

SALTON COMMUNITY SERVICES DISTRICT

REGULAR Board Meeting Agenda

October 19, 2022

Closed Session 6:00 p.m.

Open Session 7:00 p.m.

1209 Van Buren Ave.

Salton City, CA 92275

www.saltoncsd.ca.gov

BOARD OF DIRECTORS:

Mr. Rogelio Flores, President
Ms. Lidia A. Sierra, Vice President
Ms. Michelle Gilmore, Director
Mr. Dale Johnson, Director
Mr. Manuel H. Ramos, Director

STAFF:

David Dale, Interim General Manager

Sonia Thania Garcia, Board Secretary

1. CALL TO ORDER: 6:00 p.m.

2. ROLL CALL

3. PUBLIC COMMENTS:

Pursuant to California Government Code Section 54954.3, the public has the right to address the board regarding any closed session items listed on the **closed session agenda** prior to the board adjourning into closed session. Anyone who wishes to address the Board, please come to the microphone. Public comments are limited to (3) minutes each person.

4. CLOSED SESSION ITEMS:

- A. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION - Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: (Three (3) potential cases).
- B. Public Employee Appointment Pursuant to Government Code 54957- Interim/General Manager.
- C. Conference with Labor Negotiators Pursuant to Government Code Section 54957.6; Agency Representative District Legal Counsel Robert Patterson Unrepresented Employee; Interim General Manager.

5. OPEN SESSION: 7:00 p.m.

6. PLEDGE OF ALLEGIANCE: Rogelio Flores, President

7. ANNOUNCEMENT OF CLOSED SESSION ACTIONS

8. PRESENTATIONS/ PUBLIC APPEARANCES

- A. Presentation by Rob Barnett to discuss the services provided by the Rural Communities Assistance Corporation (RCAC).
- B. Correspondence received by the District from LAFCO.

9. PUBLIC COMMENTS:

Pursuant to California Government Code Section 54954.3 members of the public may address the Board at this time on any items of public interest that are within the Board's subject matter jurisdiction. The Ralph M. Brown Act, however, prohibits the Board from taking action on any matter not appearing on the agenda. Those who wish to address the Board should come to the microphone. Members of the public will be given three (3) minutes to address the board on any items of public interest.

10. BOARD MEMBER COMMENTS

11. CONSENT CALENDAR ITEMS:

Consent calendar items are expected to be routine and non-controversial, to be acted upon by the board of directors at one time without discussion. If any board member requests that an item be removed from the consent calendar, it will be removed so that it may be acted upon separately.

- A. Approve the Minutes for the Regular Meeting of September 21, 2022.
- B. Approve demands for the month of September 2022

12. REPORTS:

- A. Interim General Manager's report
- B. Finance Officer's report
- C. Field Foreman's report

13. MEMBERS OF THE BOARD REPORTS: AD HOC COMMITTEES

- A. Finance Committee Report
- B. Architectural Committee Report
- C. Parks and Recreation Committee Report

14. OLD BUSINESS:

- A. Discussion and approval to direct staff to commence an application for the \$177,952 Per Capita Grant funds to make certain improvements to the Salton City Park.
- B. Removal of all existing Finance Committee Members.
- C. President Flores to appoint one member for the Finance Committee and approval of the nominees by the Board of Directors.
- D. Vice President Sierra to appoint one member for the Finance Committee and approval of the nominees by the Board of Directors.
- E. Director Ramos to appoint one member for the Finance Committee and approval of the nominees by the Board of Directors.
- F. Director Gilmore to appoint one member for the Finance Committee and approval of the nominees by the Board of Directors.
- G. Director Johnson to appoint one member for the Finance Committee and approval of the nominees by the Board of Directors.

15. NEW BUSINESS:

- A. Discussion and Approval of the walkway plan submitted by Steve Prager.
- B. Discussion and Approval for the Proposal from TKE Engineering to Provide Professional Engineering Services for Waste Discharge Requirements Permit Amendments.
- C. RESOLUTION NO. 2022-10-19-01 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SALTON COMMUNITY SERVICES DISTRICT ESTABLISHING A CONFLICT OF INTEREST CODE.

- D. RESOLUTION NO. 2022-10-19-02 OF THE BOARD OF DIRECTORS OF THE SALTON COMMUNITY SERVICES DISTRICT APPROVING THE TRANSFER OF A FIRE ENGINE TO THE COUNTY OF IMPERIAL.

- E. RESOLUTION NO. 2022-10-19-03 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SALTON COMMUNITY SERVICES DISTRICT ESTABLISHING A DISTRICT CONTRACTING AND PURCHASING POLICY.

- F. RESOLUTION NO. 2022-10-19-04 RESOLUTION OF THE BOARD OF DIRECTORS OF THE SALTON COMMUNITY SERVICES DISTRICT REMOVING AUTHORIZED SIGNATORY FOR PACIFIC PREMIER.

- G. Discussion and Approval of \$100,000 to be transferred from LAIF to the Sewer Maintenance for operating expenses and RWQCB required Technical Report for Lansing and TRC.

- H. Temporarily Suspend the Parks and Recreation Committee.

16. ADJOURNMENT

Sonia Thania Garcia, Board Secretary

Upon written request, this agenda will be made in appropriate alternative format to persons with disabilities as required by Section 202 of the American with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the Secretary of the Board at least 72 hours before the meeting.

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CERTIFIED MAIL#7019 1120 0000 7994 2017 AND ELECTRONIC MAIL

October 12, 2022

Salton Community Service District
Attn: David Dale, Interim General Manager, Board President Rogelio Flores
1209 Van Buren Ave, Suite 1
Salton City, CA 92275

Re: Salton Community Service District Remediation Period- Dissolution Initiation

Dear Mr. Dale & Board President Flores:

The Commission, at the August 25, 2022, LAFCO meeting, voted unanimously to Initiate the Dissolution of the Salton Community Service District.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 grants a "remediation period" of 12 months, during which the district may take steps to remedy the stated deficiencies. During this period, LAFCO staff will work closely with the district.

Provided below is a summary of items that will have to be addressed and complied with by the district or else the LAFCO will complete the dissolution process. Note that all the items will need to be addressed to the satisfaction of LAFCO, so DO NOT assume that because you have responded that LAFCO cannot still take action to dissolve the district

Note further that if you do not understand the requirements, it is up to you to contact LAFCO for direction. DO NOT make assumptions.

Summary of Items:

- Implement a fully functional and qualified staffing level. Address this both in the Service Area Plan and in direct explanation of how you plan to implement this and the justifications.
- The General Manager shall have the experience and qualifications to manage the day-to-day operations of a Community Service District. If in the opinion of LAFCO, you hire or attempt to hire a less than qualified individual for this position, LAFCO may consider this as non-compliance. It is strongly suggested you work with LAFCO staff on this prior to hiring a new GM at such time as the current Interim GM departs.
- Maintain the Interim General Manager for as long as necessary to provide a smooth transition to a new General Manager. Should the current Interim General Manager depart due to either a resignation or termination please notify LAFCO within 24 hours.
- Maintain your current legal counsel as long as necessary to effect compliance and smooth transition to a new legal counsel. Should the current counsel resign or be terminated notify LAFCO within 24 hours. Additionally, the current legal counsel has the necessary background to assist in the investigations of the former district board and staff therefore any termination may be viewed by LAFCO as an attempt to avoid compliance by this Board.

- The District shall make every effort to focus on recovering all funds that may have been spent improperly, illegally, or fraudulently by the prior management/staff/Board. To that end we expect full attention and cooperation with investigators as well as the in-house staff to affect this.
- The Board shall implement policies and procedures for staff/general manager to operate without undue influence from any one board member. A full set of policies will be expected to be presented to LAFCO before they are implemented or adopted. DO NOT WAIT UNTIL THE END OF THE 12-MONTH PERIOD. WE WILL EXPECT THESE WITHIN 60-90 DAYS OF THIS ORDER.
- Implement policies and procedures for the Board of Directors; to include ethics, controls on individual direction to staff, and sanctions for any board member that provides or attempts to influence the General Manager or staff. Again, these are to be presented to the LAFCO before final adoption for review and comment.
- Implement policies and procedures for Board and staff travel, as well as reimbursements, stipends, expense reimbursements. Include in these policies the types of travel that may be allowed or prohibited.
- Ensure that the Sewer system is in full compliance with all regulatory agencies and meets capacity requirements. Should the system need to be upgraded, provide to LAFCO all correspondence with the Regional Water Quality Control Board (RWQCB) and/or other agencies on a continuous basis.
- Provide monthly expense accounting including but not limited to:
 - Reconciled Credit Card Statements, Reconciled Bank Statements, Reconciled Accounts Receivables and Payables
 - Adopted/Amended Budgets, Audited Financials, General Ledger
- Prepare and complete a full investigation of all funds expended by the district over the past 5-8 years including taking steps to recover all funds that were or may have been improperly or illegally spent.
- Cooperate fully with all law enforcement agencies that may need to investigate the operations of the prior board and staff.
- Develop a five-year operations plan including staffing and budgets to show the district has the capacity and funding to continue operating.
- Notify LAFCO of any changes in staffing or board members within 24-48 hours.
- Notify LAFCO of Board Meetings. Include agendas/backup, meeting minutes, and audio recordings.
- Establish/Maintain a web site that provides full transparency of board actions, to show agendas, backup to agendas, meeting minutes, state controller reports, budgets, budget amendments, and audited financials, etc.
- Notify LAFCO of any litigation that may be filed by the District or against the District as soon as it becomes known.

If, at the conclusion of the remediation period, the district has failed to remedy the deficiencies, or otherwise still shows the inability to function properly, the Commission is authorized to adopt a resolution to dissolve the district.

If you have any questions, please feel free to contact our office at 760-353-4115 or by e-mail to jurgh@iclafco.com or pg@iclafco.com.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Heuberger". The signature is stylized and written in a cursive-like font.

Jurg Heuberger
Executive Officer

CC: Commission

SALTON COMMUNITY SERVICES DISTRICT

REGULAR Board Meeting Agenda

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A. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION - Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: (Three (3) potential cases)

5. OPEN SESSION: 7:00 p.m.

6. PLEDGE OF ALLEGIANCE: Rogelio Flores, President

7. ANNOUNCEMENT OF CLOSED SESSION ACTIONS

8. PRESENTATIONS/ PUBLIC APPEARANCES

A moment of silence for those who lost their lives on 9/11

A moment of Silence in remembrance of Mrs. Paddie.

9. PUBLIC COMMENTS:

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- A. Approve the Minutes for the Regular Meeting of August 2022
- B. Approve the Minutes for the Regular Meeting of September 7, 2022
- C. Approve demands for the month of August 2022

12. REPORTS:

- A. Interim General Manager's report
- B. Finance Officer's report
- C. Field Foreman's report

13. MEMBERS OF THE BOARD REPORTS: AD HOC COMMITTEES

- A. Finance Committee Report
- B. Architectural Committee Report
- C. Parks and Recreation Committee Report+

14. OLD BUSINESS:

15. NEW BUSINESS:

- A. Approve up to \$14,000.00 for Emergency repairs of Station 2.
- B. Discussion and authorization to proceed with the preparation of the contract documents and bidding of the Desert Shores Community Park Project and give direction to staff for use of real or artificial grass under the Clean Air Trust Fund Grant in the amount of \$200,000.00.
- C. Discussion and approval to direct the \$177,952 Per Capita Grant funds to make certain improvements to the existing structure located at the Salton City Park to use for indoor sports and community events.
- D. Resolution of the Board of Directors of the Salton Community Services District Consent for Authorized Representative(s) to Develop Scope of Work for Professional Services for CWSRF Planning Application for Plant Capacity Expansion.
- E. Discussion and approval of the Finance Committee Bylaws.
- F. Removal of all existing Finance Committee Members.
- G. President Flores to appoint one member for the Finance Committee and approval of the nominees by the Board of Directors.
- H. Vice President Sierra to appoint one member for the Finance Committee and approval of the nominees by the Board of Directors.
- I. Director Ramos to appoint one member for the Finance Committee and approval of the nominees by the Board of Directors.
- J. Director Gilmore to appoint one member for the Finance Committee and approval of the nominees by the Board of Directors.
- K. Director Johnson to appoint one member for the Finance Committee and approval of the nominees by the Board of Directors.

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Salton Community Services District

Transaction Report

September 2022

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
5-5403 Office Electric Expense						
09/02/2022	Bill		IID	Electrical Service Expense 08/02-08/30/2022	5-5403 Office Electric Expense	1,819.51
Total for 5-5403 Office Electric Expense						\$1,819.51
6-1103 Director Compensation - GF						
09/08/2022	Check	0177	Lidia Sierra	For Special Board Meeting 09.07.22	6-1103 Director Compensation - GF	100.00
09/08/2022	Check	0176	Dale Johnson	For Special Board Meeting 09.07.22	6-1103 Director Compensation - GF	100.00
09/08/2022	Check	0175	Manuel Ramos	For Special Board Meeting 09.07.22	6-1103 Director Compensation - GF	100.00
09/20/2022	Check	0183	Rogelio Flores	Regular Board Meeting 09.21.22	6-1103 Director Compensation - GF	100.00
09/20/2022	Check	0186	Manuel Ramos	Regular Board Meeting 09.21.22	6-1103 Director Compensation - GF	100.00
09/20/2022	Check	0185	Michelle Gilmore	Regular Board Meeting 09.21.22	6-1103 Director Compensation - GF	100.00
09/20/2022	Check	0184	Dale Johnson	Regular Board Meeting 09.21.22	6-1103 Director Compensation - GF	100.00
09/20/2022	Check	0187	Lidia Sierra	Regular Board Meeting 09.21.22	6-1103 Director Compensation - GF	100.00
Total for 6-1103 Director Compensation - GF						\$800.00
6-1300 Supplies Expense - GF						
09/28/2022	Bill	25395	PJ's Desert Trophies & Gifts	Name Plates for Board Room for Directors	6-1300 Supplies Expense - GF	97.74
Total for 6-1300 Supplies Expense - GF						\$97.74
6-1499 AD other bank charge expense						
09/13/2022	Check	ACH		Cash Deposit Charge	6-1499 AD other bank charge expense	0.07
Total for 6-1499 AD other bank charge expense						\$0.07
6-1500 Professional Services Exp - GF						
09/16/2022	Bill	0090375	Rick Engineering Company	Professional Services from July 30,2022-August 26,2022 Project C19331-000 Service Area Plan Update	6-1500 Professional Services Exp - GF	87.32
Total for 6-1500 Professional Services Exp - GF						\$87.32
6-1600 Building/Grounds Expense - GF						
09/09/2022	Bill		Juniors VIP Cleaning	Bi-weekly cleaning services - September 9, 2022	6-1600 Building/Grounds	250.00

Salton Community Services District

Transaction Report

September 2022

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
09/23/2022	Bill		Juniors VIP Cleaning	Bi-weekly cleaning services - September 23, 2022	Expense - GF 6-1600 Building/Grounds Expense - GF	250.00
Total for 6-1600 Building/Grounds Expense - GF						\$500.00
6-1802 Admin Fees Due to SM - GF						
09/08/2022	Journal Entry	CS090822		Pay Period: 08/29/2022 to: 09/04/2022	6-1802 Admin Fees Due to SM - GF	239.53
09/15/2022	Journal Entry	CS091522		Pay Period: 09/05/2022 to: 09/11/2022	6-1802 Admin Fees Due to SM - GF	213.63
09/22/2022	Journal Entry	CS092222		Pay Period: 09/12/2022 to: 09/18/2022	6-1802 Admin Fees Due to SM - GF	231.64
09/28/2022	Journal Entry	CS092822		Pay Period: 09/19/2022 to: 09/25/2022	6-1802 Admin Fees Due to SM - GF	213.69
Total for 6-1802 Admin Fees Due to SM - GF						\$898.49
6-3201 GF telephone expense						
09/28/2022	Bill	222428	Cytracom	District Office Monthly Phone Service Bill	6-3201 GF telephone expense	11.92
Total for 6-3201 GF telephone expense						\$11.92
6-4101 PW Wages Expense						
09/01/2022	Journal Entry	TPG063021-6		Payroll 1 Accrual 09/01/2022	6-4101 PW Wages Expense	1,000.00
09/08/2022	Journal Entry	TPG063021-7		Payroll 1 Accrual 09/08/2022	6-4101 PW Wages Expense	1,000.00
09/15/2022	Journal Entry	TPG063021-8		Payroll 1 Accrual 09/15/2022	6-4101 PW Wages Expense	1,000.00
09/22/2022	Journal Entry	TPG063021-9		Payroll 1 Accrual 09/22/2022	6-4101 PW Wages Expense	1,000.00
Total for 6-4101 PW Wages Expense						\$4,000.00
6-4105 PW retirees health benefits exp						
09/08/2022	Check	0174	Fair, Clarence R.	Month of October, 2022	6-4105 PW retirees health benefits exp	495.78
Total for 6-4105 PW retirees health benefits exp						\$495.78
6-4720 PW fuel and oil expense						
09/09/2022	Bill	2211128-IN	SC Fuels	Diesel Fuel Delivery to District Shop Tank and TRC Tank	6-4720 PW fuel and oil expense	396.22
09/15/2022	Bill	0606342	SC Fuels	General Fund Fuel Expense	6-4720 PW fuel and oil	289.96

Salton Community Services District

Transaction Report

September 2022

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
				9/1-9/15/2022	expense	
Total for 6-4720 PW fuel and oil expense						\$686.18
6-5103 SC Park electric service exp						
09/02/2022	Bill		IID	Electrical Expense 08/02-08/30/2022	6-5103 SC Park electric service exp	397.00
Total for 6-5103 SC Park electric service exp						\$397.00
6-5303 DS Park electric service exp						
09/02/2022	Bill		IID	Electrical Expense 08/02-08/30/2022	6-5303 DS Park electric service exp	70.63
Total for 6-5303 DS Park electric service exp						\$70.63
6-5503 Other Electrical Expense						
09/02/2022	Bill		IID	DS Drive Entrance Lights 08/02-08/30/2022	6-5503 Other Electrical Expense	12.34
09/02/2022	Bill		IID	Duplex Electrical Expense 08/02-08/30/2022	6-5503 Other Electrical Expense	33.32
09/02/2022	Bill		IID	Fire Department House Electrical Service Expense 08/02-08/30/2022	6-5503 Other Electrical Expense	525.04
09/02/2022	Bill		IID	Entrance Lights Electrical Service Expense 08/02-08/30/2022	6-5503 Other Electrical Expense	12.34
09/07/2022	Bill		IID	SC Street Lights Electrical Service Expense	6-5503 Other Electrical Expense	4,273.64
Total for 6-5503 Other Electrical Expense						\$4,856.68
6-6101 SM maint. crew wages expense						
09/01/2022	Journal Entry	TPG063021-6			6-6101 SM maint. crew wages expense	-100.00
09/01/2022	Journal Entry	TPG063021-6		Payroll 1 Accrual 09/01/2022	6-6101 SM maint. crew wages expense	10,658.96
09/08/2022	Journal Entry	TPG063021-7		Payroll 1 Accrual 09/08/2022	6-6101 SM maint. crew wages expense	11,259.97
09/08/2022	Journal Entry	TPG063021-7			6-6101 SM maint. crew wages expense	-100.00
09/15/2022	Journal Entry	TPG063021-8			6-6101 SM maint. crew wages expense	-100.00
09/15/2022	Journal Entry	TPG063021-8		Payroll 1 Accrual 09/15/2022	6-6101 SM maint. crew wages expense	11,902.12
09/22/2022	Journal Entry	TPG063021-9			6-6101 SM maint. crew wages expense	-100.00
09/22/2022	Journal Entry	TPG063021-		Payroll 1 Accrual	6-6101 SM maint. crew	12,494.54

Salton Community Services District

Transaction Report

September 2022

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
		9		09/22/2022	wages expense	
Total for 6-6101 SM maint. crew wages expense						\$45,915.59
6-6102 SM employer expense						
09/01/2022	Journal Entry	TPG063021-6		Payroll 1 Accrual 09/01/2022	6-6102 SM employer expense	1,220.61
09/08/2022	Journal Entry	TPG063021-7		Payroll 1 Accrual 09/08/2022	6-6102 SM employer expense	1,304.39
09/15/2022	Journal Entry	TPG063021-8		Payroll 1 Accrual 09/15/2022	6-6102 SM employer expense	1,313.86
09/22/2022	Journal Entry	TPG063021-9		Payroll 1 Accrual 09/22/2022	6-6102 SM employer expense	1,386.74
Total for 6-6102 SM employer expense						\$5,225.60
6-6104 SM health benefits expense						
09/09/2022	Check	ACH	Laborers Health & Welfare Trust So. CA		6-6104 SM health benefits expense	11,824.16
09/20/2022	Bill		Laborers Health & Welfare Trust So. CA	Remaining Balance owed for June 2022 reporting	6-6104 SM health benefits expense	961.44
Total for 6-6104 SM health benefits expense						\$12,785.60
6-6105 Sm retiree health benefits exp						
09/08/2022	Check	0201	Fair, Gloria L.	Month of October, 2022	6-6105 Sm retiree health benefits exp	447.36
09/08/2022	Check	0199	Freeman, Mr. Blake	Month of October, 2022	6-6105 Sm retiree health benefits exp	500.00
09/08/2022	Check	0197	Thompson, Janice	Month of October, 2022	6-6105 Sm retiree health benefits exp	165.53
09/08/2022	Check	0198	Timothy A. Roberts	Month of October, 2022	6-6105 Sm retiree health benefits exp	500.00
09/08/2022	Check	0200	Reagles, Rosa Mesoraca	Month of October, 2022	6-6105 Sm retiree health benefits exp	500.00
Total for 6-6105 Sm retiree health benefits exp						\$2,112.89
6-6109 SM clerical office wages exp						
09/01/2022	Journal Entry	TPG063021-6		Payroll 1 Accrual 09/01/2022	6-6109 SM clerical office wages exp	2,854.56
09/08/2022	Journal Entry	TPG063021-7		Payroll 1 Accrual 09/08/2022	6-6109 SM clerical office wages exp	2,873.25
09/15/2022	Journal Entry	TPG063021-8		Payroll 1 Accrual 09/15/2022	6-6109 SM clerical office wages exp	2,830.34
09/22/2022	Journal Entry	TPG063021-		Payroll 1 Accrual	6-6109 SM clerical	3,190.40

