers. (See 2 CFR § 200.320(a).)
- 2) **Small Purchases.** The District may use small purchase procedures to acquire property or services, the aggregate dollar amount of which is higher than the Micro-Purchase Threshold but does not exceed the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the District. (See 2 CFR § 200.320(a)(2).)
- b) **Formal Procurement Methods.** Under 2 CFR § 200.320(b), when the value of the procurement for property or services exceeds the Simplified Acquisition Threshold, or a lower threshold established by the District, formal procurement methods are required. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless noncompetitive procurement can be used. (See Subsection 2165.6(c), below.) The following formal methods of procurement are used for procurement of property or services above the Simplified Acquisition Threshold or a value below the Simplified Acquisition Threshold the District determines to be appropriate:
- 1) **Sealed Bids.** A procurement method in which bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. If the District uses this method, it must comply with the requirements of 2 CFR § 200.320(b)(1), in addition to any other local or state requirements.
 - 2) **Proposals.** A procurement method in which either a fixed price or cost-reimbursement type contract is awarded. Proposals are generally used when the conditions for use of sealed bids is not appropriate. If the District uses this method, it must comply with the requirements of 2 CFR § 200.320(b)(2), in addition to any other applicable local or state requirements.
- c) **Noncompetitive Procurement.** Under 2 CFR § 200.320(c), the District may use and award a non-competitive procurement if one or more of the following circumstances apply: (1) The acquisition of property or services, the aggregate dollar amount of which does not exceed the Micro-Purchase Threshold; (2) The item is available only from a single source; (3) The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation; (4) The federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the District; or (5) Competition is determined to be inadequate after solicitation of a number of sources. The procurement must comply with the requirements set forth in 2 CFR § 200.320(c).



2166 APPENDIX A: SAMPLE FEDERAL CONTRACT PROVISIONS

Note: For contracts subject to federal funding, in whole or in part, including contracts that may be subject to emergency funds from FEMA, the following provisions should be copied and pasted into the contract or contract documents. See special instructions in highlighted angle brackets <...> and delete instructions from final version. The term “Contractor” may be replaced with “Consultant” or “Vendor” if applicable. Consult the representative for the funding agency and/or legal counsel regarding applicability and use of these contract provisions.

Federally Funded Projects. This Project is funded in whole or in part by federal funds and subject to the following federal requirements under the terms of the funding agreement(s) between District and the federal agency or agencies providing federal funds, which are fully incorporated by this reference and made part of the Contract Documents. Copies of any funding agreement between District and a funding agency will be made available upon request.

2166.1 Equal Opportunity. If this is a public works contract, during the performance of this Contract, the Contractor agrees as follows:

- a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.
- b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.
- c) The Contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision will not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee’s essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an



- investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the Contractor's legal duty to furnish information.
- d) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the labor union or workers' representatives of the Contractor's commitments under this section, and will post copies of the notice in conspicuous places available to employees and applicants for employment.
 - e) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the United States Secretary of Labor.
 - f) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the United States Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the United States Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
 - g) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the rules, regulations, or orders, this Contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further federal government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the United States Secretary of Labor, or as otherwise provided by law.
 - h) The Contractor will include the portion of the sentence immediately preceding paragraph (A) and the provisions of paragraphs (A) through (H) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the United States Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the District or funding agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: *Provided*, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the District or funding agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

2166.2 Davis-Bacon Act. If this is a public works contract, Contractor will pay wages to laborers and mechanics, not less than once a week, and at a rate not less than the current federal prevailing wages specified in the Davis-Bacon Act Wage Determination attached hereto and incorporated herein. By entering into this Contract, Contractor accepts the attached Wage Determination. <The current Davis-Bacon Act Wage Determination, which may be accessed at <https://sam.gov/content/wage-determinations> must be printed and included with the Contract Documents.>



2166.3 Copeland “Anti-Kickback” Act. If this is a public works contract, Contractor will comply with 18 U.S.C. § 874, 40 U.S.C. § 3145, and the requirements of 29 CFR Part 3 as may be applicable, which are incorporated by reference into this Contract. Contractor and subcontractors must insert this requirement into subcontracts of any tier. Contractor is responsible for compliance with these requirements by each subcontractor of any tier.

2166.4 Contract Work Hours and Safety Standards Act. In addition to the California state law requirements, Contractor and each subcontractor must comply with the requirements of the federal Contract Work Hours and Safety Standards Act, as set forth in 40 U.S.C. 3701-3708, as supplemented by the regulations set forth in 29 CFR Part 5, as may be amended from time to time, which are fully incorporated herein, including:

- a) No Contractor or subcontractor will require or permit any laborer or mechanic performing Work for the Project to work in excess of 40 hours in a work week unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of 40 hours during that work week.
- b) If Contractor or a subcontractor violates this requirement, the Contractor and any responsible subcontractor will be liable for the unpaid wages. In addition, the Contractor and subcontractor will be liable to the United States for liquidated damages. The liquidated damages will be computed with respect to each individual worker as specified under federal law.
- c) Contractor and subcontractors must insert this requirement into subcontracts of any tier. Contractor is responsible for compliance with these requirements by each Subcontractor of any tier.