Salton Community Services District

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DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
		9		09/22/2022	office wages exp	
Total for 6-6109 SM clerical office wages exp						\$11,748.55
6-6110 SM administration. (GM) wages						
09/01/2022	Journal Entry	TPG063021-6		Payroll 1 Accrual 09/01/2022	6-6110 SM administration. (GM) wages	1,442.31
09/08/2022	Journal Entry	TPG063021-7		Payroll 1 Accrual 09/08/2022	6-6110 SM administration. (GM) wages	1,917.31
09/15/2022	Journal Entry	TPG063021-8		Payroll 1 Accrual 09/15/2022	6-6110 SM administration. (GM) wages	1,442.31
09/22/2022	Journal Entry	TPG063021-9		Payroll 1 Accrual 09/22/2022	6-6110 SM administration. (GM) wages	1,442.31
Total for 6-6110 SM administration. (GM) wages						\$6,244.24
6-6201 SM uniforms expense						
09/15/2022	Bill	1	Coachella Valley Solutions	Staff Polo Work Shirts	6-6201 SM uniforms expense	429.00
Total for 6-6201 SM uniforms expense						\$429.00
6-6206 SM janitorial supplies expense						
09/01/2022	Invoice	1338	Imperial County Free Library	Paper towels and Toilet Paper	6-6206 SM janitorial supplies expense	0.00
Total for 6-6206 SM janitorial supplies expense						\$0.00
6-6300 SM Bank Charges Expenses						
09/13/2022	Check	ACH		Online Monthly Wire Fee	6-6300 SM Bank Charges Expenses	30.00
09/13/2022	Check	ACH		Remote Deposit Monthly Fee	6-6300 SM Bank Charges Expenses	50.00
Total for 6-6300 SM Bank Charges Expenses						\$80.00
6-6302 SM late fee/finance charges						
09/09/2022	Check	ACH	CALPERS	Admin Fee	6-6302 SM late fee/finance charges	200.00
09/27/2022	Expense	ACH	State Water Resources Control Board		6-6302 SM late fee/finance charges	2.88
Total for 6-6302 SM late fee/finance charges						\$202.88
6-6402 SM equipment maintenance exp						

Salton Community Services District

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DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
09/27/2022	Bill	160135313	Daniels Tire Service	Tires for Unit 88 Mobile Generator	6-6402 SM equipment maintenance exp	443.91
Total for 6-6402 SM equipment maintenance exp						\$443.91
6-6405 SM fuel & oil expense						
09/09/2022	Bill	2211128-IN	SC Fuels	Diesel Fuel Delivery to District Shop Tank and TRC Tank	6-6405 SM fuel & oil expense	7,528.11
09/15/2022	Bill	0606342	SC Fuels	Sewer Maintenance Fuel Expense 9/1-9/15/2022	6-6405 SM fuel & oil expense	1,642.51
Total for 6-6405 SM fuel & oil expense						\$9,170.62
6-6407 SM shop supplies expense						
09/20/2022	Bill		U.S. Poly Pack	8lb Ice Bags with Drawstring	6-6407 SM shop supplies expense	69.98
Total for 6-6407 SM shop supplies expense						\$69.98
6-6502 SM electric service expense						
09/02/2022	Bill		IID	Station# 23 Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	548.52
09/02/2022	Bill		IID	Desert Shores Ponds Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	1,814.12
09/02/2022	Bill		IID	Station# 22B Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	232.14
09/02/2022	Bill		IID	Station# 10 Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	177.70
09/02/2022	Bill		IID	District Shop Electrical Expense 08/02-08/30/2022	6-6502 SM electric service expense	553.80
09/02/2022	Bill		IID	Station# 5 Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	79.41
09/02/2022	Bill		IID	Station# 1 Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	18.17
09/02/2022	Bill		IID	Station# 13 Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	22.84
09/02/2022	Bill		IID	Station# 19 & 20 Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	57.78
09/02/2022	Bill		IID	Station# 24A Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	14.40
09/02/2022	Bill		IID	Station# 6 Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	41.21
09/02/2022	Bill		IID	Station# 8 Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	69.77

Salton Community Services District

Transaction Report

September 2022

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
09/02/2022	Bill		IID	Station# 24B Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	790.46
09/02/2022	Bill		IID	Lansing Ponds Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	707.18
09/02/2022	Bill		IID	Station# 17 & 18 Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	44.05
09/02/2022	Bill		IID	TRC Ponds Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	9,033.30
09/02/2022	Bill		IID	Station# 21 Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	17.52
09/02/2022	Bill		IID	Station# 12 Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	12.34
09/02/2022	Bill		IID	Station# 7 Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	24.28
09/02/2022	Bill		IID	Station# 2 Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	443.06
09/02/2022	Bill		IID	Station# 16 Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	424.60
09/02/2022	Bill		IID	Station# 15 Electrical Service Expense 08/02-08/30/2022	6-6502 SM electric service expense	89.80
Total for 6-6502 SM electric service expense						\$15,216.45
6-6503 SM telephone expense						
09/28/2022	Bill	222428	Cytracom	District Office Monthly Phone Service Bill	6-6503 SM telephone expense	226.48
Total for 6-6503 SM telephone expense						\$226.48
6-6504 SM cell phone expense						
09/08/2022	Bill	9915316190	Verizon Wireless	Station 22, 24, On Call Phone	6-6504 SM cell phone expense	132.64
09/16/2022	Bill		Frontier Communications	Station 2	6-6504 SM cell phone expense	53.86
09/25/2022	Bill	9916699957	Verizon Wireless	Aug 26 - Sep 25 Company Cell phone, Tablet Service	6-6504 SM cell phone expense	1,108.25
Total for 6-6504 SM cell phone expense						\$1,294.75
6-6601 SM employee licenses expense						
09/27/2022	Expense	ACH	State Water Resources Control Board		6-6601 SM employee licenses expense	125.00
Total for 6-6601 SM employee licenses expense						\$125.00
6-6712 SM pump station maint expense						

Salton Community Services District

Transaction Report

September 2022

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
09/02/2022	Bill	475794	Air & Hose Source, Inc.	Fittings for Pump station 2	6-6712 SM pump station maint expense	190.00
09/02/2022	Bill	50019582930	White Cap	Tools to work on Station 2	6-6712 SM pump station maint expense	156.48
09/20/2022	Bill		Battery Guy	Backup Batteries for Alarms at stations 22 & 24	6-6712 SM pump station maint expense	31.24
09/22/2022	Bill	M04316701	Galco	Power Control Switch for Station 2	6-6712 SM pump station maint expense	443.79
09/28/2022	Bill	132154	GP Electric Motor Energy Management Electric Corporation	Remove and Repair Emergency Backup Generator for Station 24	6-6712 SM pump station maint expense	9,905.93
Total for 6-6712 SM pump station maint expense						\$10,727.44
6-6760 SM Professional Services Exp						
09/16/2022	Bill		Alejandra Munoz	18 Signatures Notarized for Pacific Premier Bank	6-6760 SM Professional Services Exp	270.00
09/16/2022	Bill	0090375	Rick Engineering Company	Professional Services from July 30,2022-August 26,2022 Project C19331-000 Service Area Plan Update	6-6760 SM Professional Services Exp	1,659.06
Total for 6-6760 SM Professional Services Exp						\$1,929.06
6-6800 SM Miscellaneous Expenses						
09/14/2022	Bill		Dollar General	District provided drinks for staff for CPR Certification Course	6-6800 SM Miscellaneous Expenses	42.94
09/14/2022	Bill		Restaurant Bar Rancho	District Provided Lunch for Staff for CPR Certification	6-6800 SM Miscellaneous Expenses	146.80
Total for 6-6800 SM Miscellaneous Expenses						\$189.74
6-6802 SM Bldg & Grounds Maintenance						
09/06/2022	Bill	135	J/G Air Conditioning	A/C package unit for meeting room not cooling, found a bad 3 phase 480v contractor, replaced with new. Also found a bad 480v-24v transformer, replaced with new.	6-6802 SM Bldg & Grounds Maintenance	485.00
09/29/2022	Bill		Electric Motor Warehouse	Replace Exhaust Fan in Office Middle Bathroom	6-6802 SM Bldg & Grounds Maintenance	113.06
Total for 6-6802 SM Bldg & Grounds Maintenance						\$598.06
6-6807 SM Office Supplies Expense						
09/12/2022	Bill		Staples Credit Plan	11x17 Paper	6-6807 SM Office Supplies Expense	21.99
09/12/2022	Bill		Staples Credit Plan	Architect Template	6-6807 SM Office Supplies Expense	10.99

Salton Community Services District

Transaction Report

September 2022

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
09/12/2022	Bill		Family Dollar	Picture Frames for OIT Certificates	6-6807 SM Office Supplies Expense	12.00
09/14/2022	Check	ACH	Staples Credit Plan	Office Supplies	6-6807 SM Office Supplies Expense	159.83
Total for 6-6807 SM Office Supplies Expense						\$204.81
6-6809 SM Express Shipping Expense						
09/20/2022	Bill		Battery Guy	Shipping Expense	6-6809 SM Express Shipping Expense	31.40
09/20/2022	Bill		U.S. Poly Pack	UPS Ground	6-6809 SM Express Shipping Expense	27.82
09/22/2022	Bill	M04316701	Galco	Freight Charge	6-6809 SM Express Shipping Expense	30.95
Total for 6-6809 SM Express Shipping Expense						\$90.17
6-6811 SM Loan Interest Expense						
09/08/2022	Check	0202	Salton Sea Enterprises, LLC.	Loan Interest Payable 2022	6-6811 SM Loan Interest Expense	3,098.29
09/09/2022	Check	ACH	CIT	Interest	6-6811 SM Loan Interest Expense	818.86
Total for 6-6811 SM Loan Interest Expense						\$3,917.15
6-6831 SM Legal Expense						
09/30/2022	Bill	74428	Slovak Baron Empey Murphy & Pinkney	Legal Services Through 09/30/2022	6-6831 SM Legal Expense	10,909.00
09/30/2022	Bill	74428	Slovak Baron Empey Murphy & Pinkney	Legal Services Through 09/30/2022	6-6831 SM Legal Expense	574.16
Total for 6-6831 SM Legal Expense						\$11,483.16
6-6833 SM technical expense						
09/01/2022	Bill	ICN-23698	Interconnect Networks	Tech Support Monthly Bill/Expenses for September 2022	6-6833 SM technical expense	1,957.55
Total for 6-6833 SM technical expense						\$1,957.55
6-6835 SM GASB 68 Actuarial Reports						
09/01/2022	Check	ACH	CALPERS	GASB 68 Reporting Service Fee	6-6835 SM GASB 68 Actuarial Reports	1,400.00
Total for 6-6835 SM GASB 68 Actuarial Reports						\$1,400.00
6-6854 SM Copier Lease/Maint. Expense						
09/13/2022	Bill	3493540	Xerox Financial Services	Monthly Lease Payment	6-6854 SM Copier Lease/Maint. Expense	375.78
09/26/2022	Bill		Image Source	To bring account to current	6-6854 SM Copier	2,183.85

Salton Community Services District

Transaction Report

September 2022

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
09/29/2022	Bill	N9607011	Quadient Leasing USA	October 312022-January 2023	Lease/Maint. Expense 6-6854 SM Copier Lease/Maint. Expense	181.33
Total for 6-6854 SM Copier Lease/Maint. Expense						\$2,740.96
6-6856 SM Subscriptions Expense						
09/21/2022	Bill		Intuit	QuickBooks Monthly Expense	6-6856 SM Subscriptions Expense	200.00
Total for 6-6856 SM Subscriptions Expense						\$200.00
6-6881 SM Sales Tax Expense						
09/02/2022	Bill	50019582930	White Cap	Sales Tax	6-6881 SM Sales Tax Expense	13.69
09/02/2022	Bill	475794	Air & Hose Source, Inc.	8.75% Sales tax	6-6881 SM Sales Tax Expense	16.63
09/12/2022	Bill		Staples Credit Plan	Sales Tax 8.75%	6-6881 SM Sales Tax Expense	2.89
09/12/2022	Bill		Family Dollar	Sales Tax	6-6881 SM Sales Tax Expense	0.93
09/15/2022	Bill	1	Coachella Valley Solutions	Sales Tax 8.758%	6-6881 SM Sales Tax Expense	37.57
09/22/2022	Bill	M04316701	Galco	Sales Tax	6-6881 SM Sales Tax Expense	34.39
Total for 6-6881 SM Sales Tax Expense						\$106.10
6-6892 SM Office Tech. Purchases Exp.						
09/08/2022	Bill		Streamline	Past Due Website Hosting Bills February-July 2022	6-6892 SM Office Tech. Purchases Exp.	1,200.00
Total for 6-6892 SM Office Tech. Purchases Exp.						\$1,200.00
6-6894 SM Payroll Processing Fee Exp.						
09/09/2022	Check	ACH	ADP	Payroll Processing Fee	6-6894 SM Payroll Processing Fee Exp.	59.27
09/16/2022	Check	ACH	ADP	Payroll Processing Fee	6-6894 SM Payroll Processing Fee Exp.	66.20
09/23/2022	Expense	ACH	ADP	Payroll Processing Fee	6-6894 SM Payroll Processing Fee Exp.	66.20
09/30/2022	Check	ACH	ADP	Payroll Processing Fee	6-6894 SM Payroll Processing Fee Exp.	71.39
Total for 6-6894 SM Payroll Processing Fee Exp.						\$263.06
7-0001 Translation Services						

Salton Community Services District

Transaction Report

September 2022

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
09/20/2022	Bill		Ramon Madrigal	September 21, 2022 Board Meeting	7-0001 Translation Services	75.00
09/20/2022	Bill		Ramon Madrigal	September 21, 2022 Board Meeting	7-0001 Translation Services	75.00
09/20/2022	Bill		Ramon Madrigal	August 17, 2022 Board Meeting-worked an additional hour because meeting ran late.	7-0001 Translation Services	75.00
Total for 7-0001 Translation Services						\$225.00
TOTAL						\$163,245.12



1209 Van Buren
POST OFFICE BOX 5268
SALTON CITY, CALIFORNIA 92275-5268
TELEPHONE: (760) 394-4446
FAX: (760) 394-4242
scsd@saltoncsd.ca.gov

Serving the West Shores of the Fabulous Salton Sea

Sewer Maintenance Report

SEPTEMBER 2022

1. Day to Day Operations.
Run stations, service stations.
2. Work plan.
Maintain pond levees, pond weed removal.
Sewer connections. Clean sewer lines and manholes.
3. Station issues during the monthly that were resolved.

STATION #6

We found pump clogged, Pump unclogged cleaned
reinstalled.



Station# 2 In Desert shores

Submersible pump is out for repair, service life was 16 years.

Motor seal fail. Pump is being rebuilt.

We are also in the process of rehabilitation of station #2

We have replaced metal pipe that needed attention



Station # 2



Flame Ave

Iridescent Ave



Salton City Park

ve

1st

Cost Estimate

130' = 9.6 yards

Conc. 170.00 per yard

Delivered

\$1700.00 Per Yard

Count of 24: $2 \times 4 \times 12 = 7.33$ ea. =
\$180.00

(12) $1'' \times 2'' \times 18'' = \6.00

12- Bundles = \$72.00

\$2,200.00 Per Section

Approx. 10 Sections =
\$22,000/Material

To do 1200 feet

Each section would be 120 by
6'

State of California - Natural Resources Agency
DEPARTMENT OF PARKS AND RECREATION

GRANT CONTRACT
2018 Parks Bond Act
Per Capita Grant Program

GRANTEE Salton CSD

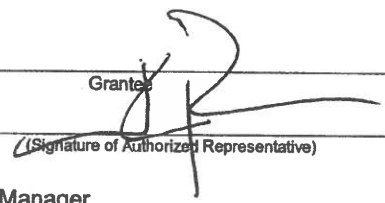
THE PROJECT PERFORMANCE PERIOD is from July 01, 2018 through June 30, 2024


CONTRACT PERFORMANCE PERIOD is from July 01, 2018 through June 30, 2048

The GRANTEE agrees to the terms and conditions of this Contract, and the State of California, acting through its Director of the Department of Parks and Recreation, pursuant to the State of California, agrees to fund the total State grant amount indicated below.

The GRANTEE agrees to complete the GRANT SCOPE(s) as defined in the GRANT SCOPE/Cost Estimate Form or acquisition documentation for the application(s) filed with the State of California.

The General and Special Provisions attached are made a part of and incorporated into the Contract.

Salton CSD
By 
(Signature of Authorized Representative)
Title General Manager
Date 4/16/2022

STATE OF CALIFORNIA
DEPARTMENT OF PARKS AND RECREATION
DocuSigned by:

By _____
Date 5/5/2022

CERTIFICATION OF FUNDING
(For State Use Only)

CONTRACT NO C9801243	AMENDMENT NO	FISCAL SUPPLIER I.D. 0000148542			PROJECT NO. 18-13-017
AMOUNT ENCUMBERED BY THIS DOCUMENT \$177,952.00		FUND. Drought, Water, Cln Air, Cstl Protc, Outdoor Fund			
PRIOR AMOUNT ENCUMBERED FOR THIS CONTRACT		ITEM 3790-101-6088	CHAPTER 29	STATUTE 18	FISCAL YEAR 2021/22
TOTAL AMOUNT ENCUMBERED TO DATE \$ 177,952.00		Reporting Structured. 37900091	Account/Alt Account. 5432000-5432000000	ACTIVITY CODE 69801	PROJECT / WORK PHASE 379000001813017

I. RECITALS

This CONTRACT is entered into between the California Department of Parks and Recreation (hereinafter referred to as "GRANTOR," "DEPARTMENT" or "STATE") and Salton CSD (hereinafter referred to as "GRANTEE").

The DEPARTMENT hereby grants to GRANTEE a sum (also referred to as "GRANT MONIES") not to exceed \$177,952, subject to the terms and conditions of this AGREEMENT and the 2018/19 California State Budget, Chapter 29, statutes of 2018, Item number – 3790-101-6088 (appropriation chapter and budget item number hereinafter referred to as "PER CAPITA GRANT"). These funds shall be used for completion of the GRANT SCOPE(S).

The Grant Performance Period is from July 01, 2018 to June 30, 2024.

II. GENERAL PROVISIONS

A. Definitions

As used in this CONTRACT, the following words shall have the following meanings:

1. The term "ACT" means the California Drought, Water, Parks Climate, Coastal Protection, and Outdoor Access for All Act of 2018, as referred to in section I of this CONTRACT.
2. The term "APPLICATION" means the individual project APPLICATION packet for a project pursuant to the enabling legislation and/or grant program process guide requirements.
3. The term "DEPARTMENT" or "STATE" means the California Department of Parks and Recreation.
4. The term "DEVELOPMENT" means capital improvements to real property by means of, but not limited to, construction, expansion, and/or renovation, of permanent or fixed features of the property.
5. The term "GRANTEE" means the party described as the GRANTEE in Section I of this CONTRACT.
6. The term "GRANT SCOPE" means the items listed in the GRANT SCOPE/Cost Estimate Form or acquisition documentation found in each of the APPLICATIONS submitted pursuant to this grant.
7. The term "PROCEDURAL GUIDE" means the document identified as the "Procedural Guide for California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018 Per Capita Program." The

PROCEDURAL GUIDE provides the procedures and policies controlling the administration of the grant.

B. Project Execution

1. Subject to the availability of GRANT MONIES, the STATE hereby grants to the GRANTEE a sum of money not to exceed the amount stated in Section I of this CONTRACT, in consideration of, and on condition that, the sum be expended in carrying out the purposes as set forth in the scope described in the enabling legislation and referenced in the APPLICATION, Section I of this CONTRACT, and under the terms and conditions set forth in this CONTRACT.

The GRANTEE shall assume any obligation to furnish any additional funds that may be necessary to complete the GRANT SCOPE(S).

The GRANTEE agrees to submit any change or alteration from the original GRANT SCOPE(S) in writing to the STATE for prior approval. This applies to any and all changes that occur after STATE has approved the APPLICATION. Changes in the GRANT SCOPE(S) must be approved in writing by the STATE.

2. The GRANTEE shall complete the GRANT SCOPE(S) in accordance with the time of the Performance Period set forth in Section I of this CONTRACT, and under the terms and conditions of this CONTRACT.
3. The GRANTEE shall comply with the California Environmental Quality Act (Public Resources Code, Section 21000, et seq., Title 14, California Code of Regulations, Section 15000 et seq.).
4. The GRANTEE shall comply with all applicable current laws and regulations affecting DEVELOPMENT projects, including, but not limited to, legal requirements for construction contracts, building codes, health and safety codes, and laws and codes pertaining to individuals with disabilities, including but not limited to the Americans With Disabilities Act of 1990 (42 U.S.C. §12101 et seq.) and the California Unruh Act (California Civil Code §51 et seq.).

C. Project Costs

1. GRANTEE agrees to abide by the PROCEDURAL GUIDE.
2. GRANTEE acknowledges that STATE may make reasonable changes to its procedures as set forth in the PROCEDURAL GUIDE. If STATE makes any changes to its procedures and guidelines, STATE agrees to notify GRANTEE within a reasonable time.

D. Project Administration

1. If GRANT MONIES are advanced for DEVELOPMENT projects, the advanced funds shall be placed in an interest bearing account until expended. Interest earned on the advanced funds shall be used on the project as approved by the STATE. If grant monies are advanced and not expended, the unused portion of the

grant and any interest earned shall be returned to the STATE within 60 days after project completion or end of the Grant Performance Period, whichever is earlier.

2. The GRANTEE shall submit written project status reports within 30 calendar days after the STATE has made such a request. In any event, the GRANTEE shall provide the STATE a report showing total final project expenditures within 60 days of project completion or the end of the grant performance period, whichever is earlier. The Grant Performance Period is identified in Section I of this CONTRACT.
3. The GRANTEE shall make property or facilities acquired and/or developed pursuant to this contract available for inspection upon request by the STATE.

E. Project Termination

1. Project Termination refers to the non-completion of a GRANT SCOPE. Any grant funds that have not been expended by the GRANTEE shall revert to the STATE.
2. The GRANTEE may unilaterally rescind this CONTRACT at any time prior to the commencement of the project. The commencement of the project means the date of the letter notifying GRANTEE of the award or when the funds are appropriated, whichever is later. After project commencement, this CONTRACT may be rescinded, modified or amended only by mutual agreement in writing between the GRANTEE and the STATE, unless the provisions of this CONTRACT provide that mutual agreement is not required.
3. Failure by the GRANTEE to comply with the terms of the (a) PROCEDURAL GUIDE, (b) any legislation applicable to the ACT, (c) this CONTRACT as well as any other grant contracts, specified or general, that GRANTEE has entered into with STATE, may be cause for suspension of all obligations of the STATE unless the STATE determines that such failure was due to no fault of the GRANTEE. In such case, STATE may reimburse GRANTEE for eligible costs properly incurred in performance of this CONTRACT despite non-performance of the GRANTEE. To qualify for such reimbursement, GRANTEE agrees to mitigate its losses to the best of its ability.
4. Any breach of any term, provision, obligation or requirement of this CONTRACT by the GRANTEE shall be a default of this CONTRACT. In the case of any default by GRANTEE, STATE shall be entitled to all remedies available under law and equity, including but not limited to: a) Specific Performance; b) Return of all GRANT MONIES; c) Payment to the STATE of the fair market value of the project property or the actual sales price, whichever is higher; and d) Payment to the STATE of the costs of enforcement of this CONTRACT, including but not limited to court and arbitration costs, fees, expenses of litigation, and reasonable attorney fees.
5. The GRANTEE and the STATE agree that if the GRANT SCOPE includes DEVELOPMENT, final payment may not be made until the work described in the GRANT SCOPE is complete and the GRANT PROJECT is open to the public.

F. Budget Contingency Clause

If funding for any fiscal year is reduced or deleted by the budget act for purposes of this program, the STATE shall have the option to either cancel this contract with no liability occurring to the STATE, or offer a CONTRACT amendment to GRANTEE to reflect the reduced grant amount. This Paragraph shall not require the mutual agreement as addressed in Paragraph E, provision 2, of this CONTRACT.

G. Hold Harmless

1. The GRANTEE shall waive all claims and recourse against the STATE including the right to contribution for loss or damage to persons or property arising from, growing out of or in any way connected with or incident to this CONTRACT except claims arising from the concurrent or sole negligence of the STATE, its officers, agents, and employees.
2. The GRANTEE shall indemnify, hold harmless and defend the STATE, its officers, agents and employees against any and all claims, demands, damages, costs, expenses or liability costs arising out of the ACQUISITION, DEVELOPMENT, construction, operation or maintenance of the property described as the project which claims, demands or causes of action arise under California Government Code Section 895.2 or otherwise except for liability arising out of the concurrent or sole negligence of the STATE, its officers, agents, or employees.
3. The GRANTEE agrees that in the event the STATE is named as codefendant under the provisions of California Government Code Section 895 et seq., the GRANTEE shall notify the STATE of such fact and shall represent the STATE in the legal action unless the STATE undertakes to represent itself as codefendant in such legal action in which event the GRANTEE agrees to pay the STATE's litigation costs, expenses, and reasonable attorney fees.
4. The GRANTEE and the STATE agree that in the event of judgment entered against the STATE and the GRANTEE because of the concurrent negligence of the STATE and the GRANTEE, their officers, agents, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Neither party shall request a jury apportionment.
5. The GRANTEE shall indemnify, hold harmless and defend the STATE, its officers, agents and employees against any and all claims, demands, costs, expenses or liability costs arising out of legal actions pursuant to items to which the GRANTEE has certified. The GRANTEE acknowledges that it is solely responsible for compliance with items to which it has certified.

H. Financial Records

1. The GRANTEE shall maintain satisfactory financial accounts, documents, including loan documents, and all other records for the project and to make them available to the STATE for auditing at reasonable times. The GRANTEE also agrees to retain such financial accounts, documents and records for five years following project

termination or issuance of final payment, whichever is later.

2. The GRANTEE shall keep such records as the STATE shall prescribe, including records which fully disclose (a) the disposition of the proceeds of STATE funding assistance, (b) the total cost of the project in connection with such assistance that is given or used, (c) the amount and nature of that portion of the project cost supplied by other sources, and (d) any other such records that will facilitate an effective audit.
3. The GRANTEE agrees that the STATE shall have the right to inspect and make copies of any books, records or reports pertaining to this contract or matters related thereto during regular office hours. The GRANTEE shall maintain and make available for inspection by the STATE accurate records of all of its costs, disbursements and receipts with respect to its activities under this contract. Such accounts, documents, and records shall be retained by the GRANTEE for at least five years following project termination or issuance of final payment, whichever is later.
4. The GRANTEE shall use a generally accepted accounting system.

I. Use of Facilities

1. The GRANTEE agrees that the GRANTEE shall operate and maintain the property acquired or developed with the GRANT MONIES, for the duration of the Contract Performance Period.
2. The GRANTEE agrees that, during the Contract Performance Period, the GRANTEE shall use the property acquired or developed with GRANT MONIES under this contract only for the purposes of this grant and no other use, sale, or other disposition or change of the use of the property to one not consistent with its purpose shall be permitted except as authorized by the STATE and the property shall be replaced with property of equivalent value and usefulness as determined by the STATE.
3. The property acquired or developed may be transferred to another entity if the successor entity assumes the obligations imposed under this CONTRACT and with the approval of STATE.
4. Any real Property (including any portion of it or any interest in it) may not be used as security for any debt or mitigation, without the written approval of the STATE provided that such approval shall not be unreasonably withheld as long as the purposes for which the Grant was awarded are maintained. Any such permission that is granted does not make the STATE a guarantor or a surety for any debt or mitigation, nor does it waive the STATE'S rights to enforce performance under the Grant CONTRACT.

5. All real property, or rights thereto, acquired with GRANT MONIES shall be subject to an appropriate form of restrictive title, rights, or covenants approved by the STATE. If the project property is taken by use of eminent domain, GRANTEE shall reimburse STATE an amount at least equal to the amount of GRANT MONIES received from STATE or the pro-rated full market value of the real property, including improvements, at the time of sale, whichever is higher.
6. If eminent domain proceedings are initiated against GRANTEE, GRANTEE shall notify STATE within 10 days of receiving the complaint.

J. Nondiscrimination

1. The GRANTEE shall not discriminate against any person on the basis of sex, race, color, national origin, age, religion, ancestry, sexual orientation, or disability in the use of any property or facility developed pursuant to this contract.
2. The GRANTEE shall not discriminate against any person on the basis of residence except to the extent that reasonable differences in admission or other fees may be maintained on the basis of residence and pursuant to law.
3. All facilities shall be open to members of the public generally, except as noted under the special provisions of this project contract or under provisions of the enabling legislation and/or grant program.

K. Severability

If any provision of this CONTRACT or the application thereof is held invalid, that invalidity shall not affect other provisions or applications of the CONTRACT which can be given effect without the invalid provision or application, and to this end the provisions of this CONTRACT are severable.

L. Liability

1. STATE assumes no responsibility for assuring the safety or standards of construction, site improvements or programs related to the GRANT SCOPE. The STATE'S rights under this CONTRACT to review, inspect and approve the GRANT SCOPE and any final plans of implementation shall not give rise to any warranty or representation that the GRANT SCOPE and any plans or improvements are free from hazards or defects.
2. GRANTEE will secure adequate liability insurance, performance bond, and/or other security necessary to protect the GRANTEE's and STATE'S interest against poor workmanship, fraud, or other potential loss associated with completion of the grant project.

M. Assignability

Without the written consent of the STATE, the GRANTEE'S interest in and responsibilities under this CONTRACT shall not be assignable by the GRANTEE either in whole or in part.

N. Use of Grant Monies

GRANTEE shall not use any grant funds (including any portion thereof) for the purpose of making any leverage loan, pledge, promissory note or similar financial device or transaction, without: 1) the prior written approval of the STATE; and 2) any financial or legal interests created by any such leverage loan, pledge, promissory note or similar financial device or transaction in the project property shall be completely subordinated to this CONTRACT through a Subordination Agreement provided and approved by the STATE, signed by all parties involved in the transaction, and recorded in the County Records against the fee title of the project property.

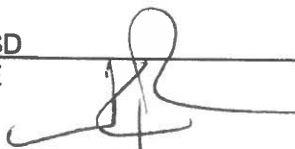
O. Section Headings

The headings and captions of the various sections of this CONTRACT have been inserted only for the purpose of convenience and are not a part of this CONTRACT and shall not be deemed in any manner to modify, explain, or restrict any of the provisions of this CONTRACT.


P. Waiver

Any failure by a party to enforce its rights under this CONTRACT, in the event of a breach, shall *not* be construed as a waiver of said rights; and the waiver of any breach under this CONTRACT shall *not* be construed as a waiver of any subsequent breach.

Salton CSD
GRANTEE

By: 
Signature of Authorized Representative
Title: GENERAL MANAGER
Date: 4/16/2022

STATE OF CALIFORNIA
DEPARTMENT OF PARKS AND RECREATION

By: 
086AD152004346D...
Date: 5/5/2022



September 8, 2022

Ms. Christina Sutton
Finance Manager
Salton Community Services District
1209 Van Buren Street
Thermal, CA 92274

Subject: Proposal to Provide Professional Engineering Services for Waste Discharge Requirements Permit Amendments

Dear Ms. Sutton:

Thank you for the opportunity to submit a proposal to provide professional engineering services for the subject project. The Salton Community Services District (District) desires to retain a consultant to prepare an application and Report of Waste Discharge (ROWD) for the Lansing Avenue Wastewater Treatment Facility (Lansing WWTF) and the Thomas R. Cannell Wastewater Treatment Facility (Cannell WWTF). On July 22, 2022, the Colorado River Basin Regional Water Quality Control Board (Regional Water Board) requested these items for each facility as part of an effort to update each facility's respective Waste Discharge Requirements (WDRs). As part of that process, the District desires to reclassify the treatment capacity of both facilities. Our proposed scope of services is described in more detail below:

SCOPE OF SERVICES

TKE's scope of services is presented in the following paragraphs:

Task 1. Meetings and Coordination

Meetings and coordination are anticipated throughout the course of the ROWD preparation. TKE anticipates a virtual kickoff meeting and one virtual progress meeting in order to ensure the ROWD is completed in accordance with the District's and the Regional Water Boards' requirements. In addition, we anticipate one meeting with the Regional Water Board to review the proposed WDR permit amendments. At the kick-off meeting, TKE proposes to review project obligations, confirm wastewater treatment plant details, and to discuss all project requirements in detail. In addition, we will discuss the project's scope of services and schedule. We also utilize this meeting to reach an agreement on a communication protocol and to acquire the District's existing wastewater treatment plant records. TKE will also provide coordination through emails and conference calls and additional meetings, as needed.

Task 2. *Records Research*

We will thoroughly research existing wastewater treatment plant and related utility records and acquire copies of all available records. TKE will request that the District provide data to be used for analysis and reporting in order to complete the ROWD technical report. This data may include, but is not limited to, plant record drawings, active operations data, proposed operational strategies, treatment capabilities, flow records, influent and effluent wastewater quality data, etc.

Task 3. *Topographic Survey*

TKE will perform site topographic survey of both the Lansing WWTF and Cannell WWTF; more specifically, a topographic survey of the existing percolation/evaporation ponds at each facility. We propose to use conventional surveying to complete the field work. Our crew will locate existing street centerline monuments and will measure the horizontal angle, horizontal distance, and vertical elevation difference between each survey monument. We will complete a traverse for each survey to ensure closure. Elevations will be tied to existing City, District, and/or County benchmarks.

Task 4. *Application and Report of Waste Discharge*

TKE will prepare an application and ROWD (Form 200) for each facility. The ROWD will follow the Regional Water Board's requirements and will be signed and stamped by a California Professional Engineer. The ROWD will include the following:

1. Description of water supply
2. Description of wastewater sources
3. Characterization of wastewater
4. Description of wastewater collection system
5. Description and flow diagram of wastewater treatment process and effluent disposal system, including updates to plant capacity
6. Summary of soils and geology
7. Summary of groundwater, surface water, and stormwater
8. Description of CEQA status and/or actions

Task 5. *Coordination with the Regional Water Board*

After approval from the District, we will submit the application and ROWD to the Regional Water Board and request that they provide any comments or concerns required to renew the WDR permits.

After receiving comments from the Water Board, TKE will work with the Regional Water Board and the District in addressing any comments or concerns identified in the ROWD. For this proposal, TKE assumes one Regional Water Board response submittal will be required.

FEE/SCHEDULE

Our budget to provide the services described is as follows:

<u>Description</u>	<u>Amount</u>
1. Kick Off Meeting	\$ 5,870
2. Records Research	\$ 2,160
3. Topographic Survey	\$ 3,565
4. Application & ROWD	\$ 13,200
5. Coord. w/ Regional Water Board	\$ 3,245
Total:	\$28,040

TKE's proposed project fee of \$28,040 for the above scope, which includes approximately 186 man-hours. We will invoice the District monthly on a time and materials basis in accordance with our rate schedule. Our invoice will not exceed the amount presented above without prior approval. TKE will complete the services within 90 days after receiving authorization to proceed.

Again, thank you for the opportunity to submit our proposal to provide professional engineering services for the District. If you have any questions, please contact me at (951) 680-0440.

Sincerely,



Steven W. Ledbetter, P.E.
Vice President
TKE Engineering, Inc.

Attachments: Rate Schedule



RATE SCHEDULE

2022- 2023

	<u>HOURLY RATE</u>
Principal in Charge	\$175.00
Project Manager/Construction Manager/Licensed Surveyor	\$165.00
Senior Engineer/Project Engineer (PE)/Senior Plan Checker.....	\$155.00
Assistant Project Manager/Associate Engineer	\$145.00
Assistant Engineer/Plan Checker/Designer	\$135.00
AutoCAD Technician.....	\$125.00
Engineering Technician.....	\$ 90.00
Clerical	\$ 85.00
Forensic Engineering	\$250.00
Expert Witness Testimony	\$350.00
<u>SURVEYING SERVICES</u>	
2-Man Survey Crew (Prevailing Wage).....	\$240.00
<u>CONSTRUCTION SERVICES</u>	
Senior Construction Inspector (Prevailing Wage)	\$120.00
Construction Inspector (Prevailing Wage)	\$110.00
<u>REIMBURSABLE COSTS</u>	
In-house Reproduction	Cost
Printing and Materials	Cost + 10%
Express Mail/Courier/Next Day Service ..	Cost + 10%
Special Subconsultant Services ..	Cost + 10%

RESOLUTION NO. 2022-10-19-01
A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SALTON COMMUNITY SERVICES DISTRICT ESTABLISHING A
CONFLICT OF INTEREST CODE

SECTION 1. Purpose. Pursuant to the provisions of Government Code Section 18730 of Title 2, Division 6, of the California Code of Regulations, a true and correct copy of which is attached hereto as Exhibit "A", incorporated herein, and made a part hereof, and any subsequent amendments to it duly adopted by the Fair Political Practices Commission of the State of California, Salton Community Services District hereby adopts the following Conflict of Interest Policy.

The provisions of this Policy are additional to Government Code Section 87100 et seq., 2 Cal. Code of Reg. Section 18730, and other laws pertaining to conflicts of interest. Except as otherwise indicated, the definitions of the Political Reform Act of 1974 and regulations adopted pursuant thereto are incorporated herein by this Policy and shall be interpreted in a manner consistent therewith and shall constitute the new Conflict of Interest Policy of the Salton Community Services District. The provisions of this Conflict of Interest Code shall remain valid until amended or repealed. Any and all amendments made to the Political Reform Act or the FPPC regulations relating to conflicts of interest are automatically made a part of this Conflict of Interest Code pursuant to 2 California Code of Regulations Section 18730(a). Any invalidity of any portion of the provisions herein shall not affect the remaining provisions.

SECTION 2. Designated Positions. All persons holding Designated Positions who are listed on Exhibit "B", attached hereto and made a part hereof, shall file statements of economic interest in conformance with the Disclosure Categories applicable to such positions as provided for in the California Code of Regulations attached hereto as Exhibit "A".

SECTION 3. Disclosure Categories. The Disclosure Categories are more particularly described in Exhibit "C", also attached hereto and made a part hereof.

SECTION 4. Term. All employees holding Designated Positions, as listed on Exhibit "B" attached hereto and made a part hereof, who are required to submit a statement of financial interest shall file the original statement with the District's Secretary who shall retain said original statement in the District's office. All members of the District's Board of Directors required to submit a statement of financial interest shall file the original with the District's Secretary who shall make and retain a copy of same and forward the original of the statement to the Clerk of the Board of Supervisors of Imperial County as required under Government Code Section 87500(j). Said statements shall be filed in a timely manner pursuant to the California Code of Regulations attached hereto as Exhibit "A".

SECTION 5. Contents of Disclosure Statements. Disclosure statements shall be made on forms supplied by the Imperial County Clerk, and shall contain the information required by Section 18730 of Title 2, Division 6, of the California Code of Regulations, a true and correct copy of which is attached hereto marked Exhibit "A", incorporated herein, and made a part hereof, and any subsequent amendments to it duly adopted by the Fair Political Practices Commission of the State of California.

SECTION 6. Disqualification. Employees in Designated Positions must disqualify themselves from making or participation in the making of any decisions which will foreseeably have a material financial effect, distinguishable from its effect on the public generally, on any reportable interest of that employee. No employees in Designated Positions shall be prevented from making or participation in the making of any decision to the extent his or her participation is legally required for the decision to be made.

SECTION 7. Manner of Disqualification. A designated employee required to disqualify himself or herself shall notify the District's General Manager in writing. A copy of this notice shall be retained by the District's General Manager who shall forward the original to the Imperial County Board of Supervisors. Upon receipt of such statement, the General Manager shall immediately reassign the matter to another member of this office.

SECTION 8. Force and Effect of Law. This Conflict of Interest Code has the force and effect of law. Employees in Designated Positions violating any provision of this Conflict of Interest Code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Government Code Sections 81000 et seq.. In addition, a decision in relation to which a violation of the disqualification provisions of this Conflict of Interest Code or of Government Code Section 87100 or 87450 has occurred may be set aside as void pursuant to Government Code Section 91003.

SECTION 9. Filing of Policy. A copy of this new Conflict of Interest Policy of the Salton Community Services District shall be sent to the Clerk of the Board of Supervisors of Imperial County.

PASSED AND ADOPTED as a resolution by the Board of Directors of the Salton Community Services District, held on the 19 day of October, 2022, by the following vote:

	YES	NO
Rogelio Flores, President	_____	_____
Lidia A. Sierra, Vice President	_____	_____
Manuel H. Ramos, Director	_____	_____
Dale Johnson, Director	_____	_____
Michelle Gilmore, Director	_____	_____

Rogelio Flores, President of the Board of Directors

ATTEST: _____
Sonia Thania Garcia, Acting Secretary of the Board of Directors

Exhibit “A”

§ 18730. Provisions of Conflict of Interest Codes

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Exhibit referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Section 87300 or the amendment of a conflict of interest code within the meaning of Section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (Regulations 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Exhibit are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Section 87200; and

(C) The filing officer is the same for both agencies.¹

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Exhibit specify which kinds of economic interests are reportable. Such a designated employee shall disclose in the employee's statement of economic interests those economic interests the

employee has which are of the kind described in the disclosure categories to which the employee is assigned in the Exhibit. It has been determined that the economic interests set forth in a designated employee's disclosure categories are the kinds of economic interests which the employee foreseeably can affect materially through the conduct of the employee's office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.2

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1. If a person reports for military service as defined in the Servicemember's Civil Relief Act, the deadline for the annual statement of economic interests is 30 days following the person's return to office, provided the person, or someone authorized to represent the person's interests, notifies the filing officer in writing prior to the applicable filing deadline that the person is subject to that federal statute and is unable to meet the applicable deadline, and provides the filing officer verification of the person's military status.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5)Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided the person did not make or participate in the making of, or use the person's position to influence any decision and did not receive or become entitled to receive any form of payment as a result of the person's appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation the person did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to Regulation 18754.

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property³ is required to be reported,⁴ the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property;
4. A statement whether the fair market value of the investment or interest in real property equals or exceeds \$ 2,000, exceeds \$ 10,000, exceeds \$ 100,000, or exceeds \$ 1,000,000.

(B) Personal Income Disclosure. When personal income is required to be reported,⁵ the statement shall contain:

1. The name and address of each source of income aggregating \$ 500 or more in value, or \$ 50 or more in value if the income was a gift, and a general description of the business activity, if any, of each source;
2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was \$ 1,000 or less, greater than \$ 1,000, greater than \$ 10,000, or greater than \$ 100,000;
3. A description of the consideration, if any, for which the income was received;

4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;

5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported,⁶ the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;

2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than \$ 10,000.

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which the employee is a director, officer, partner, trustee, employee, or in which the employee holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on the member's or employee's statement of economic interests.

(B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

(C) Subdivisions (a), (b), and (c) of Section 89501 shall apply to the prohibitions in this section.

(D) This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Section 89506.

(8.1)Section 8.1. Prohibition on Receipt of Gifts in Excess of \$ 520.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$ 520 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on the member's or employee's statement of economic interests.

(B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

(C) Subdivisions (e), (f), and (g) of Section 89503 shall apply to the prohibitions in this section.

(8.2)Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of the election to office through the date that the officer vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of the election to office through the date that the officer vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while the official holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.
2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans from a person which, in the aggregate, do not exceed \$ 500 at any given time.
4. Loans made, or offered in writing, before January 1, 1998.

(8.3)Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of the officer's election to office through the date the officer vacates office, receive a personal loan of \$ 500 or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan

agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.
2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title [9 of the Government Code](#).

(8.4)Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.
2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:
 - a. The date the loan was made.
 - b. The date the last payment of \$ 100 or more was made on the loan.
 - c. The date upon which the debtor has made payments on the loan aggregating to less than \$ 250 during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.
2. A loan that would otherwise not be a gift as defined in this title.
3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.
4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.
5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title [9 of the Government Code](#).

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use the employee's official position to influence the making of any governmental decision which the employee knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of the official's immediate family or on:

- (A)** Any business entity in which the designated employee has a direct or indirect investment worth \$ 2,000 or more;
- (B)** Any real property in which the designated employee has a direct or indirect interest worth \$ 2,000 or more;
- (C)** Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating \$ 500 or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;
- (D)** Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or
- (E)** Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$ 500 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3)Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent the employee's participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make the employees' participation legally required for purposes of this section.

(9.5)Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use the official's position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of the official's immediate family has, within 12 months prior to the time when the official action is to be taken:

- (A)** Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or
- (B)** Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value \$ 1,000 or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that the employee should not make a governmental decision because the employee has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of the duties under this code may request assistance from the Fair Political Practices Commission pursuant to Section 83114 and Regulations 18329

and 18329.5 or from the attorney for the employee's agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Sections 81000-91014. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Section 87100 or 87450 has occurred may be set aside as void pursuant to Section 91003.