2166.5 Rights to Inventions. If the federal funding for this Contract meets the definition of “funding agreement” under 37 CFR section 401.2(a) and constitutes an agreement between the District and a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency, will apply to this Contract and are fully incorporated into the Contract Documents by this reference.

2166.6 Clean Air Act. If the Contract is for an amount in excess of \$150,000, Contractor and each Subcontractor must comply with the requirements of the Clean Air Act, as amended, (42 U.S.C. §§ 7401-7671q), which are fully incorporated into the Contract Documents by this reference, including requirements for reporting violations to the awarding agency and the applicable Regional Office for the Environmental Protection Agency. Contractor and subcontractors must insert this requirement into subcontracts of any tier in excess of \$150,000.



2166.7 Federal Water Pollution Control Act. If the Contract is for an amount in excess of \$150,000, the requirements of the Federal Water Pollution Control Act (33 U.S.C. §§ 1251-1387) apply to this Contract and are fully incorporated into the Contract Documents by this reference, including requirements for reporting violations to the awarding agency and the applicable Regional Office for the Environmental Protection Agency. Contractor and subcontractors must insert this requirement into subcontracts of any tier in excess of \$150,000.

2166.8 Suspension and Debarment. Contractor is required to verify that neither it, nor its principals, as defined at 2 CFR section 180.995, or its affiliates, as defined at 2 CFR section 180.905, are excluded or disqualified, as defined at 2 CFR sections 180.935 and 180.940. Contractor must comply with 2 CFR Part 180, subpart C and 2 CFR Part 3000, subpart C, and must include a provision requiring compliance with these regulations in any subcontract of any tier. If it is later determined that the Contractor did not comply with the applicable subparts, the Federal Government may pursue available remedies, including, but not limited to, suspension and/or debarment. By submitting a bid and entering into this Contract, Contractor agrees to comply with these requirements.

2166.9 Byrd Anti-Lobbying Amendment. If the Contract is for an amount in excess of \$100,000, Contractor must comply with the Byrd Anti-Lobbying Amendment (31 U.S.C. § 1352) and file the certification provided at 44 CFR Part 18, Appendix A, and any disclosures, with the applicable federal agency. Each tier certifies to the tier above that it will not and has not used federal-appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant, or any other award covered by 31 U.S.C. § 1352. Each tier will also disclose any lobbying with non-federal funds that takes place in connection with obtaining any federal award. Such disclosures will be forwarded from tier to tier up to the recipient.

2166.10 Procurement of Recovered Materials. The requirements of section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act at 42 U.S.C. § 6962, apply to this Contract and are fully incorporated into the Contract Documents by this reference. For individual purchases of \$10,000 or more, Contractor will make maximum use of products containing recovered materials that are EPA-designated items unless the product cannot be acquired (A) competitively within the Contract schedule, (B) in conformance with Contract performance requirements, or (C) at a reasonable price. Information on this requirement, including a list of EPA-designated items, is available at the EPA's Comprehensive Procurement Guidelines website: <https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program>.

2166.11 Prohibition on Covered Telecommunications. Federal loan or grant funds must not be obligated or expended to procure or obtain, extend or renew a contract to procure or obtain, or enter into a



contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that use covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system, as further specified in 2 CFR § 200.216, which is fully incorporated in the Contract Documents by this reference. Covered telecommunications equipment or services includes equipment produced by, services provided by, or services using equipment produced by: Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities); Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities); or an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

2166.12 Domestic Preferences for Procurements. As appropriate and to the extent consistent with law, the District should, to the greatest extent practicable under a federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States, as further specified in 2 CFR § 200.322, which is fully incorporated into the Contract Documents by this reference, including, but not limited to, iron, aluminum, steel, cement, and other manufactured products, as specified therein. The requirements of 2 CFR § 200.322 must be included in all subcontracts and purchase orders for work or products under the federal award.

2166.13 Small and Minority Businesses. The Contractor will take all necessary affirmative steps, including those identified in 2 CFR § 200.321(b), to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible for subcontractors. These affirmative steps for subcontractor procurement must include:

- a) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- b) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
- c) Dividing total requirements, when economically feasible and subject to prohibitions on unlawful bid-splitting, into smaller tasks or quantities to permit maximum participation by small and minority businesses and women's business enterprises;
- d) Establishing delivery schedules, where the requirements permit, which encourages participation by small and minority businesses and women's business enterprises; and
- e) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.

<The above provision on Small and Minority Businesses, should also be added to the RFP or bid documents, as applicable.>

[Adopted: June 25, 2024](#)