- 1** Designated employees who are required to file statements of economic interests under any other agency's conflict of interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Section 81004.
- 2** See Section 81010 and Regulation 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.
- 3** For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.
- 4** Investments and interests in real property which have a fair market value of less than \$ 2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.
- 5** A designated employee's income includes the employee's community property interest in the income of the employee's spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.
- 6** Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

EXHIBIT "B"

<u>Designated Positions</u>	<u>Disclosure Categories</u>
Member, Board of Directors	All categories
General Manager	All categories
Secretary of the Board	All categories
Field Foreman	All categories
Consultant*	All categories
Finance Director	All categories
District Counsel	All categories

*The General Manager may reasonably and good faith determine in writing that a particular consultant, although a "Designated Position", is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as the Conflict of Interest Code.

EXHIBIT “C”

Category A - Investments and Real Property Disclosure (See Paragraph (b)(3)(7)(A) of Section 18730, attached)

Category B - Personal Income Disclosure (See Paragraph (b)(3)(7)(B) of Section 18730, attached)

Category C - Business Entity Income Disclosure (See Paragraph (b)(3)(7)(C) of Section 18730, attached)

Category D - Business Position Disclosure (See Paragraph (b)(3)(7)(D) of Section 18730, attached)

Category E - Acquisition or Disposal During Reporting Period (See paragraph (b)(3)(7)(E) of Section 18730, attached)

**SALTON COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS MEETING
October 19, 2022
AGENDA ITEM 15.C**

October 19, 2022

TO: Board of Directors

FROM: David Dale, PE – Interim General Manager

SUBJECT: RESOLUTION NO. 2022-10-19-01 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SALTON COMMUNITY SERVICES DISTRICT ESTABLISHING A CONFLICT OF INTEREST CODE

RECOMMENDED ACTION:

Approve Resolution 2022-10-19-01, a Resolution of the Board of Directors of the SCSD, establishing a Conflict of Interest Code.

ITEM EXPLANATION:

The past Conflict of Interest Code for the SCSD was adopted March 15, 2017 by the Board of Directors. The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. 18730) which contains the terms of a standard conflict of interest code. After public notice and hearing it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation (attached) and the attached Appendix designating officials and employees and establishing disclosure categories, shall constitute the conflict of interest code of the Salton Community Services District (the “District”).

It is essential and legally required that the district’s conflict of interest code reflects the current structure of the agency and properly identifies all officials and employees who should be filing a Form 700. To ensure the codes remain current and accurate, each agency is required to review its conflict of interest code at least every other year - state agencies in odd-numbered years and local

agencies in even-numbered years. The attached Conflict of Interest Code has been developed by the General Counsel of the District to reflect the current organization structure.

NEXT STEPS

Upon approval, the Conflict of Interest Code will be incorporated into the District's Codes.

FISCAL IMPACT

None

ATTACHMENTS

1. Conflict of Interest Code
2. Letter dated August 1, 2022 from the Registrar of Voters

CONFLICT OF INTEREST CODE OF THE SALTON COMMUNITY SERVICES DISTRICT

(Adopted March 15, 2017)

The Political Reform Act (**Government Code Section 81000, *et seq.***) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (**2 Cal. Code of Regs. 18730**) which contains the terms of a standard conflict of interest code. After public notice and hearing it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation (attached) and the attached Appendix designating officials and employees and establishing disclosure categories, shall constitute the conflict of interest code of the Salton Community Services District (the “District”).

All Officials are required to submit a statement of economic interests shall file their statements with the Secretary to the Board as the District’s Filing Officer. The Filing Officer shall make and retain a copy of all statements filed by officials who manager public investments, and forward the originals of such statements to the Clerk of the Board of Supervisors. The Filing Officer shall retain the originals of the statements of all other Designated Employees. The Filing Officer will make all retained statements available for public inspection and reproduction (**Gov. Code Section 81008**).

(Regulations of the Fair Political Practices Commission, Title 2, Division 6 of the California Code of Regulations.)

18730. Provisions of Conflict of Interest Codes.

- (a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Government Code Section 87300 or the amendment of a conflict of interest code within the meaning of Government Code Section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Government Code sections 81000, *et seq.* The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Government Code section 87100, and to other state or local law pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (2 Cal. Code of Regs. Sections 18100, *et seq.*), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on financial interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Government Code section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their financial interests pursuant to article 2 of chapter 7 of the Political Reform Act, Government Code sections 87200, *et seq.* In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

- (a) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;
- (b) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Government Code section 87200; and
- (c) The Filing Officer is the same for both agencies.¹

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of financial interests are reportable. Such designated employee shall disclose in his or her statement of economic interests those financial interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that

¹ Designated employees who are required to file statements of economic interests under any other agency's conflict of interest code, or under article 2 for different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Government Code section 81004.

the financial interests set forth in a designated employee's disclosure categories are the kinds of financial interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The Code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code. ²

(5) Section 5. Statements of Economic Interests: Time of Filing.

- (a) Initial Statements. All designated employees employed by the agency on the effective date of the code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.
- (b) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after being nominated or appointed.
- (c) Annual Statements. All designated employees shall file statements no later than April. 1st.
- (d) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5 Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

- (a) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:
 - (1) File a written resignation with the appointing power; and
 - (2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

² See Government Code section 81010 and 2 Cal. Code of Regs. Section 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(a) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(b) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date assuming office, or if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(c) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later.

(d) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(a) Investments and Real Property Disclosure.

When an investment or an interest in real property³ is required to be reported,⁴ the statement shall contain the following:

(1) A statement of the nature of the investment or interest;

³ For the purpose of disclosure only (not disqualification), an interest in real property does not include the principle residence of the filer.

⁴ Investments and interests in real property which have a fair market value of less than \$2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

- (2) The name of the business entity in which each investment is held, and general description of the business activity in which the business entity is engaged;
- (3) The address or other precise location of the real property;
- (4) A statement whether the fair market value of the investment or interest in real property exceeds two thousand dollars (\$2,000), exceeds ten thousand dollars (\$10,000), exceeds one hundred thousand dollars (\$100,000), or exceeds one million dollars (\$1,000,000).

(b) Personal Income Disclosure.

When personal income is required to be reported,⁵ the statement shall contain:

- (1) The name and address of each source of income aggregating five hundred dollars (\$500) or more in value, or fifty dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source;
- (2) A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was one thousand dollars (\$1,000) or less, greater than one thousand dollars (\$1,000), greater than ten thousand dollars (\$10,000), or greater than one hundred thousand dollars (\$100,000);
- (3) A description of the consideration, if any, for which the income was received;
- (4) In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;
- (5) In case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(c) Business Entity Disclosure.

When income of a business entity, including income of a sole proprietorship, is required to be reported,⁶ the statement shall contain:

- (1) The name, address, and a general description of the business activity of the business entity;
- (2) The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than ten thousand dollars (\$10,000).

⁵ A designated employee's income includes his or her community property interests in the income of his or her spouse but does not include salary or reimbursement for expenses received from the state, local or federal government agency.

⁶ Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

(d) Business Position Disclosure.

When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(e) Acquisition or Disposal During Reporting Period.

In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(a) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (a), (b), and (c) of Government Code section 89501 shall apply to the prohibitions in this section.

This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and substance authorized by Government Code section 89506.

(8.1) Section 8.1 Prohibition on Receipt of Gifts in Excess of \$320.

(a) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$320 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (e), (f), and (g) of Government Code section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2 Loans to Public Officials.

(a) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal

loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(b) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (f), and (g) of section 4 of the Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(c) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction or control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(d) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(e) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.
2. Loans made by public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans from a person which, in the aggregate, do not exceed five hundred dollars (\$500) at any given time.
4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3 Loan Terms.

(a) Except as set forth in subdivision (b), no elected officer of state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of five hundred dollars (\$500) or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(b) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.
2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans made, or offered in writing, before January 1, 1998.

(c) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(a) Exempt as set forth in subdivision (b), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for prepayment, when the status of limitations for filing an action for default has expired.
2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

(a) The date the loan was made.

(b) The date the last payment of one hundred dollars (\$100) or more was made on the loan.

(c) the date upon which the debtor has made payments on the loan aggregating to less than two hundred fifty dollars (\$250) during the previous 12 months.

(b) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or candidate for elective office.
2. A loan that would otherwise not be a gift as defined in this title.

3. A loan that would otherwise be a gift as set forth under subdivision (a), but on which the creditor has taken reasonable action to collect the balance due.

4. A loan that would otherwise be a gift as set forth subdivision (a), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.

5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(c) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or member of his or her immediate family or on:

- (a) Any business entity in which the designated employee has direct or indirect investment worth two thousand dollars (\$2,000) or more;
- (b) Any real property in which the designated employee has direct or indirect interest worth two thousand dollars (\$2,000) or more;
- (c) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating five hundred dollars (\$500) or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;
- (d) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or
- (e) Any donor of, or any intermediary or agent for a donor of, a gift, or gifts aggregating \$320 or more provided to; received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

(9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

- (a) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or
- (b) Engaged in a business transaction or transactions on terms not available to the public regarding the rendering of goods or services totaling in value one thousand dollars (\$1,000) or more.

(10) Section 10. Disclosure of Disqualifying Interest

When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Government Code section 83114 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal, and civil sanctions provided in the Political Reform Act, Government Code sections 81000-91015. In addition, a decision in relation to which a violation of the disqualification provisions of this code of Government Code section 87100 or 87450 has occurred may be set aside as void pursuant to Government Code section 91003.

NOTE: Authority cited: Section 83112, Government Code. Reference: Sections 87103(e), 87300-87302, 89502 and 89503, Government Code.

APPENDIX
CONFLICT OF INTEREST CODE
OF THE
SALTON COMMUNITY SERVICES DISTRICT
(Adopted March 15, 2017)

EXHIBIT “A”

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

All District Official who manage public investments, as defined by 2 Cal. Code of Regs. §18701(b), are NOT subject to the District’s code but are subject to the disclosure requirements of the Act. (Government Code Section 87200 *et seq.*) [Regs. § 18730 (b) (3)]. These positions are listed here for informational purposes only.

It has been determined that the positions listed below are officials who manage public investments⁷

Members, Board of Directors

Financial Officer

⁷ Individuals holding one of the above-listed positions may contact the FPPC for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The FPPC makes the final determination whether a position is covered by § 87200.

DESIGNATED POSITIONS
GOVERNED BY THE CONFLICT OF INTEREST CODE

<u>DESIGNATED EMPLOYEES'</u> <u>TITLE OR FUNCTION</u>	<u>DISCLOSURE CATEGORIES</u> <u>ASSIGNED</u>
<u>Operations Manager</u>	6
<u>Fire Chief</u>	6
<u>General Counsel</u>	1, 2
<u>General Manager</u>	1, 2
<u>Secretary to the Board</u>	5
<u>Consultant</u> ⁸	

⁸ Consultations shall be included in the list of Designated Employees and shall disclose pursuant to the broadest disclosure category in this code subject to the following limitation:
The General Manager may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the disclosure requirements described in the Section. Such written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. The General Manager’s determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

EXHIBIT “B”

DISCLOSURE CATEGORIES

The disclosure categories listed below identify the types of investments, business entities, sources of income, or real property which the Designated Employee must disclose for each disclosure category to which he or she is assigned.

Category 1: All investments and business positions in, and sources of income from, business entities that do business or own real property within the jurisdiction of the District, plan to do business or own real property within the jurisdiction of the District within the next year, or have done business or owned real property within the jurisdiction of the District within the past two (2) years.

Category 2: All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the jurisdiction of the District.

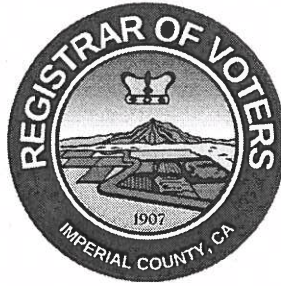
Category 3: All investments and business positions in, and sources of income from, business entities that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of the District, plan to engage in such activities within the jurisdiction of the District within the next year, or have engaged in such activities within the jurisdiction of the District within the past two (2) years.

Category 4: All investments and business positions in, and sources of income from, business entities that are banking, savings, and loan or other financial institutions.

Category 5: All investments and business positions in, and sources of income from business entities that provided services, supplies, materials, machinery, vehicles or equipment of a type purchased or leased by the District.

Category 6: All investments and business positions in, and sources of income from, business entities that provide services, supplies, materials, machinery, vehicles or equipment of a type purchased or leased by the Designated Employee’s Department.

Linsey J. Dale
Registrar of Voters
linseydale@co.imperial.ca.us
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Phone: (442) 265-1060
Fax: (442) 265-1062

August 1, 2022

Received by
SCSD

AUG 1 1 2022

Board Secretary

TO: David Dale
Salton Community Service District

FROM: Linsey Dale, Registrar of Voters

SUBJECT: 2022 Local Agency Biennial Review

The Political Reform Act requires every local government agency to review its Conflict of Interest code biennially. **No later than October 1, 2022**, each agency must submit to the Registrar of Voters (ROV) a notice indicating whether or not an amendment is necessary. The enclosed 2022 Local Biennial Notice form must be returned to the ROV no later than October 1, 2022. This document is not submitted to the Fair Political Practices Commission.

If amendments to an agency's Conflict of Interest code are necessary, the amended code must be forwarded to your Board for approval within 90 days of filing the biennial notice. For example, if your agency files its notice on October 1, 2022, indicating an amendment is necessary, the amendment is due to the Board of Supervisors by December 31, 2022. An agency's amended code is not effective until it has been approved by the Board of Supervisors.

The California Fair Political Practices Commission (FPPC) offers free seminars on how to amend a Conflict of Interest code. To register for a seminar, call the FPPC at (866) ASK-FPPC. Information is also available on their website, www.fppc.ca.gov.

If you have any questions, please contact Jane Hurtado at the ROV office, (442) 265-1060 or by email at janehurtado@co.imperial.ca.us.

Thank you in advance for your assistance.

RESOLUTION No. 2022-10-19-02

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SALTON COMMUNITY SERVICES DISTRICT APPROVING THE TRANSFER OF A FIRE ENGINE TO THE COUNTY OF IMPERIAL

WHEREAS, the Board of Directors of the Salton Community Services District finds as follows:

WHEREAS, The Salton Community Services District is a community services district organized and operating pursuant to California Government Code Section 61600 et seq.; and

WHEREAS, the District provided fire protection services in the past, but has now ceased providing such services and, therefore, no longer has any use for that certain fire ENGINE identified by vehicle identification number, year model and make as stated on **Exhibit “A”**, attached hereto and made a part hereof by this reference (“Fire ENGINE”); and

WHEREAS, the County of Imperial now provides fire protection services within the boundaries of the District and it is therefore it is appropriate and in the best interest of the community served by the District to donate the Fire ENGINE to the County to further its mission of providing fire protection and other services;

NOW, THEREFORE, BE IT RESOLVED, determined, and ordered by the Board of Directors of the Salton Community Services District that the Interim General Manager or his designee is hereby authorized and directed to donate the Fire ENGINE, described in Exhibit “A” to the County of Imperial in its “as-is” condition;

RESOLVED FURTHER, that the Interim General Manager is hereby authorized and directed to all actions and execute all documents of title and other documents as are reasonably necessary to cause the conveyance of title and delivery of the Fire ENGINE to the County of Imperial.

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PASSED AND ADOPTED by the board of Directors of the Salton Community Services District, held on the 19 day of October 2022, by the following vote:

	YES	NO
Rogelio Flores, President	_____	_____
Lidia A. Sierra, Vice President	_____	_____
Manuel H. Ramos, Director	_____	_____
Dale Johnson, Director	_____	_____
Michelle Gilmore, Director	_____	_____

Rogelio Flores, President of the Board of Directors

ATTEST:

Sonia Thania Garcia, Acting Secretary of the Board of Directors

EXHIBIT "A"

**SALTON COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS MEETING
October 19, 2022
AGENDA ITEM 15.D**

October 19, 2022

TO: Board of Directors

FROM: David Dale, PE – Interim General Manager

SUBJECT: RESOLUTION No. 2022-10-19-02 OF THE BOARD OF DIRECTORS OF THE SALTON COMMUNITY SERVICES DISTRICT APPROVING THE TRANSFER OF A FIRE ENGINE TO THE COUNTY OF IMPERIAL.

RECOMMENDED ACTION:

Approve Resolution 2022-10-19-02, a Resolution of the Board of Directors of the SCSD, approving the transfer of a fire engine to the County of Imperial.

ITEM EXPLANATION:

In the past, the district provided fire protection services to the community. As of September 2019, the district no longer provides fire protection services. The district owns a fire engine that was used for these services to the community and no longer has a use for it.

It is recommended to transfer ownership of the fire engine to the County, so that it can be used for the intended purposes to serve the community.

NEXT STEPS

Upon approval, the fire engine will be transferred to the County Fire Department.

FISCAL IMPACT

None

ATTACHMENTS

1. Resolution to transfer
2. Fire Engine Documents

CHASSIS-CAB MFD. BY:

EMERGENCY ONE, INC.

SUBSIDIARY OF FEDERAL SIGNAL CORP.
OCALA, FLORIDA USA

1. THIS CHASSIS-CAB CONFORMS TO
FEDERAL MOTOR VEHICLE SAFETY
STANDARDS NOS. 101-80
102, 103, 104, 106, 107, 111, 112, 113, 115,
118, 119, 120, 124, 205, 206, 207, 208, 209,
210, & 302.

2. THIS VEHICLE WILL CONFORM TO
STANDARD NOS. 108 & 121.

IF IT IS COMPLETED IN ACCORDANCE
WITH THE INSTRUCTIONS CONTAINED
IN THE INCOMPLETE VEHICLE
DOCUMENT FURNISHED PERSUANT
TO 49CFR PART 568.

3. CONFORMITY TO THE OTHER
SAFETY STANDARDS APPLICABLE TO
THIS VEHICLE WHEN COMPLETED IS
NOT SUBSTANTIALLY AFFECTED BY
THE DESIGN OF THE CHASSIS-CAB.

VEHICLE IDENTIFICATION NUMBER

4ENRAA8XX1000672

MONTH- DEC YEAR- 1999



MFG SO# 20672

STATE OF CALIFORNIA

CERTIFICATE OF TITLE

VEHICLE HISTORY

59717092220

COMM RCIAL

PERM EXEMPT

VEHICLE ID NUMBER

4ENRAAA8XX1000672

YR MODEL

1999 EME

MAKE

PLATE NUMBER

1377921

BODY TYPE MODEL

FT

AX UNLADEN WEIGHT 2 1000 D

FUEL TRANSFER DATE

FEEES PAID

\$804

REGISTRATION EXPIRATION DATE

12/31/2099

YR 1ST SOLD

CLASS *YR MO AR 2017 YW

EQUIPMT/TRUST NUMBER

ISSUE DATE

09/22/17

MOTORCYCLE ENGINE NUMBER

ODOMETER DATE

ODOMETER READING

REGISTERED OWNER(S)

SALTON COMMUNITY SERV DIST
1209 VAN BUREN AVE SUITE 1
PO BX 5268
SALTON CITY CA 92275



VOID WITHOUT BEAR WATERMARK. HOLD TO LIGHT TO VIEW.

I certify (or declare) under penalty of perjury under the laws of the State of California that THE SIGNATURE(S) BELOW RELEASES INTEREST IN THE VEHICLE.

1a. DATE X SIGNATURE OF REGISTERED OWNER
1b. DATE X SIGNATURE OF REGISTERED OWNER

Federal and State law requires that you state the mileage upon transfer of ownership. Failure to complete or providing a false statement may result in fines and/or imprisonment.

The odometer now reads (no tenths), miles and to the best of my knowledge reflects the actual mileage unless one of the following statements is checked. Mileage is VOID if altered or erased.

WARNING Odometer reading is not the actual mileage. Mileage exceeds the odometer mechanical limits.

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Table with 4 columns: DATE, TRANSFEROR/SELLER SIGNATURE(S), DATE, TRANSFEREE/BUYER SIGNATURE(S). Includes printed names of seller and buyer.

IMPORTANT READ CAREFULLY

Any change of Lienholder (holder of security interest) must be reported to the Department of Motor Vehicles within 10 days.

LIENHOLDER(S)

2. X Signature releases interest in vehicle. (Company names must be countersigned) Release Date

007539 CA176253506 REG. 17.30RS (REV.02/2016)

KEEP IN A SAFE PLACE - VOID IF ALTERED

RESOLUTION NO. 2022-10-19-03

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SALTON COMMUNITY SERVICES DISTRICT ESTABLISHING A
DISTRICT CONTRACTING AND PURCHASING POLICY**

WHEREAS, Section 61045 subsection (g) of the Government Code (Government Code) requires the District Board of Directors to adopt a purchasing policy; and

WHEREAS, Section 61063 subsection (a) requires each district to adopt policies and procedures, including bidding regulations, governing the purchasing of supplies and equipment not governed by Article 43 (commencing with Section 20680) of Chapter 1 of Part 3 of the Public Contract Code and each district shall adopt these policies and procedures by rule or regulation pursuant to Article 7 (commencing with Section 54201) of Chapter 5 of Division 2 of Title 5 of the Government Code; and

WHEREAS, Section 61051 of the Government Code delineates the responsibilities of the General Manager, including but not limited to, implementation of Board policies, supervision of the District's "facilities and services" and supervision of the District's finances; and

WHEREAS, Section 61060 of the Government Code authorizes the District to "enter into and perform all contracts"; and

Whereas, the District requires a number of other financial policies to assure integrity in the financial planning and accounting practices;

WHEREAS, the District has prepared a set of Consolidated Fiscal Policies for adoption which cover in part the policies covered by Resolutions 2022-03-03 and 2022-03-02 which are no longer needed.

NOW, THEREFORE, BE IT RESOLVED that the Salton Community Services District hereby adopts the Consolidated Fiscal Policies attached hereto Exhibit "A".

RESOLVED FURTHER, that Resolutions 2022-03-03 and 2022-03-02 are hereby terminated by this Resolution.

PASSED AND ADOPTED by the Salton Community Services District at a regular meeting held on the 19 day of October, 2022, by the following vote:

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PASSED AND ADOPTED by the board of Directors of the Salton Community Services District, held on the __ day of October, 2022, by the following vote:

	YES	NO
Rogelio Flores, President	_____	_____
Lidia A. Sierra, Vice President	_____	_____
Manuel H. Ramos, Director	_____	_____
Dale Johnson, Director	_____	_____
Michelle Gilmore, Director	_____	_____

Rogelio Flores, President of the Board of Directors

ATTEST:

Sonia Thania Garcia, Acting Secretary of the Board of Directors

EXHIBIT "A"

**SALTON COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS MEETING
October 19, 2022
AGENDA ITEM 15. E**

October 19, 2022

TO: Board of Directors

FROM: David Dale, PE – Interim General Manager

SUBJECT: RESOLUTION NO. 2022-10-19-03 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SALTON COMMUNITY SERVICES DISTRICT ESTABLISHING A DISTRICT CONTRACTING AND PURCHASING POLICY

RECOMMENDED ACTION:

Approve Resolution 2022-10-19-03, a Resolution of the Board of Directors of the SCSD, establishing a District Contracting and Purchasing Policy.

ITEM EXPLANATION:

Section 61045 subsection (g) of the Government Code (Government Code) requires the District Board of Directors to adopt a purchasing policy. Section 61063 subsection (a) requires each district to adopt policies and procedures, including bidding regulations, governing the purchasing of supplies and equipment not governed by Article 43 (commencing with Section 20680) of Chapter 1 of Part 3 of the Public Contract Code. Each district shall adopt these policies and procedures by rule or regulation pursuant to Article 7 (commencing with Section 54201) of Chapter 5 of Division 2 of Title 5 of the Government Code. Section 61051 of the Government Code delineates the responsibilities of the General Manager, including but not limited to, implementation of Board policies, supervision of the District's "facilities and services" and supervision of the District's finances. Section 61060 of the Government Code authorizes the District to "enter into and perform all contracts".

The District has prepared a set of Consolidated Fiscal Policies for adoption which cover in part the policies covered by Resolutions 2022-03-03 and 2022-03-02 which are no longer needed.

NEXT STEPS

Upon approval, the Contract and Purchasing Policy will be utilized.

FISCAL IMPACT

None

ATTACHMENTS

1. Resolution for Contracting and Purchasing Policy



Salton Community Services District Consolidated Fiscal Policies

**Adopted by the Board of Directors
Resolution No. 2022-10-19-03
October 19, 2022**

DRAFT

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II. INTRODUCTION

A. Purpose and Scope of Consolidated Fiscal Policies

The purpose of the consolidated fiscal policies is to guide the District's financial planning to meet financial obligations while providing high quality services.

Approving Authority – Salton Community Services District Board of Directors

B. Consolidated Fiscal Policies Overview

This set of Consolidated Fiscal Policies are intended to establish guidelines for the District's overall fiscal planning and management. These policies are intended to foster and support the continued financial strength and stability of the District as reflected in its financial goals. The District seeks to attain the following financial goals:

- Deliver quality services in an affordable, efficient and cost-effective manner;
- Maintain an adequate financial base to sustain a sufficient level of municipal services, thereby preserving the quality of life in the Salton Community Services District;
- Provide essential public facilities and prevent deterioration of the District's public facilities and its capital assets;
- Have the ability to withstand local and regional economic fluctuations, to adjust to changes in the service requirements of our community, and to respond to changes in Federal and State priorities and funding as they affect the District's residents;
- Protect and enhance the District's credit rating in the financial community to assure the District's taxpayers the District government is well managed and financially sound;
- Ensure the legal use of all District funds through adherence to the highest accounting and management practices as set by the Government Finance Officers' Association standards for financial reporting and budgeting, by the Governmental Accounting Standards Board other professional standards, and by adherence to State Law; and
- Provide transparency in the financial operations of the District.

To achieve these goals, it is important to regularly engage in the process of financial planning, including reaffirming and updating these financial policies. Policy changes will be needed as the organization continues to change along with the services and service level it provides to its citizens.

This consolidated policy document is designed and structured to develop principles that guide the financial administration of the District so that taxpayers can look forward to stable, equitable and affordable service delivery. This document includes the following fiscal policies:

1. Fiscal Operations
 - a. Budget Adoption and Administration
 - b. Purchasing and Contracting
 - c. Cash Management
 - d. Accounting, Auditing and Financial Reporting
 - e. Risk Management
2. Fund Balance
3. Capital Asset Management
4. Debt Management
5. Investments
6. Disposition of Surplus Property
7. Fraud, Waste and Abuse

III. FISCAL OPERATIONS

The purpose fiscal operations policies are to provide staff guidance on achieving balanced budgets, budget preparation and ongoing administration, expenditure and revenue controls, user fee and service cost recovery, optimized staffing, cash management, and accurate financial reporting that is consistent with professional standards.

A. Budget Adoption and Administration

1. Budgeting Philosophy

The operating budget will be based on the principle that current operating expenditures, including debt service, will be funded with current revenues creating a balanced budget. The District will not balance the current budget at the expense of meeting future years' expenditures. For example, accruing future years' revenues or rolling over short-term debt to avoid planned debt retirement.

The District's annual budget will include a contingency reserve to provide for unanticipated increases in service delivery costs and needs that may arise throughout the fiscal year. Expenditures from this contingency appropriation can only be undertaken with approval of the General Manager.

2. Budget Process

- a) The Salton Community Services District operates on an annual budget cycle. The one-year operating budget is adopted each June and becomes effective July 1st. The District annually reviews and revises a Five-Year Capital Improvement Program. This approach to financial planning gives the District the opportunity to set policy and provide direction for operational and capital budgets in an efficient and productive manner. The General Manager must submit to the Board of Directors a proposed budget at least 30 days prior to the beginning of the fiscal year. It further requires the District set a time for a public hearing and that a notice of such hearing be published in a local newspaper no less than two weeks prior to the hearing date. In the event the budget is not adopted prior to the first day of the fiscal year (July 1), the amounts appropriated for current operations for the prior fiscal year will be deemed adopted for the current fiscal year on a month-to-month basis until such time as the new budget is adopted.
- b) On an annual basis, the Finance Officer shall establish a budget schedule outlining the preparation timelines for the proposed budget. Budget instructions and forms for the preparation of the budget, including forms and instructions, shall be distributed to all staff responsible for developing the budget. Staff shall prepare the budget as required in the budget preparation schedule.
- c) The District will prepare a budget in accordance with the guidelines established by the Government Finance Officers Association in its Distinguished Budget Award Program. The proposed budget will contain the following:

- 1) Revenue estimates by major category, by major fund;
 - 2) Expenditure estimates by program levels and major expenditure category, by major fund;
 - 3) Estimated fund balance by major fund;
 - 4) Debt service by issue detailing principal and interest amounts by fund;
 - 5) Proposed personnel staffing levels;
 - 6) A detailed schedule of capital projects; and
 - 7) Any additional information, data, or analysis requested of management by the District .
- d) One-time revenue sources or unexpected revenue should be placed in reserves and not used for operating expenses. Once the reserve balance exceeds the set policy amount, one-time revenue may be used for one-time expenses. If the one-time expense results in ongoing operating costs, funding for the ongoing costs must be determined before the one-time funds are allocated.
- e) At no time shall the number of regular full-time employees on the payroll exceed the total number of positions authorized by the District unless the position is related to a long-term absence of the incumbent and temporarily filled on a 'limited-term' basis. All personnel actions shall be in conformance with applicable federal and state law and all District ordinances and policies.
- f) Although alternatives for improving the efficiency and effectiveness of the District's programs and the productivity of its employees will be considered on a continuous basis, a more formal review shall be performed during the budget process. Duplication of services and inefficiency in service delivery should be eliminated wherever they are identified. Where practical, this will be accomplished by conducting performance audits of department operations on a rotating basis.
- g) New services or enhancements to existing services will be funded by one or a combination of the following:
- 1) A reduction in the cost of existing services. This may include a reallocation of resources from one area to another
 - 2) An increase in ongoing revenues once defined Fund Balance levels and contributions to Capital Improvement efforts and equipment replacement have been met.

3. Staffing

- a) A listing of current authorized staffing shall be reviewed annually by the General Manager and submitted with the annual budget.
- b) Prior to requesting additional personnel, the General Manager shall explore the viability of the following alternatives:

- 1) Use available technology that provides for self-service without a loss of internal controls or increase to fraud opportunities;
 - 2) Reduce existing support positions and replace with front line service delivery positions; and
 - 3) Consider outsourcing.
- c) Requests for new positions that increase the authorized full-time equivalent budgeted position list must be submitted as supplemental budget requests during the budget preparation process along with a proposed funding source for the new position.
- d) Under the direction of the General Manager, a position may remain vacant and unfunded for two years. If a position is vacant and or unfunded for two years, it shall be deleted from the authorized staffing list with the adoption of the annual budget.

4. Financial Plan

- a) Strategic planning begins with determining the District's fiscal capacity based upon a five-year financial plan of recurring available revenues and future financial obligations. Prior to the adoption of the annual budget, the General Manager will prepare and present to the Board of Directors a financial plan that evaluates known internal and external issues impacting the District's financial condition. The financial plan is intended to help the District achieve the following:
- 1) Attain and maintain financial sustainability;
 - 2) Obtain sufficient long-term information to guide financial decisions;
 - 3) Identify sufficient resources to provide programs and services for the stakeholders;
 - 4) Identify potential risks to on-going operations in the long-term financial planning process and communicate these risks on an annual basis;
 - 5) Establish mechanisms to identify early warning indicators; and
 - 6) Identify changes in expenditure or revenue structures needed to deliver services or to meet the goals adopted by the District .
- b) The financial plan will forecast revenues, expenditures, and the financial position of all reserves at least five years into the future or longer where specific issues call for a longer time horizon. The financial plan will identify issues that may challenge the continued financial health of the District, and the plan will identify possible solutions to those challenges. Planning decisions shall be made primarily from a long-term perspective and structural balance is the goal of the planning process.
- c) If a deficit is projected during any fiscal year, the District will take steps to reduce expenditures, increase revenues or, if a deficit is caused by an emergency, consider using Fund Balance, to the extent necessary to ensure a balanced budget at the close of the fiscal year. The General Manager may institute a cessation during the fiscal year on hiring, promotions, transfers, and capital equipment purchases. Such action will not be taken arbitrarily and without knowledge of the Board of Directors.

5. Administration of the Annual Budget

Revenues and Collections

The District will maximize and diversify its revenue base to raise sufficient revenue to support essential District services and to maintain services during periods of declining economic activity. District services providing private benefits should be paid for by fees and charges as much as possible to maximize flexibility in the use of District general revenue sources to meet the cost for services of broader public benefit. Revenue collection efforts that produce positive net income for District service delivery will be the highest budget priority.

- a) The District will maintain a diversified and stable revenue base to shelter it from economic changes or short-term fluctuations in any one revenue source by doing the following:
 - 1) Establishing new charges and fees as needed and as permitted by law;
 - 2) Pursuing legislative change, when necessary, to permit changes or establishment of user charges and fees;
 - 3) Aggressively collecting all revenues, late penalties and related interest as authorized by the California Statutes; and
 - 4) Setting and maintaining fees with a goal of full cost recovery.
- b) The District will monitor all taxes to ensure they are equitably administered and collections are timely and accurate.
- c) The Finance Officer is responsible for the administration of District revenue sources including collection, regular monitoring, and fee updates. Revenue should be monitored no less than monthly.
- d) **User Fee and Service Charge Cost Recovery**

User fees and charges are payments for purchased, publicly provided services that benefit specific individuals. The District relies on user fees and charges to supplement other revenue sources to provide public services.

 - 1) All user fees will be established in compliance with Propositions 218 (1996), Proposition 26 (2011), and any succeeding laws that governs the establishment of fees for services.
 - 2) The District may establish user fees and charges for certain services provided to users receiving a specific benefit.
 - 3) The District will attempt to recalculate the full costs of activities supported by user fees to identify the impact of inflation and other attendant costs on a yearly basis in conjunction with the budget process.
- e) **Self-Financed Programs**

The District has self-financed programs such as Channel Maintenance and Sewer Maintenance. The costs for self-financed programs should be fully funded by user fees. The District's self-financed programs are to be fully funded by user fees including

overhead, equipment replacement, debt financing, transfers to reserves and capital expenditures.

Expenditures

- a) Expenditures will be controlled by an annual budget at the fund level. There shall be no transfer of appropriations between funds without the approval of the Board of Directors. The District shall establish appropriations through the budget process. The Board of Directors may increase/decrease these appropriations as necessary through the budget amendment process.
- b) The District will maintain a purchasing system that provides needed materials in a timely manner to avoid interruptions in the delivery of services. All purchases shall be made in accordance with the District's purchasing policies and procedures. The District will endeavor to obtain supplies, equipment and services as economically as possible.
- c) Expenditures will be controlled through appropriate internal controls and procedures in processing invoices for payment.
- d) During the budget year, the General Manager and his/her designated representatives may authorize only those expenditures that are based on appropriations previously approved by Board of Directors action, and only from accounts under their organizational responsibility. Any unexpended appropriations, except valid encumbrances such as commitments already made, expire at fiscal year-end unless specifically reappropriated by the Board of Directors for expenditure during the ensuing fiscal year. The General Manager and his/her designated representatives shall not authorize expenditures above budget appropriations within their purview, without additional appropriation or transfer as specified below. Appropriations may be transferred, amended or reduced subject to the following limitations:
- e) New Appropriations. During the Budget Year, the District may appropriate additional funds, as it deems appropriate, by a Board of Directors Budget Amendment. The General Manager has authority to approve requests for budget increases not to exceed \$2,000 in any Budget line item or activity or Capital Project. The ability of the General Manager to approve such requests must be specifically included in each year's Budget Resolution to remain valid.
- f) Transfers. Any reprogramming of funds (i.e. movement) of funds among expenditure accounts requires the General Manager's approval. Any budget revision that changes the total amount budgeted for any fund must be approved by the Board of Directors.
- g) All proposed budget amendments and transfers will be submitted to the Finance Officer for review and processing prior to General Manager or authorization.

- h) All unexpended and unencumbered appropriations for the operating budget will be canceled on June 30 of each fiscal year. All appropriations in the Capital Improvement Budget for projects currently underway and remaining unexpended at June 30th, as approved by the General Manager, will be appropriated to those projects in the following fiscal year CIP Budget. Incomplete projects may be reappropriated by the Board of Directors during the Budget process or by separate action.
- i) A monthly report on the budget to actual status of the major funds budgets by functional area will be prepared by the Finance Officer and presented to the Board of Directors.

Management Authorization and Responsibilities

Managers are required to monitor and control expenditures to prevent exceeding their total assigned expenditure budget as well as monitor their functional area revenues. It is the responsibility of Department Directors to immediately notify the General Manager of any exceptional circumstances that could cause a departmental expenditure budget to be exceeded or revenue estimates not be reached.

Management must ensure compliance with the legally adopted budget. In addition, purchases and expenditures must comply with legal requirements.

The General Manager shall present a Certification of Warrants and a Warrant Register to the District Board of Directors no less than twice monthly (See Attachment 1 for the Salton Community Services District Certification of Warrants Template).

The Warrant Register shall contain the following District disbursement information:

1. Check#
2. Date
3. Vendor Name and Number
4. Invoice#
5. Invoice Date
6. Description
7. Amount Paid
8. Check Total

ATTACHMENT 1

**SALTON COMMUNITY SERVICES DISTRICT
CERTIFICATION OF WARRANTS**

I HEREBY SUBMIT THE ATTACHED
WARRANT REGISTER FOR AUDIT AND
APPROVAL BY THE SALTON
COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS

APPROVED AND ORDERED PAID AT
THE MEETING OF THE BOARD OF
DIRECTORS HELD _____

IN THE AMOUNT OF:

\$ _____

GENERAL MANAGER

PRESIDENT, BOARD OF
DIRECTORS

I HEREBY CERTIFY TO THE
ACCURACY OF THE FOREGOING
DEMANDS AND THAT FUNDS ARE
AVAILABLE FOR PAYMENT THEREOF:

PAID BY WARRANTS SIGNED BY
LEGALLY DESIGNATED PERSONS
IN ACCORDANCE WITH THE STATE
OF CALIFORNIA GOVERNMENT
CODE, SECTION-41003

GENERAL MANAGER

FINANCIAL OFFICER

FINANCIAL OFFICER

B. Purchasing and Contracting

1. Purpose

The purposes of this policy are to standardize the purchasing procedures of the Salton Community Services District, thereby securing for the District the advantages of a centralized and uniform purchasing policy saving the taxpayers and ratepayers money and increasing public confidence in the procedures for District purchasing; to promote the fair and equitable treatment of all consumers and suppliers of goods and services; and to set forth the duties and responsibilities of the General Manager and District staff.

2. Applicability

This policy shall apply to all Purchases made by the District, except as otherwise specified herein. In implementing this policy, District employees or representatives are prohibited from Splitting Purchases from one supplier, vendor or contractor.

3. Purchase of Construction Supplies

The District must comply with the following Competitive Bidding requirements with respect to the Purchase of Supplies, construction or completion of any building, structure, or improvement when the cost exceeds Twenty-Five Thousand Dollars (\$25,000):

a) Formal Bids

Contracts for Purchase of Supplies, construction, road work or completion of any building, structure, or improvement when the cost exceeds Twenty-Five Thousand Dollars (\$25,000) shall be contracted for and let to the Bid Most Advantageous to the District after notice. If two or more bids are the same and the quality is equal, then the Board may accept the one it chooses.

b) Notice

The District shall publish a notice inviting bids for any contract for which Competitive Bidding is required at least one time in a newspaper of general circulation in the District at least ten (10) days before the time specified for receiving bids. The notice inviting bids shall set a date for opening the bids and distinctly state the supplies to be purchased.

c) Alternate Publication

If the District's General Manager recommends, and the Board determines, that the publication of advertisements of the notice in trade journals and webpage, or papers in lieu of publication in a newspaper of general circulation will increase the number of business enterprises receiving the notice, the Board may by resolution declare that those notices shall be published in trade journals, webpages or papers at least ten days prior to the time specified for receiving bids.

d) Rejection of Bids

At its discretion, the Board may reject any bids presented and readvertise. The Board may also waive a minor bid irregularity that does not give an unfair advantage to another bidder. However, the Board is under no obligation to waive bid irregularities.

e) Emergencies

In the case of an emergency, the District may proceed in accordance with Section 6 below.

4. Construction Contracts

The District must comply with the following Competitive Bidding requirements with respect to the construction or completion of any building, structure, or improvement when the cost exceeds Twenty-Five Thousand Dollars (\$25,000.00):

a) **Formal Bids**

All contracts for the construction or completion of any road work or completion of any building, structure, or improvement when the cost exceeds Twenty-Five Thousand Dollars (\$25,000.00), shall be contracted for and let to the Bid Most Advantageous to the District after notice. If two or more bids are the same and the quality is equal, the Board may accept the one it chooses.

b) **Notice**

The District shall publish a notice inviting bids for any contract for which Competitive Bidding is required at least one time in a newspaper of general circulation in the District at least ten (10) days before the time specified for receiving bids. The notice inviting bids shall set a date for opening the bids and distinctly state the work to be done.

c) **Alternate Publication**

If the District's General Manager recommends, and the Board determines, that the publication of advertisements of the notice in trade journals and webpage, or papers in lieu of publication in a newspaper of general circulation will increase the number of business enterprises receiving the notice, the Board may by resolution declare that those notices shall be published in trade journals, webpages or papers at least ten days prior to the time specified for receiving bids.

d) **Plans and Specifications**

If Plans and Specifications are prepared describing the work, all bidders shall be afforded an opportunity to examine the Plans and Specifications, and the Plans and Specifications shall be attached to and become a part of the contract, if one is awarded.

e) **Bid Security**

All bids for construction work shall be presented under sealed cover and shall be accompanied by bidder's security in the form of either cash, a cashier's check made payable to the District, a certified check made payable to the District, or a bidder's bond executed by an admitted surety insurer made payable to the District. Upon an award to the bidder, the security of an unsuccessful bidder shall be returned in a reasonable period of time, but in no event shall that security be held by the District beyond 60 days from the time the award is made.

f) **Rejection of Bids**

At its discretion, the Board may reject any bids presented and readvertise. The Board may also waive a minor bid irregularity that does not give an unfair advantage to another bidder. However, the Board is under no obligation to waive bid irregularities.

g) Emergencies

In the case of an emergency, the District may proceed in accordance with Section 8 below.

h) Bonds

The Board may require the posting of those bonds it deems desirable as a condition to the filing of a bid or the letting of a contract.

i) Record

The District shall keep cost records of the work in the manner provided in Government Code Section 4000 et seq.

5. Purchasing Limits for Other Contracts

The District must comply with the following requirements with respect to Purchases that are not subject to the provisions of Sections 3 and 4 above:

a) Formal Bids

Purchases shall be made by Formal Bid whenever such method is required pursuant to the Public Contracts Code.

b) Record of Bids

The District's General Manager shall keep a record of all bids submitted, and such record shall be open to proper inspection by any interested party within a reasonable amount of time.

c) Approval

- 1) No Purchase of Supplies or Services exceeding Five Thousand Dollars (\$5,000.00) shall be made without the approval of the General Manager.
- 2) No single Purchase of Supplies or Services exceeding Twenty-Five Thousand Dollars (\$25,000.00) shall be made by the District's General Manager without the approval of the Board.

d) Exemptions to Competitive Bidding

Notwithstanding the basic policy that the procurement of Services and Supplies shall be on a Competitive Bidding basis to the maximum practical extent, Purchases may be negotiated when one of the following circumstances is present:

- 1) When the total dollar value of the Purchase does not exceed Twenty-Five Thousand Dollars (\$25,000.00).

- 2) When an emergency exists, the District may proceed in accordance with Section 6 below.
- 3) When a Sole Source Contractor has been designated.
- 4) When Competitive Bidding would fail to produce an advantage and/or when the advertisement for Competitive Bidding would be undesirable, impractical, or impossible.
- 5) When the Purchase is for Professional Services.

e) Purchasing Procedures & Policies

The Purchase of Services, Equipment and Non-construction Supplies shall be on the basis of competitive pricing to the maximum practical extent. However, whenever Supplies or Services are procured by competitive pricing, negotiation, price quotations or other evidence of reasonable prices and other vital matters deemed necessary by the District's General Manager they shall be solicited to the maximum number of qualified sources of Supplies or Services consistent with the nature of and requirements for the Supplies or Services to be Purchased, in accordance with the basic policies set forth below:

- 1) Purchases - Not to Exceed \$5,000
When the General Manager considers prices to be fair and reasonable and when the total amount of the Purchase does not exceed Five Thousand Dollars (\$5,000.00) and does not exceed the District budget. Purchase procedures and documentation will be simplified to the maximum degree possible. The General Manager shall establish such rules of procedures for such purchases as he or she feels necessary to insure against abuse of the public interest and trust.
- 2) Purchases - \$5,000 to \$25,000
Purchases exceeding Five Thousand Dollars (\$5,000.00) but not exceeding Twenty Five Thousand Dollars (\$25,000.00) in total cost will be supported by a record of price quotations from three (3) different sources or a reasonable and convincing explanation justifying the absence of such alternate quotes. Such quotations may be obtained in writing, verbally or by such other means as may be prescribed by the General Manager as appropriate to the circumstances. Prior District Board approval of the purchase shall be required. General Manager recommendations shall be written and become part of the supporting documentation for the Purchase.
- 3) Purchases Exceeding \$25,000
Purchases exceeding Twenty Five Thousand Dollars (\$25,000.00) in value must be approved by the Board prior to award. Bids shall be solicited by the General Manager in a manner intended to obtain the most favorable pricing for the District. Bids shall be submitted closed and shall be opened at the same time. Bid Awards

shall be based on price and quality of products. Request for such approval will be accompanied by a full statement of facts justifying the recommendation for award.

4) Rejection of Bids

The Board shall have the authority to reject any and all bids received in response to invitations for bids. The Board may also waive a minor bid irregularity that does not give an unfair advantage to another bidder. However, the Board is under no obligation to waive bid irregularities.

5) Requisitions

Purchases involving the immediate encumbrance of District funds shall be made only based on an invoice. The General Manager may issue a District check made payable to the vendor for the materials and supplies or services requested based on bids and quotes provided pursuant to this policy. For purchases pursuant to this policy where a credit account is necessary the General Manager shall have the authority to apply for credit based the District's approved budget.

6. Emergencies

a) Vote

In the case of an emergency, the District, pursuant to a four-fifths vote of the Board, may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary Services and Supplies for those purposes, without giving notice for bids to let contracts.

b) Findings

Before the Board takes any action pursuant to paragraph a) above, it shall make a finding, based on substantial evidence set forth in the minutes of its meeting, that the emergency will not permit a delay resulting from a competitive solicitation for bids, and that the action is necessary to respond to the emergency.

c) Delegation

The Board, by four-fifths vote, may delegate, by resolution or ordinance, to the District's General Manager the authority to order any action pursuant to paragraph a) above. The Board may delegate to the District's General Manager the authority to repair or replace a public facility, or take any other related and immediate action, that is necessary to respond to an "emergency situation" as defined in Government Code Section 54956.5(a), and to procure the necessary services and supplies for those purposes without giving notice for bids to let contracts. Government Code Section 54956.5(a) defines an emergency situation as a work stoppage, crippling activity, or other activity that severely impairs public health, safety, or both, as determined by a majority of the members of the legislative body or a dire emergency, which shall be defined as a crippling disaster, mass destruction, terrorist act, or threatened terrorist activity that poses peril so immediate and significant that requiring a legislative body to provide one-hour notice before holding an emergency meeting under may endanger the public health, safety, or both, as determined by a majority of the members of the legislative body.

d) Report

If the District's General Manager, pursuant to the authority delegated by the Board under paragraph c) above, orders any action specified in paragraph a) above, that person shall report to the Board, at its next meeting, the reasons justifying why the emergency will not permit a delay resulting from a competitive solicitation for bids and why the action is necessary to respond to the emergency.

e) Review

- 1) If the Board orders any action specified in paragraph a) above, the Board shall review the emergency action at its next regularly scheduled meeting and, except as specified below, at every regularly scheduled meeting thereafter until the action is terminated, to determine, by a four-fifths vote, that there is a need to continue this action.
- 2) If the District's General Manager, pursuant to the authority delegated by the Board under paragraph c) above, orders any action specified in paragraph a) above, the Board shall initially review the emergency action not later than seven days after the action, or at its next regularly scheduled meeting if that meeting will occur not later than 14 days after the action, and at least at every regularly scheduled meeting thereafter until the action is terminated, to determine, by a four-fifths vote, that there is a need to continue the action, unless the District's General Manager has terminated that action prior to the Board reviewing the emergency action and making a determination pursuant to this paragraph.
- 3) When the Board reviews the emergency action pursuant to paragraph e)1) or e)2) above, it shall terminate the action at the earliest possible date completed by giving notice for bids to let contracts.

7. Scope of General Manager's Authority

The District's General Manager shall purchase or contract for all Supplies, Services, and Capital Equipment needed in accordance with procedures prescribed by this adopted policy and such additional lawful rules, not inconsistent herewith, as the District General Manger shall employ for the efficient internal management and operation of the District.

a) Exceptions

- 1) **Exceptions Prohibited.** The authority of the General Manager to make all purchases for the District shall not be abridged unless, by order of the Board, such exception is granted for a specific purpose and does not violate state law.
- 2) **Temporary Absences.** During periods of temporary absences of the General Manager, the authority to implement the provisions of these regulations will be held by a District staff member so appointed by the General Manager and approved by the Board for the period of the absence.

b) Tax Exemptions

The General Manager shall act to procure for the District all Federal and State tax exemptions to which the District is entitled.

c) Cooperative Purchasing

The General Manager shall have the authority to join other units of government including Federal, State, County, Municipal and Municipal sub-divisions, such as Water Districts, Sewer Districts, School Districts, Special Districts and s of Government in cooperative purchasing plans when the best interests of the District would be served thereby and when such action is in accordance with and pursuant to law.

d) Other Duties

The District's General Manager shall perform such other duties related to the functions, duties, and authorities set forth herein, as may be prescribed by the Board and by any applicable state or local laws or ordinances.

8. Miscellaneous

a) Local Purchases

The District will make every effort to Purchase from businesses located within the District's service area if the Purchase provides the best overall value for the District.

b) Conflict of Interest

No District employee or Board member authorized to act on behalf of the District shall enter into any agreement, contract, or solicit bids with any individual, firm, corporation, or organization in which said employee, Board member, or relative of same has a financial interest. This shall also include the acceptance of any gift or gratuity, directly or indirectly, from any person, firm, corporation, or organization to which any purchase or contract is, or might be, awarded, any rebate, gift, or anything of value whatsoever, except where given for the express use or benefit of the District.

c) Non-collusion Affidavit

The Bidder declares, by signing and submitting a formal bid proposal, that the proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the proposal is genuine and not collusive or sham; that the vendor has not directly or indirectly induced or solicited any other vendor to put in a false or sham proposal, and has not directly or indirectly colluded, conspired, connived, or agreed with any vendor or anyone else to put in a sham proposal, or that anyone shall refrain from bidding; that the vendor has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the proposal price of the vendor or any other bidder, or to fix any overhead, profit, or cost element of the proposal price, or of that of any other vendor, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the proposal are true; and, further, that the vendor has not, directly or indirectly, submitted his or her proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid,

and will not pay, any fee to any corporation, partnership, company association, organization, proposal depository, or to any member or agent thereof to effectuate a collusive or sham proposal.

d) Supersedes Other Policies

This purchasing policy and procedures supersedes any inconsistent prior policies adopted by the Board. No individual contract or group of contracts shall encumber the District beyond available cash on hand minus a reserve for emergencies.

e) Contract Content

Contracts awarded pursuant to this policy shall be executed by the President of the District Board as the legally binding authority of the District and Attested to by the District Secretary. Contract shall include provision which protect the interests of the District and shall include the following:

- 1) A detailed scope of work that clearly describes the work to be performed by contractors in such a way that multiple contractors can completely and competently perform required work even if new to projects. The scope of work shall use to maximum extent practical standard construction industry terminology and specifications. The scope of work shall identify the specific part of the district where work will be performed.
- 2) Contract wording that limits the District's liability for project work.
- 3) Contract wording that require the contractor to maintain liability insurance coverage and for contracts to specifically name the District as additional insured.
- 4) Contract wording requiring contractors to indemnify, defend and hold harmless the District and its officers, officials, employees, agent and volunteers from any and all liabilities, claims, demands, damages, losses and expense (including without limitation defense costs and attorney fees of litigation) which may arise or which the District may incur as a consequence of any occurrence arising out of the contract, except such loss or damage which was caused by the sole negligence or willful misconduct of the District or its officers, officials, employees, agents, and volunteers.
- 5) Precise compensation wording for specific job, scope of work, or unit of work. The compensation description shall limit to the maximum extent practicable open ended cost and cost overruns.
- 6) Contract wording that describes the effective period of the contract and termination provisions

C. Cash Management

This policy sets forth procedures that govern the handling, deposit and safekeeping of District cash. Furthermore, this policy is intended to supplement other District personnel policies that govern rules of conduct and performance in the workplace.

1. Applicability

The Finance Officer is responsible for providing an accurate accounting of all District cash, including revenues and expenses. Professional financial and accounting practices dictate that all funds received by the District be promptly deposited in a District bank or investment account. This ensures that District cash is accounted for and available for investment or an authorized expenditure. The term "District Cash" applies to currency, coin, checks, money orders, credit, charge and debit card payments, other electronic payment media and other negotiable instruments payable in money to the District.

Employees that have been authorized to receive District cash share the stewardship of financial assets for the District across departmental divisions.

2. Authority of the Finance Officer

By this policy, the duties of the Finance Officer shall include coordinating, reviewing, evaluating, and recommending improvements to administrative and financial internal control systems and procedures to ensure audit compliance; directing and participating in the preparation of a variety of records and reports ensuring timeliness, accuracy, and compliance with appropriate laws, ordinances, and regulations. With respect to cash Handling, this shall include the following:

- a) Receipt, handling and deposit by District officers and employees of District cash into the District Treasury;
- b) Method of documentation on all such transactions;
- c) Inspection of departmental cash records, including overages or shortages;
- d) Inspection of departmental practices and procedures in handling District cash; and
- e) Contracting with agents to collect District cash and their collection procedures.

The Finance Officer may enforce these rules through on-site inspections; inspection of transaction records, or any other means deemed appropriate to protect District assets. In the event of noncompliance by a department or office, require that payments to the District be receipted at his/her office.

3. General Cash Controls

- a) The number of employees with access to cash funds shall be limited to assure internal control. The Finance Officer shall grant access authority by completing a cash handling authorization form.

- b) To the extent staffing levels permit, separation of duties from the function of custodian of cash balances and the accounting and record keeping of the same shall be maintained.
- c) Where staffing levels do not permit separation of duties, compensating controls such as strict individual accountability and thorough management review and supervision shall exist. Authorized personnel not assigned the custodial responsibility shall periodically examine, count or perform other reviews of cash funds.
- d) Physical protection of funds through the use of bank facilities and locked cash boxes or drawers shall be practiced at all times.
- e) District Cash on the premises will be held to an absolute minimum to ensure safety and maximize return on investments.
- f) The general operating bank account, payroll bank account, payables bank account and any other various other bank accounts shall be reconciled within 10 working days of the following month by staff that have no check preparation duties.

4. Cash Receipting

- a) The Districts main administrative office performs the central cashing function therefore all evidence of deposits, i.e. deposit slips and department revenue summaries, shall be forwarded to the administrative office as soon as possible to assure timely and proper credit in the receipting process.
- b) All functioning operational units receiving District cash shall have a permanent collection record, such as a cash register tape, that has the record of transactions including voids, refunds, or cancellations. All revenues collected over the counter shall have a receipt issued at the point of sale or collection whether handwritten or electronically generated
- c) All handwritten receipts shall be pre-numbered and issued from receipt books issued by the Finance Officer to account for lapsed sequence.
- d) All currency in the amount of fifty (50) dollars and above shall be checked with a counterfeit money detector pen prior to acceptance to verify the bills are not counterfeit.
- e) The receipt of checks as payments shall require the maker of the check to make it payable to "Salton Community Services District". Under no circumstances shall a check for the District be made payable to an individual or left blank.

- f) All checks shall be endorsed (stamped with a Salton Community Services District deposit stamp) immediately upon receipt.
- g) Each check shall be inspected to ensure the following:
 - i. Current date (post dated checks shall not be accepted);
 - ii. Proper signature;
 - iii. No alterations;
 - iv. Bank name and routing number printed on check;
 - v. If temporary check, payer's name and address written on check;
 - vi. Not a third-party check; and
 - vii. Written amount matches numeric amount.
- h) No checks shall be cashed.

All steps of each counter transaction must be completed, including steps to enter the transaction in the accounting system and to place the receipts in a secured location before a new transaction is started.

5. Overages and Shortages

- a) It is the responsibility of the cash handler to ensure cash on hand equals the change fund plus actual receipts at all times.
- b) All shortages and overages shall be reported to the Finance Officer immediately.
- c) All cash overages and shortages, as well as any known circumstances surrounding the overage/shortage, shall be documented in a memorandum to General Manager within one (1) business day as well kept on file by the reporting department.

6. Theft or Loss

- a) Once a theft or loss has been identified, it shall be immediately reported to the Police Department. Do not conduct any type of investigation or discuss with other staff prior to notification of the proper authority.
- b) All theft or loss shall be documented by the Finance Officer within one (1) business day as well as kept on file.

7. Deposits

- a) The general operating standard for deposits of District cash to the bank shall be within twenty-four (24) hours or the next business day of receipt of those funds. The District shall weigh reasonableness and practicality versus security in determining the timing

for the deposit of small amounts. All deposits not made daily shall be held in a secured location such as a safe.

- b) All receipts of District cash must be deposited in accordance with this Policy and the cash handling procedures that have been approved by the General Manager.
- c) All security and bid deposits or escrow funds received in cash shall be treated as District cash and deposited accordingly.
- d) Departmental receipts shall never be used to replenish petty cash, other funds, or for the purchasing of items.

8. Petty Cash

- a) Petty cash funds shall be approved by the General Manager and established by the issuance of a check from the District's **Accounts Payable** function **[CONFIRM]** restricted to a level appropriate to conduct District business in an efficient and responsible manner.
- b) Petty cash transactions shall be subject to the same authorized expenditure controls as any other invoice presented for payment through accounts payable.
- c) Once established, petty cash funds shall be maintained on an imprest basis, that is, the amount of the fund will remain constant with the custodian of the fund requesting a reimbursement check from the **Accounts Payable** function **[CONFIRM]** for amounts disbursed.
- d) Any funds taken from petty cash must have a completed authorized petty cash voucher. A check will be issued only upon the presentation and surrender of satisfactory evidence of such disbursements. The amount of the reimbursement will always be the exact amount of the aggregated disbursements made from the fund.
- e) Reconciliation and reimbursements will be made as frequently as the fund requires replenishment, but no less than monthly.
- f) When replenishing petty cash, put a copy of the petty cash recap in the petty cash box as backup for the vouchers that have been sent to the Finance Department.
- g) No checks shall be cashed from petty cash funds.
- h) Personnel authorized by the General Manager can make unannounced counts of petty cash and /or change funds at any time.

9. Change Funds

- a) Change funds shall be established and controlled in the same manner as petty cash funds; however, change funds are strictly used for making change for customers and as such are revolving funds that require no replenishment.
- b) There shall be no commingling of petty cash or cash receipts with change or other working funds.
- c) When change funds are no longer needed to conduct the business for which they were established, the funds shall be deposited with the administrative office as soon as possible.
- d) Change funds established for any reason shall be used only for the purposes of conducting legitimate District business and not for personal use even if reimbursed.
- e) No checks shall be cashed from change funds.

10. Check Cashing Policy

No checks shall be cashed.

11. Returned Checks

- a) Occasionally a deposited check may not clear the bank for one or several reasons; such as non-sufficient funds, account closed, stop payment, funds held, stolen checks, forgery, endorsement, or signature. The General Manager assumes responsibility for collections.
- b) The District Treasurer has the authority to refuse the acceptance of checks as deemed necessary.

12. Refunds

- a) Refunds will only be made to the original entity (person or company) that submitted the original payment to the District.
- b) Refunds of payments that were originally paid by credit card will be credited back to the credit card in which the payment was made from.

13. Foreign and Mutilated Currency

- a) Foreign currency and coin shall not be accepted. Only currency and coins issued by the United States Federal Reserve Board are legal tender. Traveler's checks must state "U.S. Dollars".
- b) No mutilated currency or coin, including bent coins, shall be accepted.

14. Banking Services and Account Opening Policy

- a) The Finance Officer is responsible for the Salton Community Services District's banking relationships.
- b) Opening new or closing bank accounts must be approved by the Finance Officer and the General Manager.

15. Written Procedures

- a) It is required that written procedures be developed and maintained by each functional area associated with the District that handles District cash. Procedures must be approved by the Finance Officer.
- b) Written procedures shall be consistent with this policy and minimally include:
 - 1) Authorization of person(s) to collect District cash;
 - 2) Off-site cash collection procedures;
 - 3) Maintenance of receipt logs;
 - 4) Security and reconciliation of District cash;
 - 5) Individual cash drawers for each cash handler;
 - 6) Cash handlers must only accept and receipt funds using their individual cash drawer;
 - 7) Processing of District Cash received in the mail;
 - 8) Preparation, approval, and transmittal of District cash to the Finance Department;
 - 9) Over/short procedures consistent with this policy;
 - 10) Procedure to notify the appropriate District authority in the event of loss or theft; and
 - 11) District cash must never be left out in the open or unattended.

16. Training

- a) All staff shall be familiar with this cash handling policy and must acknowledge receipt of the policy using the attached form (See Attachment 1).
- b) All staff that handles District cash shall be trained on the Cash Handling Policy.

17. Credit Cards

All credit card transactions will be compliant with the Payment Card Industry, which include the following safeguards:

a) Security

- 1) Credit card information can only be taken in person, by phone, or by fax.
- 2) Credit card information must be treated as confidential and paper containing credit card data must be physically secured (e.g. locked in a locker, cabinet, desk, storage bin).
- 3) If credit card information is taken by fax, the fax machine must be in a secured and locked area with only limited access.
- 4) Credit card information shall not be taken over email at any time.

b) Storage

- 1) Credit card information should not be stored on the computer or on a memory drive at any time.
- 2) Printed reports containing cardholder data are to be physically retained, stored or archived only within secure District of Brentwood office environments, and only for the minimum time deemed necessary for their use.

c) Destruction

Credit card information may only be destroyed by shredding and in accordance with the Records Retention Policy.

18. Violations

Any employee found to have violated this policy may have his/her cash handling authorization limited or revoked completely and may be subject to formal disciplinary action up to and including termination from District employment in accordance Personnel Rules and Regulations.

19. Policy Review

- a) The Finance Officer shall perform a review of all District cash handling policies, procedures, functions and processes on a regular basis, but at minimum of every two years.
- b) The District's independent auditors shall review the District's cash management controls through the course of their annual audits as needed.

20. Liability for Loss

The Finance Officer has primary responsibility for care and liability for loss of District Cash in its custody until deposited in the District Treasury.

Compliance with the rules and procedures of this policy, approved by the Board of Directors, establishes a presumption that administrative staff have exercised due diligence in its custody and care of District cash.

ATTACHMENT 1

**SALTON COMMUNITY SERVICES DISTRICT
CASH HANDLING POLICY
ACKNOWLEDGEMENT OF RECEIPT**

My signature below is confirmation that I have received a copy of Salton Community Services District Cash Handling Policy and that I understand that it sets forth the District's policy regarding the handling of District cash. I understand that this policy is intended to supplement other District personnel policies that govern rules of conduct and performance in the workplace. I further understand and agree that it is my responsibility to read and familiarize myself with the provisions of this policy and to contact the Finance Officer in the event that I have questions or need clarification of the Cash Handling Policy.

I understand that the District reserves the right to revise and update the Cash Handling Policy by District Resolution at any time.

Employee's signature

Employee's name – Please Print

Date of Receipt

D. Accounting, Auditing and Financial Reporting

Accounting, auditing and financial reporting form the informational infrastructure for public finance. Internal and external financial reports provide important information to the District's legislative body, management, citizens, and creditors.

- 1) The District will comply with generally accepted accounting principles (GAAP) in its accounting and financial reporting, as contained in the following publications:
 - a) Codification of Governmental Accounting and Financial Reporting Standards, issued by the Governmental Accounting Standard Board (GASB)
 - b) Pronouncements of the Financial Accounting Standards Board, (FASB)
 - c) Governmental Accounting, Auditing, and Financial Reporting (GAAFR), issued by the Government Finance Officers Association (GFOA) of the United States and Canada
 - d) Audits of State and Local Governmental Units, an industry audit guide published by the American Institute of Certified Public Accounts (AICPA)
 - e) Government Accounting Standards (GAS), issued by the Controller General of the United States
 - f) U.S. Office of Management and Budget (OMB) Circular A-133, issued by the U.S. Office of Management and Budget
- 2) A system of internal accounting controls and procedures will be maintained to provide reasonable assurance of the safeguarding of assets and proper recording of financial transactions of the District and compliance with applicable laws and regulations.
- 3) In accordance with State law, a comprehensive financial audit, including an audit of federal grants according to the Single Audit Act of 1984 and the OMB Circular A-133, will be performed annually by an independent public accounting firm, with the objective of expressing an opinion on the District's financial statements. The District will prepare its financial statements in accordance with applicable standards and will account for its operations in a manner consistent with the goal of obtaining an unqualified opinion from its auditors.
- 4) The District will prepare an Annual Comprehensive Financial Report (ACFR) in accordance with the principles and guidelines established by the Government Finance Officers Association "Certificate of Achievement for Excellence in Financial Reporting" program.
- 5) Annually, the Finance Officer will solicit updates from all operational areas of the District to provide notice of all significant events and financial and related matters for the District's annual disclosures, as required by the SEC Regulation 15-C-2-12, to the municipal markets, financial statements and bond representations. The Finance Officer will notify the auditors and agencies as appropriate.

- 6) The ACFR will include the bond related on-going disclosure requirements and will fully disclose all significant events and financial and related issues as provided by the departments to the Finance Officer. The District will post the ACFR on the District's website.
- 7) The District will maintain an accounting and financial reporting system that conforms to Generally Accepted Accounting Principles (GAAP).
- 8) The accounting system will be maintained to monitor expenditures and revenues on a monthly basis with analysis and adjustment of the annual budget as appropriate.
- 9) The accounting system will provide monthly information about cash position and investment performance.
- 10) An independent annual audit will be performed by a certified public accounting firm that will issue an official opinion on the annual financial statements and a management letter detailing areas that need improvement. After audit results have been communicated to the District, the General Manager is then responsible for responding to all findings within six months to the Board of Directors and appropriate regulatory agencies, if applicable.

11) Selection of Independent Audit Firm

- a) After soliciting and receiving written proposals from qualified independent accounting firms, the General Manager shall submit a recommendation to the Board of Directors. Under the premise that multiyear audit agreements are more cost efficient, allow for greater continuity and reduce audit disruption, the City may engage auditors in multi-year contracts, but the term of each contract shall not exceed five years.
- b) Generally, the District will request proposals for audit services every five years. However, the Board of Directors may make an exception to the competitive proposal requirement if extraordinary circumstances exist and a change in auditors may not be prudent.
- c) If the Board of Directors is satisfied with the performance of the auditors, the independent accountant firm may submit additional proposals through a competitive selection process, but it is the District's policy to require mandatory audit firm rotation after ten years of consecutive service.

E. Risk Management

Risk management has become increasingly important in guarding against economic loss and in ensuring public safety in a time of increasing public liability and litigation. Risk management is involved in the identification, evaluation, and treatment of the District's risk.

- a) The District shall make diligent efforts to prevent or mitigate the loss of District assets and to reduce the District's exposure to liability through training, safety, risk financing and the transfer of risk when cost effective.
- b) The District shall manage its exposure to risk through cost effective methods such as self-insurance and/or the purchase of traditional third-party insurance in the following areas: general liability, automobile liability, public officials' errors and omissions, police professional liability, property loss and workers' compensation.
- c) The District will further control its exposure to risk through the use of "hold harmless" agreements in District contracts and by requiring contractors to carry liability insurance which shall name the District, its elected officials and employees as additional insured's.
- d) Insurance reserves shall be maintained at a level which, together with any purchased insurance, will adequately protect the District's assets and its elected officials, officers and directors against loss. A regular study will be conducted for potential liability areas and shall be used as a basis for determining self-insurance reserves based on historical loss data.
- e) Managers shall be notified of current claims and in order to ensure that loss of District assets and exposure to litigation are mitigated, Managers will be responsible for implementing operational changes in their department as a result of those claims/cases that are filed.
- f) The District will disclose material contingent liabilities in the District's Annual Comprehensive Financial Report (ACFR).

IV. FUND BALANCE POLICY

This Fund Balance Policy establishes the accounting and financial reporting standards for Salton Community Services District that reports governmental funds as directed by the Government Accounting Standards Board Statement 54.

At the end of each fiscal year, in accordance with this policy, the Finance Officer shall work with the District's auditor to classify the fund balances in its governmental funds using the following classifications: restricted, committed, assigned, and unassigned.

With the adoption of each year's budget and any updates thereto, the Finance Officer shall present the estimated fund balance for all funds and the amounts allocated to reserves. The total amount allocated to reserves shall be sufficient to satisfy any debt service coverage requirement obligations for the current fiscal year.

This Governmental Fund Balance Policy establishes the accounting and financial reporting standards for all governments that reports governmental funds as directed by the Government Accounting Standards Board Statement 54. In February 2009, the Government Accounting Standards Board published Statement No. 54, which established accounting and financial reporting standards for all governments that report governmental funds. This statement divides the fund balance into five classifications:

- Non-spendable. Funds that cannot be spent because they are either: (a) not in a spendable form, such as prepaid items, inventories of supplies, or loans receivable; or (b) legally or contractually required to be maintained intact, such as the principal portion of an endowment. Examples of non-spendable funds include a reserve for prepaid assets. This reserve represents resources that have been paid to another entity in advance of the accounting period in which the resource is deducted from fund balance. A common example is an insurance premium, which is typically payable in advance of the coverage period.
- Restricted. Funds that have constraints placed on use that are either: (a) externally imposed by creditor (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Examples of restricted funds include a pension trust or unused grant funds.
- Committed. Funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors and remain binding unless removed in the same manner. Examples of committed funds included District reserves created for economic contingencies, cash flow requirements or catastrophic events.
- Assigned: Funds that are constrained by the District's intent to be used for specific purposes, but that are neither restricted nor committed. Such intent needs to be established either by the Board of Directors or by an authorized District official. Examples of assigned funds include unspent funds from prior fiscal years

designated for certain programs, services or functions (e.g., authorized encumbrances or carryovers).

- Unassigned: Any amount in the fund balance that has not been classified as non-spendable, restricted, committed or assigned. The general fund is the only fund that reports this classification of fund balance. For all other governmental funds, any amounts in excess of what those classified as non-spendable, restricted, or committed are classified as assigned (constrained to the purposes of the governmental fund).

V. CAPITAL ASSET MANAGEMENT

A. Purpose

The purpose of this policy is to describe the policies and procedures utilized in the Salton Community Services District’s capital asset management system and to put in place guidelines to account for and depreciate the District’s capital assets.

The primary goals of this policy are to:

- Ensure that capital assets are accounted for in conformance with generally accepted accounting principles; and
- Establish a consistent and cost-effective method for accounting of the capital assets.

A. Authority

This policy applies to all Salton Community Services District functional area managers. The General Manager shall be responsible for implementation of this policy.

B. Policy

1. General Provisions

This capital asset policy is in accordance with generally accepted accounting principles and closely conforms to capital asset accounting practices as recommended by the Government Finance Officers Association. The Government Finance Officers Association (GFOA) recommends that every state and local government consider the following applicable guidelines in establishing capitalization thresholds for capital assets:

- Capital assets should be capitalized only if they have an estimated useful life of at least two years following the date of acquisition.
- Capitalization thresholds should be applied to individual assets rather than to groups of similar items (e.g., desks, tables). (For assets that qualify for capitalization and depreciation under the “group method” however, see third paragraph under the heading “THRESHOLD” for discussion of the appropriate threshold application).
- In no case should a government establish a capitalization threshold of less than \$5,000 for any individual item.
- Governments should exercise control over their non-capitalized capital assets by establishing and maintaining adequate internal control procedures at the department level.

2. Threshold

The District will capitalize individual assets other than Buildings, Building Improvements and Land Improvements, and Infrastructure that cost **[\$5,000]** or more and have an estimated useful life of at least **two (2)** years. The capitalization threshold for Buildings and Building Improvements shall be **[\$50,000]** and for Land Improvements the capitalization threshold shall be **[\$25,000]**. However, assets acquired with debt proceeds may be capitalized regardless of cost. In addition, assets acquired prior to January 1,

2021 and capitalized at a lower threshold, may continue to be depreciated on the basis of past practice. Effective January 1, 2022, infrastructure projects and improvements shall be capitalized so as to substantially account for the investment in infrastructure and consider related debt. Individual assets that cost less than **[\$5,000]**, but that operates as part of a network system may be capitalized in the aggregate, using the group method, if the estimated average useful life of the individual asset is at least two years. A network is determined to be where individual components may be below **[\$5,000]** but are interdependent and the overriding value to the District is on the entire network and not the individual assets (e.g. computer systems and telephone systems).

3. Valuation

In accordance with generally accepted accounting principles, the District will value its capital assets at historical cost. Historical cost includes the cost or estimated cost at the time of acquisition, freight charges, installation and site preparation charges, and the cost of any subsequent additions or improvements, excluding repairs. If a capital asset is donated to the District, the asset will be valued based on the fair market value at the time the asset is donated.

4. Capital Assets Inventory Report

As part of the financial audit, the Finance Officer shall submit a capital asset report to the external auditor on an annual basis. This report will include the following information:

- Type of asset (i.e. land, building, infrastructure);
- Date of acquisition;
- Acquisition cost;
- Estimated useful life;
- Annual depreciation; and
- Accumulated depreciation.

5. Depreciation

The District will use the Straight-Line Method as its “basic approach” (standard approach) to depreciate capital assets. The Modified Approach, which does not require depreciation, may be used on infrastructure assets whenever applicable.

6. Estimated Useful Lives

[THE FOLLOWING RANGES ARE GUIDELINES IN SETTING ESTIMATED USEFUL LIVES FOR DEPRECIATING ASSETS. ENTER DESIRED RANGES FOR SALTON COMMUNITY SERVICES.]

- **Building and Structures 20-50 Years;**
- **Vehicles 04-15 Years;**
- **Other Equipment 03-25 Years; and**
- **Infrastructure 20-100 Years .**

7. Capital vs. Repair and Maintenance Expense

The following criteria are the basis for distinguishing costs as either capital or repair and maintenance expense:

- a) With respect to improvements on non-infrastructure and infrastructure capital assets, under the Basic Approach, costs should be capitalized if the useful life of the asset is substantially extended, or the cost results in a substantial increase in the capacity or efficiency of the assets.

Otherwise, the cost should be expensed as repair and maintenance.

- b) With respect to improvements on infrastructure capital assets under the Modified Approach, costs should be capitalized if expenditures substantially increase the capacity or efficiency of an infrastructure.

Otherwise, costs, including those that preserve the useful life of an infrastructure asset, are expensed.

8. Inventory

For internal control purposes, the District may maintain an inventory listing of certain assets (controlled equipment) that do not meet the above reference capitalization amounts. Controlled equipment includes items that should be specifically accounted for and inventoried periodically due to the high re-sale value of the equipment and potential risk of theft. Controlled equipment may include items such as computers, construction equipment, and other office equipment. Each Department Head is responsible for all controlled equipment within their areas of responsibility.

9. Disposal and Transfer of Assets

Disposition of District assets will be performed in accordance "Disposition of Surplus Property" Policy.

VI. DEBT MANAGEMENT

The purpose of this Debt Management Policy (“Policy”) is to establish guidelines and parameters for the effective governance, management and administration of the debt of the Salton Community Services District (“District”). This Policy is intended to comply with California Government Code Section 8855(i), and any successor statute, and shall govern all debt which is contemplated or incurred by the District.

A. Background

This policy documents the District’s goals for the use of debt instruments and provides guidelines for the use of debt for financing the District infrastructure and project needs. The District’s overriding goal in issuing debt is to respond to and provide for the infrastructure and capital project needs of its customers while ensuring that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality. The District issues debt instruments, administers District-held debt proceeds and makes debt service payments, acting with prudence, diligence, and attention to prevailing economic conditions.

The District will endeavor to pay for all infrastructure and other projects from a combination of current revenues, available reserves, and prudently issued debt. The District believes that debt can provide an equitable means of financing projects for the District’s customers and provide access to new capital needed for infrastructure and project needs. Debt will be used to finance projects if it (i) meets the District’s goal of equitable treatment of all customers, both current and future, (ii) is the most cost- effective means available to the District, and (iii) is fiscally prudent, responsible, and diligent under the prevailing economic conditions.

The General Manager shall consider using the services of a qualified Independent Registered Municipal Advisor (“IRMA”) to assist the District with conforming to all aspects of this policy including but not limited to assessing and selecting an appropriate financing mechanism and debt structure, performing calculations for all District bond issuances, and preparing reports and necessary filing documents as necessary.

Relationship of Debt to Capital Improvement Program and Budget

The District has established plans for replacing aging physical infrastructure. The District strives to maintain a level funding plan that will minimize the peaks and valleys in General Fund support levels and allows the funding of projects over time. The District utilizes debt obligations only after giving due consideration to all available funding sources, including but not limited to available cash reserves, other strategic savings programs, available current revenues, potential future revenue sources, existing and potential grants, and all other financial sources legally available to be used for such purposes. When and if deemed an appropriate alternative, the District may issue debt for the purposes stated in

this Policy to implement policy decisions incorporated in the Capital Improvement Program.

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. To the extent practicable in the circumstances, the District will avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear. Rather, those readily anticipated infrastructure and facility repairs and replacements should be funded through reserve policies.

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

Policy Goals Related To Planning Goals and Objectives

The District is committed to long-term financial planning, maintaining appropriate reserve levels, and employing prudent practices in governance, management, and budget administration. The District intends to issue debt only for the purposes stated in this Policy and to implement policy decisions incorporated in the Capital Improvement Program. Adoption of this Policy will help ensure that debt is issued and managed in a manner that protects the public interest.

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

The District shall comply with applicable state and federal law as it pertains to debt and the procedures for levying and imposing related taxes, assessments, rates, or charges.

When refinancing debt, it shall be the policy goal of the District to do so either for the purpose of realizing debt service savings or for the purpose of restructuring debt in a manner which is in the best financial interests of the District.

B. Conditions and Purposes of Debt Issuance

1. Acceptable Conditions for the Use of Debt

The District believes that prudent amounts of debt can be an effective means of financing major infrastructure and capital project needs of the District. Debt will be considered to finance such projects if:

- a) It meets the District's goal of distributing costs of the asset over its useful life so that benefits more closely match costs for both current and future residents.

- b) It is the most cost-effective funding means available to the District, taking into account cash flow needs, maintenance of prudent reserves and other funding alternatives.
- c) It is fiscally prudent and meets the guidelines of this Policy and the District's Articles of Incorporation. Any consideration of debt financing shall consider financial alternatives, including pay-as-you-go funding, proceeds derived from development or redevelopment of existing land and capital assets owned by the District, and use of existing or future cash reserves, or any combination thereof.

2. Purposes for Which Debt May Be Issued

- a) **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.
 - 1) Long-term debt financings are appropriate when the following conditions exist:
 - When the project to be financed is necessary to provide basic services.
 - When the project to be financed will provide benefit to constituents over multiple years.
 - When total debt does not constitute an unreasonable burden to the District and its ratepayers.
 - When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.
 - 2) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.
 - 3) The District may use long-term debt financings subject to the following conditions:
 - The project to be financed must be approved by the Board of Directors.
 - The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
 - The District estimates that sufficient revenues will be available to service the debt through its maturity.
 - The District determines that the issuance of the debt will comply with the applicable state and federal law.

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

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

3. Types of Debt Allowed

For purposes of this Debt Policy, "debt" shall be interpreted broadly to mean loans, bonds, notes, certificates of participation, financing leases, or other financing obligations, but the use of such term in this Debt Policy shall be solely for convenience and shall not be interpreted to characterize any such obligation as an indebtedness or debt within the meaning of any statutory or constitutional debt limitation where the substance and terms of the obligation comport with exceptions thereto.

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

- State or Federal loans, including Revolving Fund loans;
- Loans and lines of credit with banks and other financial institutions;
- General obligation bonds;
- Bond or grant anticipation notes;
- Lease revenue bonds, certificates of participation and lease-purchase transactions;
- Other revenue bonds and certificates of participation;
- Tax and revenue anticipation notes;
- 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; and
- Refunding bonds, notes, loans and other obligations.

The District may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

Debt shall be issued as fixed rate debt unless the District makes a specific determination as to why a variable rate issue would be beneficial to the District in a specific circumstance.

4. Approval Process for the Issuance of Debt

Any issuance of debt is subject to the formal approval of the Board of Directors as a non-consent item on a District agenda. As part of the Board of Directors approval, a formal resolution authorizing the issuance of a specific form of debt shall be required as part of the authorizing documents. The resolution shall include, at a minimum, the following:

- a) The specific project(s) for which the debt is being incurred;
- b) The maximum principal amount to be borrowed;
- c) The maximum term, which will be no greater than the useful life of the project(s), equipment, or capital asset, whichever is applicable and longer;
- d) The maximum interest rate or true interest cost;
- e) The maximum annual debt service;
- f) Call provisions, including specifically identifying any deviation from Section C (i) below;
- g) Estimated Costs of Issuance;
- h) Maximum Underwriter's Discount; and
- i) A list of all consultants hired for the issuance including, at a minimum, bond counsel, disclosure counsel, municipal advisor and underwriter(s).

In addition to the authorizing resolution, the Board of Directors shall be provided copies of the various financing documents including indentures, purchase agreements and preliminary official statements. For any sale of securities, the District shall be required to retain an IRMA to serve as the District's fiduciary on every sale. The IRMA will provide independent analysis of all financing scenarios considered with a specific recommendation to the District supported by the analysis. The written recommendation of the IRMA shall be provided to Board of Directors as an attachment to the District's Staff Report.

C. Refunding Guidelines

The Finance Officer shall monitor at least annually all outstanding District debt obligations for potential refinancing opportunities. The District should consider refinancing of outstanding debt to achieve annual savings. Absent a compelling economic reason or financial benefit to the District, any refinancing should not result in any increase to the weighted average life of the refinanced debt.

Consideration of this method of refinancing shall place greater emphasis on determining whether an alternative refinancing opportunity with higher savings is reasonably expected in the future.

D. Communication, Reporting and Debt Administration

1. Rating Agency Relations and Annual or Ongoing Surveillance

- a) **Rating Agencies.** If rated, the District shall maintain its strong ratings through prudent fiscal management and consistent communications with the rating analysts. The General Manager shall manage relationships with the rating analysts assigned to the District's credit, using both informal and formal methods to disseminate information.
- b) **Bond Insurers.** The General Manager shall manage relationships with the analyst at the bond insurers assigned to the District's credit, if any.
- c) **Disclosure Procedures.** The District shall comply with SEC regulations on disclosure, which require municipal debt issuers to provide specified financial and operating information at the time of new bond issuance (Official Statement) and during the life of the bonds (Continuing Disclosure Annual Report).
- d) **Trustee.** The General Manager shall procure the services of a Trustee for the creation and maintenance of District debt related funds dictated by bond documents.

2. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

Without limiting the foregoing, the District will periodically review the requirements of and will remain in compliance with the following:

- a) Any continuing disclosure undertakings entered into in accordance with SEC Rule 15c2-12;
- b) Any federal tax compliance requirements, including, without limitation, arbitrage and rebate compliance; and
- c) Investment policies as they relate to the use and investment of bond proceeds.

It is the policy of the District to ensure that proceeds of debt are spent only on lawful and intended uses. Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the District will submit written requisitions for such proceeds. The District will submit a requisition only after obtaining the signature of the General Manager. In those cases where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the person performing the function of chief financial officer of the District shall retain records of all expenditures of proceeds through the final payment date for the debt.

VII. INVESTMENTS

It is the policy of the Salton Community Services District (“District”) to invest public funds in a manner that will provide maximum security, adequate liquidity and sufficient yield, while meeting the daily cash flow demands of the District and conforming to all statutes and regulations governing the investment of public funds.

B. Overview

The Salton Community Services District investment program will conform to federal, state, and other legal requirements, including California Government Code Sections 16429.1-16429.4, 53600-53609 and 53630-53686. The following investment policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal and investment management of the District’s funds. This investment policy applies to all financial assets of the District’s general and enterprise funds that include:

1. Idle operating cash;
2. Short-term deposits held by fiscal agents; and
3. Restricted reserve funds.

B. General Objectives

The primary objectives, in priority order, of the District’s investment activities shall be:

1. 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.
2. Liquidity: The District’s investment portfolio will remain sufficiently liquid to meet all operating requirements.
3. Yield: The investment portfolio shall be designed with the objective of attaining a rate of return commensurate with the District’s investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above.

C. Authorized Investments

The following investments shall be permitted by this policy and are authorized by the California Government Code:

1. The Local Agency Investment Fund (LAIF) managed by the Treasurer of the State of California.

2. Certificates of Deposit insured by the Federal Deposit Insurance Corporation. Maturities are not to exceed five years from the date of purchase. Purchases may not exceed 30 percent of the District's designated reserves.
3. United States Treasury Securities for which the full faith and credit of the United States are pledged for the payment of principal and interest. Maturities are not to exceed two years from the date of purchase.
4. Triple-A rated money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of United States Treasury Securities.

D. Delegation of Authority

Management responsibility for the investment program is hereby delegated to the District Finance Officer, who may invest the District's funds consistent with this investment policy and who shall establish procedures and a system of controls for the operation of the investment program consistent with this investment policy.

E. Reporting

The Finance Officer shall render an investment report to the General Manager and Board of Directors of the District on a quarterly basis.

1. The investment report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and money held by the District, and shall additionally include a description of any of the District's funds, investments or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the District, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report.
2. The investment report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.
3. The investment report shall include a statement denoting the ability of the District to meet its expenditure requirements for the next six months or an explanation as to why sufficient money will not or may not be available.

F. Standards of Care

1. Prudence

The Board of Directors, General Manager and Finance Officer of the District are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, 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.

2. Ethics and Conflicts of Interest

In the manner required by applicable law, Officers and Employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

G. Policy Adoption

The District's investment policy shall be adopted by the Board of Directors on an annual basis at a public meeting. Any modifications to the policy shall also be considered at a public meeting.

VIII. DISPOSITION OF SURPLUS PROPERTY

A. Purpose

The purpose of this policy is to establish an effective District surplus property disposal program. This program is established in the interest of efficiency, to assure the best possible sales price and to assure members of the public that where appropriate members of the public have notice and an opportunity to bid on surplus property.

B. Authority

The General Manager, or designee, is authorized to dispose of surplus property when the estimated value is less than \$500.00 and lacks minimal public interest.

Disposal of surplus property with an estimated value of \$500 or greater, requires the General Manager's approval and must comply with the other requirements of this policy.

C. Definition of Surplus Property

1. Personal property not needed for District service or not fit for its intended purpose.
2. Usable material, equipment, vehicles, or parts, including capitalized equipment, that exceed the normal maintenance, repair, and operating requirements of the District.
3. Obsolete material and equipment that cannot be used in the service for which it was purchased and cannot be utilized safely or economically for any other purpose.
4. Scrap metal and waste material such as metal, paper, rags, rubber, and wood.

D. Methods of Disposition

Surplus property may only be disposed in the following manner:

1. **Trade-in-** surplus, property may be exchanged as trade-in value on the acquisition of new property upon approval of the Board of Directors.
2. **Return to the Manufacturer** - Surplus items may be returned to the manufacturer for buy-back or credit upon approval of the Board of Directors.
3. **Auctions** - District surplus property may be sold at auction approved in advance by action of the Board of Directors. Prior to any auction a notice announcing the auction and the items to be auctioned including serial numbers condition and miles or hours of service shall be posted at three places within the District at least thirty

(30) days prior to the date of the auction. The notice shall specify the time, place, manner and other requirements of bidding and that bidders must present cash or cashier's checks in sufficient amounts no later than 24 hours after the time of the bidding or the sale will be void.

4. **Competitive Sealed Bids/Proposals** - Bids must be in a marked, sealed envelope, and must be received in the District office before the time and date specified. Items will be sold to the highest responsible bidder to be announced publicly at the auction.
5. **Sell for Scrap** - Subject to the approval of the Board of Directors, scrap sales shall be made by the most efficient and economic means available provided that the General Manager or his designee obtains at least three quotes from licensed scrap dealers to be preserved in writing and the scrap is then sold to the scrap dealer offering the highest price subject to a single sale document to be maintained by the District.
6. **Dispose as Junk** - When District surplus property is damaged or unsafe, and/or when the cost of locating a buyer is estimated to exceed the projected revenue of the item, the property may be destroyed or disposed of as junk subject to the approval of the Board of Directors.
7. **Gift** - District surplus property may be given away to any organization not organized for profit and qualified as a charity under Internal Revenue Code Section 501(c)(3) for a purpose within the legally established and exercisable powers of the District or to any other public agency upon the approval of the Board of Directors.
8. **Negotiated Sale** - Surplus property may be negotiated and sold outright if no more than one buyer is available, if negotiated sale is in the best interest of the District and upon approval of the Board of Directors.

E. "As Is"

Surplus property shall be sold "as is" and 'where is." The District does not make any warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility, or usability of the property offered for sale.

F. Revenues from The Sale Of Surplus Property

Revenue from the sale of surplus property will be returned to the appropriate revenue fund.

G. Procedures for Disposing Of Surplus Property

Once a determination is made by the General Manager and approved by the Board of

Directors to purge surplus property, a written directive to that effect shall be delivered to a staff member designated by the General Manager who will coordinate the disposal of the property in accordance with this policy and the General Manager's directive.

H. Employees and Others Prohibited From Participating in the Purchase of Surplus Property

The General Manager, District Employees, District General Counsel, and members of the District Board of Directors shall not participate in the purchase of District surplus property.

IX. FRAUD, WASTE AND ABUSE

A. Purpose and Scope

The Salton Community Services District is committed to protecting District revenue, property and other assets against the risk of loss or misuse and establishes a no tolerance policy for Fraud, Waste, or Abuse (hereinafter collectively referred to as “FWA” and as each are defined below). Accordingly, it is District policy to identify and promptly investigate any FWA and to pursue legal remedies when appropriate.

The purpose of this policy is to provide communication and guidance for the detection, reporting and prevention of FWA. A violation of this policy may be grounds for disciplinary action in conformance with the District’s personnel policies and procedures. Disciplinary action can include termination, and referral of the case to an appropriate law enforcement agency or District Attorney’s Office for possible arrest and/or prosecution.

This policy defines acts that constitute FWA, describes the steps to be taken when FWA is suspected, provides the procedure for how FWA is investigated, and establishes the process for handling substantiated findings of FWA. This policy applies to any suspected FWA committed by District Employees or any other person or entity that has agreed in writing to abide by this policy. Any exception to this policy must be approved in writing by the General Manager or his or her designee. Subjects of active investigations being conducted per this policy may not authorize exceptions to this policy applicable to such investigations.

All FWA investigations will be conducted in an objective and impartial manner without regard to the subject’s length of service, position, title, or relationship to the District.

All District Employees shall receive and review this policy and may be asked to sign a document attesting to the fact that they received, reviewed, and understood the contents of this policy.

B. Definitions

Fraud – the intentional false representation or concealment of fact for the purpose of personal gain for oneself or others; or inducing another to act similarly. Examples of Fraud include but is not limited to the following:

- Submitting requests for unauthorized expenditures, forging or falsifying financial, electronic, or other documents for personal gain, and theft of District funds or fixtures.
- Stealing, misappropriation of funds, supplies, etc.;
- Forgery or unauthorized alteration of any document;
- Intentional misrepresentation by District personnel regarding payroll records or the payroll records of others;
- Making, presenting, or using any record, document, or thing with the knowledge that it is false;

- Intentional destruction, concealment, removal or other impairing to the verity, legibility, or availability of a government record
- Processing, selling, or offering to sell a governmental record or a blank record form with the intent that be used unlawfully, or with the knowledge that it was obtained unlawfully
- Using or claiming to hold an education degree that is fraudulent, fictitious, or has been revoked, with the intent to obtain employment, promotion, or other benefit;
- Credit or debit card abuse or falsification of transaction;
- Making a false statement to obtain property, credit, or services;
- Fraudulent transfer of a motor vehicle;
- Securing execution of a document by deception;
- Fraudulent use or possession of identifying information without that person's consent; and
- Stealing an unsigned check or receiving an unsigned check with the intent to use it or sell it.

Waste – any needless, careless, or unnecessary expenditure of District resources or property that has a significant financial impact on the District through negligent or willful misconduct. Examples of Waste include but are not limited to the following:

- The purchase of supplies for no District purpose or benefit;
- Creating work tasks for the sole purpose of overtime compensation;
- Willfully incurring expenditures in violation of the District's Travel Policy, and discarding District equipment in violation of existing policies;
- Damaging, destroying, or ruining materials or equipment;
- Improper maintenance or intentional mistreatment of equipment;
- Purchase of goods at inflated prices; and
- Failure to reuse or recycle major resources or reduce waste generation.

Abuse – the intentional destruction, manipulation, misapplication, or misuse of District resources. Examples of Abuse include but not limited to the following:

- The use of District staff or District agents to perform personal errands or work unrelated to District business;
- Exercising undue influence based on position with District over District personnel for personal gain;
- Accepting bribes from District vendors or proposed vendors;
- Failing to report significant damage inflicted upon District property;
- Using District equipment or suppliers to conduct non-District business
- An employee using non-confidential taxpayer information to get new customers for his/her outside business
- Improper handling or reporting of money or financial transaction;
- Profiting by self or others as a result of inside knowledge;
- Destruction or intentional disappearance of records, furniture, fixtures or equipment;

- Accepting or seeking anything of material value from vendors or persons providing services or material to the County for personal benefit • Unauthorized use of District resources (computers, software, databases, other information) for non-County purposes;
- Abuse of purchase order authority;
- Accepting or seeking anything of material value from vendors or persons providing services or materials to the District

Employee – any full- or part-time employee of the District, including the employees appointed by the Board of Directors (the District Clerk, District Attorney, and District General Manager). The term Employee does not apply to an Appointed or Elected Official.

Management – any administrator, manager, director, supervisor, or other individual who manages or supervises an Employee. The term Management does not apply to an Appointed or Elected Official.

Investigator – any person assigned to investigate FWA, including external investigators, independent auditors, forensic auditors, Fraud examiners, or other appropriate professional investigators. The Investigator, in consultation with the Human Resources Director or District Attorney, has the primary responsibility for the investigation of FWA.

Appointed or Elected Official – any member of the official District Board of Directors, Commission, or Committee that advises, coordinates, represents and/or advocates a position on behalf of the Salton Community Services District.

C. Deterrence

Deterrence consists of those actions taken to discourage the perpetration of fraud and limit the exposures if fraud does occur. Elected Officials/Department Heads are responsible for the implementation and maintenance of effective internal controls. The internal audit division is responsible for assisting in the deterrence of fraud by examining and evaluating the adequacy and effectiveness of internal controls. Fraud occurs for the following reasons:

1. Poor internal controls, especially disregarded for set policies and procedures;
2. Management override of internal controls;
3. Collusion between employees and/or third parties;
4. Poor or non-existing ethical standards; and
5. Lack of control over staff by their supervisors.

D. “Red Flags”

The most frequently cited “red flags” of fraud are:

1. Changes in an employee's lifestyle, spending habits or behavior;
2. Poorly written or poorly enforced internal controls, procedures, policies or security;
3. Irregular/unexplained variances in financial information;
4. Inventory shortages;
5. Failure to take action on results of internal/external audits or reviews;
6. Unusually high expenses or purchases;
7. Frequent complaints from customers;
8. Missing files;
9. Ignored employee comments concerning possible fraud;
10. Refusal to leave custody of records during the day by the employee; and
11. Working excessive overtime and refusing to take vacation time off.

E. Fraud Prevention Measures

District management shall implement the following internal controls to minimize risk and help prevent fraud:

1. Detailed written policies and procedures and adherence to all policies and procedures, especially those concerning documentation and authorization of transactions;
2. Physical security and controlled access over assets such as locking doors and restricting access to certain areas;
3. Proper training of employees;
4. Independent review and monitoring of tasks by the department supervisor, such as approval processing of financial transaction workflow items;
5. Separation of duties so that no one employee is responsible for a transaction from start to finish;
6. Clear lines of authority;
7. Rotation of duties in positions more susceptible to fraud;
8. Ensuring that employees take regular vacations; and
9. Regular independent audits of areas susceptible to fraud.

F. Management Responsibilities

1. Management is responsible for reporting actual or suspected FWA regardless of whether it originates in their department or area of responsibility.
2. Management must be familiar with the types of improprieties that might occur in their areas of responsibility and is responsible for instituting and maintaining a system of internal controls designed to prevent and detect FWA.
3. Management shall not conduct individual investigations, interviews, or interrogations into actual or suspected FWA. However, once the reported activity has been fully investigated, Management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrence of policy violations. This section does not prevent Management from asking

questions to help Management determine if there is actual or suspected FWA that is reportable.

4. Management shall cooperate fully in the detection, reporting, and investigation of FWA, including the prosecution of offenders.
5. Subject to consultation with the District Attorney's Office, Management shall give full and unrestricted access to all necessary records, desks, computers, and personnel as necessary to allow a full and complete investigation of FWA. All District furniture and contents, including desks and computers, are open to inspection at any time in accordance with all applicable laws and privacy interests.
6. Management should avoid the following whenever possible:
 - a) Encouraging unsubstantiated FWA accusations;
 - b) Alerting suspected individuals that an investigation for a violation of this policy is underway, unless required by law or District policy;
 - c) Treating Employees suspected of FWA or Employees that report FWA unfairly; and
 - d) Making statements that could lead to false accusations of FWA.
7. In handling complaints of FWA, Management shall:
 - a) Make no contact (unless requested by the Investigator or District Attorney's Office) 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.;
 - b) Avoid discussing the case, facts, suspicions, or allegations with anyone other than individuals who have a need to know, such as the Investigator, Human Resource Director, District Attorney or law enforcement personnel, unless specifically directed to do so by the District Attorney's Office;
 - c) Direct all inquiries made by the suspected individual, or his or her representative, to Human Resources or the District Attorney's Office. All inquiries by an attorney for the suspected individual shall be directed to the District Attorney. All inquiries from the media shall be directed to the General Manager; and
 - d) In consultation with the Human Resources Director, take appropriate corrective action in conformance with the District's policies and procedures or the appropriate Memorandum of Understanding.

G. Employee Responsibilities

1. Employees are required to immediately report suspected FWA to any of the following:
 - a) Human Resources Director;
 - b) District General Manager;
 - c) District Attorney; or
 - d) Fraud, Waste, or Abuse Telephone Hotline (xxx-xxx-xxxx).
2. Employees are *not* required to follow "the chain of command" when reporting potential FWA and must report concerns to any of the individuals or reporting mechanisms listed above.

3. Employees will be granted confidentiality when reporting FWA in accordance with this policy and applicable laws. When informed of a suspected impropriety, neither the District nor any person acting on behalf of the District may, during the pendency of the investigation into the reported FWA, retaliate, dismiss, discipline, suspend, intimidate, coerce, penalize, or threaten any of these actions upon the reporting Employee as a result of the Employee's reporting of FWA. Violations of the confidentiality protection may result in discipline up to and including dismissal.
4. Employees who report FWA shall refrain from further investigation of the incident, confrontation with the alleged violator, or further discussion of the incident with any one, unless requested by the General Manager, District Attorney, Human Resources Director, or law enforcement personnel.
5. Any Employee who makes a report under this policy which the Employee knows or should know is false may be subject to disciplinary action, up to and including termination.
8. All existing and future employees shall sign the Salton Community Services District Fraud Waste and Abuse Policy Acknowledgement Form (See Attachment 1).

H. Investigation Procedure & Investigator Responsibilities

1. Investigations of reported FWA shall be organized as follows:
 - a) For complaints primarily regarding the District General Manager, the Human Resources Director will lead the investigation.
 - b) For complaints primarily regarding all other Employees other than the District General Manager, Human Resources will lead the investigation. If complaints are primarily about Human Resources, the District General Manager will lead the investigation. If complaints are primarily about Human Resources and the General Manager, the District Attorney will make the decision on who leads the investigation.
2. Notwithstanding paragraphs 1.a) and 1.b), complaints regarding suspected criminal activity may, in addition to being investigated per this policy, be forwarded to the Police Department.
3. In consultation with the Human Resource Director, District Attorney and/or the Police Department, the Investigator may disclose particulars of the investigation with potential witnesses if such disclosure will further the investigation.
4. If the Investigator is contacted by the media regarding an investigation into alleged FWA, the Investigator should refer the media to the District General Manager for response.
5. Throughout the investigation, the Investigator will inform the person leading the investigation of pertinent investigative findings.
6. After the investigation is completed:
 - a) For all investigations, the Investigator will document the results in a confidential memorandum report to the District General Manager, Human Resources Director and District Attorney, any of which may be excluded from receiving the report if he or she is the primary focus of the investigation. The report shall include recommendations to the appropriate Management personnel for assistance in the prevention of future similar occurrences. The District General

Manager and/or District Attorney may choose to forward any such report to the Police Department or other appropriate law enforcement agency or, if a finding of FWA is made as to actions of the District Attorney, the District General Manager may choose to forward any such report to the Police Department or other appropriate law enforcement agency. Similarly, if a finding of FWA is made as to actions of the District General Manager, the District Attorney may choose to forward any such report to the Police Department or other appropriate law enforcement agency

- b) Unless exceptional circumstances exist or a Memorandum of Understanding or other law requires different procedures, all persons who were investigated for committing FWA will be given written notice of the essential particulars of the allegations and the Investigator's conclusions within ten (10) calendar days of the Investigator's findings. Such persons may submit a written explanation of their role in the allegations to the Investigator no later than the latest of: ten (10) calendar days after notice is received, the time frame established in the applicable Memorandum of Understanding, or the time frame in any other applicable law.
7. The District retains the right to pursue every reasonable effort, including court ordered restitution, to obtain recovery of District losses from the offender(s) of this policy, or other appropriate.

Attachment 1

**SALTON COMMUNITY SERVICES DISTRICT
FRAUD WASTE AND ABUSE POLICY EMPLOYEE ACKNOWLEDGEMENT FORM**

Fraud is a common risk that should not be ignored. Any organization that fails to protect itself appropriately faces increased vulnerability to fraud. Strong fraud prevention processes help increase the confidence that the Board of Directors, the District's outside auditors and the general public have in the integrity of the District's operations and business dealings. In summary, having an FWA policy is a good risk management practice and such policies are becoming increasingly common among governmental agencies today. It is also considered a best practice by the Government Financial Officers Association.

The purpose of this policy is to:

1. Make clear the District's no (zero) tolerance policy for Fraud, Waste, or Abuse (FWA);
2. Provide communication and guidance for the detection, reporting and prevention of FWA;
3. Define acts that constitute FWA, describe the steps to be taken when FWA is suspected, provide the procedure for how FWA is investigated, and establish the process for handling substantiated findings of FWA; and
4. To act as an effective deterrent to FWA.

All employees are required to acknowledge with signature that they have read the FWA policy.

I, (write first and last name): _____, have read, fully understand, and will abide the Salton Community Services District Fraud, Waste and Abuse Policy on (enter date):_____.

Employee signature: _____

X. Glossary of Terms

Appropriation. A legal authorization to incur obligations and to make expenditures for specific purposes.

Arbitrage. Generally, tax-exempt bond issues are subject to arbitrage rebate requirements, which require that any profit or “arbitrage” be “rebated” to the Federal government in the amount of the excess of the amount earned on investments purchased with gross proceeds of the bonds over the amount which would have been earned if such investments were invested at a rate equal to the yield on the bonds. A rebate computation and payment, if applicable, is generally required to be made every five (5) years and upon final redemption or maturity of the bonds. Failure to comply with these requirements could lead to substantial late filing penalties and interest and/or the loss of tax-exempt status for the bonds.

Assessed Valuation. The valuation set upon real estate and certain personal property by the Assessor as a basis for levying property taxes.

Assets. Employer and member (employee) contributions, and the accumulated earnings from the investment of these contributions, pledged to pay the retirement benefits of retired employees.

Authorized Positions. Employee positions, which are authorized in the adopted budget, to be filled during the year.

Available (Undesignated) Fund Balance. This refers to the funds remaining from the prior year that are available for appropriation and expenditure in the current year.

Bid Most Advantageous To The District. The lowest responsible and responsive bidder on a District project that is subject to Competitive Bidding from among those bids that are deemed to be Responsive to the Specifications and capable of and Responsible for providing acceptable goods and services to the District.

Board. the Board of Directors of the District.

Budget Calendar. The schedule of key dates that a government follows in the preparation and adoption of the budget.

Budget. A plan of financial activity for a specified period of time indicating all planned revenues and expenses for the budget period.

Budgetary Basis. This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: GAAP, cash, or modified accrual.

Budgetary Control. The control or management of a government in accordance with the adopted budget for the purpose of keeping expenditures within the limitations of available appropriations and resources.

California Public Employees Retirement System (CalPERS). The retirement system (and health insurance provider) for the majority of state, school, and public agency employers in California. CalPERS manages the largest public pension fund in the United States with nearly \$450 billion in assets.

Capital Assets. Capital assets include land, land improvements, buildings, building improvements, construction in progress, machinery and equipment, vehicles, infrastructure, easements, intangible assets (such as computer software), and works of art and historical treasures.

Capital Budget. The appropriation of bonds or operating revenue for improvements to facilities, and other infrastructure.

Capital Expenditure. All major expenditures of a non-recurring nature such as new buildings, major remodeling projects and major equipment Purchases that likely have surplus value after five years of --- purchase. Excluded from this definition shall be all in-house projects unless the cost of the materials alone exceeds \$5,000.

Capital Improvements Program (CIP). A plan for capital outlay to be incurred each year over a fixed number of years to meet capital needs arising from the government's long-term needs.

Capital Improvements. Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's physical plant; sometimes referred to as infrastructure.

Capital Outlay. Fixed assets which have a value of \$500 or more and have a useful economic lifetime of more than one year; or, assets of any value if the nature of the item is such that it must be controlled for custody purposes as a fixed asset.

Capital Project Fund. Capital project funds are a type of governmental funds used to account for financial resources used for the acquisition or construction of major capital facilities, which are not financed by proprietary (enterprise) funds.

Capital Project. Major construction, acquisition, or renovation activities which add value to a government's physical assets or significantly increase their useful life. Also called capital improvements.

Capitalization. Capitalization of an asset occurs when the cost of the asset meets the "threshold" and the "estimated useful life" set in the organizational guidelines. Under capitalization, the cost of an item is initially recorded as an asset rather than an expense.

Capitalized Interest. Capitalized Interest is a portion of the proceeds of an issue which is set aside to pay interest on the bonds for a specified period of time. Interest is commonly capitalized during the construction period of a revenue-producing project or a project financed with the proceeds of lease revenue bonds whereby the facility securing the lease payments must be available for use and occupancy before lease payments may commence.

Cash Basis. A basis of accounting in which transactions are recognized only when cash is increased or decreased.

Certificate of Deposit (CD). A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs are typically negotiable.

Charges for Services. Those charges levied to individuals or organizations for the use or consumption of services provided by the District.

Collateral. Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Competitive Bidding. The process of obtaining the Bid Most Advantageous to the District for any Purchase conducted through a Formal Bid or Informal Bid.

Consumer Price Index (CPI). A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

Contingency. A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Debt Service. The cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

Debt Service. The sum of principal and interest due on outstanding debt, including any required contributions to a sinking fund for term bonds. Debt Service may be computed on a bond year, fiscal year, or calendar year basis.

Deficit. The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period.

Department. The basic organizational unit of government which is functionally unique in its delivery of services.

Depreciation. Depreciation is the process of allocating the cost of property over a period of time, rather than recognizing the cost as an expense in the year of acquisition. Generally, at the end of an asset's life, the sum of the amounts charged for depreciation in each accounting period (accumulated depreciation) will equal the original cost less salvage value.

Disbursement. The expenditure of moneys from an account.

Discount. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without any additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

District. The Salton Community Services District.

Employee (or Fringe) Benefits. Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included is the government's share of costs for various pensions, medical and life insurance plans, etc.

Encumbrance. The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.

Enterprise Fund. Used to account for District operations that are financed and operated in a manner similar to private business enterprises. The objective of segregating activities of this type is to identify the costs of providing the services, and to finance them through user charges.

Equipment. Non-construction related mechanical vehicles, loaders, or tools used in the course of maintaining district property or administrative activities.

Estimated Useful Life. Estimated useful life means the estimated number of months or years that an asset will be able to be used for the purpose for which it was purchased. In determining useful life, consideration is given to the asset's present condition, use of the asset, construction type, maintenance policy, and how long it is expected to meet service demands.

Expenditure. The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service, or settling a loss.

Expense. Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest, or other charges.

Fiscal Policy. A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs, and capital investment. Fiscal policy provides an agreed upon set of principles for the planning and programming of government budgets and their funding.

Fiscal Year. A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. The Salton Community Services District's fiscal year is July 1 through June 30.

Formal Bid. A written quotation obtained in a sealed envelope or through online bid submittal webpage from a potential Vendor, or through District direct solicitation, public announcement, or published advertisement and opened at a specific day, place, and time. Notice inviting bids for any contract requiring Competitive Bidding shall be published at least one time in a local newspaper of general circulation within the District. It is required to have the bid opened publicly at a specified day, place and time.

Full-time Equivalent Position (FTE). A part-time position converted to the decimal equivalent of a full-time position based on 2080 hours per year. For example, a part-time fiscal clerk working 20 hours per week would be the equivalent to .5 of a full-time position.

Function. A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible (e.g., public safety).

Fund Balance. The term fund balance is used to describe the resources that accumulate in governmental funds excluding long-term assets and liabilities. Fund Balance is similar to net working capital used for proprietary funds.

Fund. A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out a specific purpose or activity.

GAAP. Generally Accepted Accounting Principles. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

General Fund. The general fund is the general operating fund of the District. The general fund is a type of governmental fund used to account for all the general revenue of the District not specifically levied or collected for other District funds and for expenditures related to the rendering of general services by the District. The general fund is the largest operating fund in the District.

Goal. A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

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

Government Finance Officers Association (GFOA). An organization founded in 1906 that represents public finance officials throughout the United States and Canada. The organization's more than 20,000 members are federal, state/provincial, and local finance officials deeply involved in planning, financing, and implementing thousands of governmental operations in each of their jurisdictions. GFOA's mission is to advance excellence in public finance.

Government Securities. An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the

Governmental Accounting Standards Board (GASB) – The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments.

Governmental Fund. Governmental funds have a short- term or current flow of financial resources, measurement focus and basis of accounting and therefore, exclude long-term assets and long-term liabilities. Governmental funds include the general fund, special revenue funds, capital project funds and debt service funds.

Grants. A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantee.

Independent Registered Municipal Advisor (IRMA). A person (who is not a municipal entity or an employee of a municipal entity) that provides advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues; or undertakes a solicitation of a municipal entity or an obligated person.

Indirect Cost. A cost necessary for the functioning of the organization as a whole, but which cannot be directly assigned to one service.

Informal Bid. A written or oral quotation obtained from a potential Vendor, but not required to be opened publicly at a specified day, place, and time.

Infrastructure Assets. Infrastructure assets are long-lived capital assets that normally can be preserved for a significant greater number of years than most capital assets (non-infrastructure assets). Infrastructure assets are normally stationary in nature and are of value only to the government entity. Examples include the [GOVERNMENT NAME drain system].

Infrastructure. The physical assets of a government (e.g., streets, water, sewer, public buildings, and parks).

Intergovernmental Revenue. Funds received from federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

Internal Controls. An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points.

- **Control of Collusion** – Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
- **Separation of transaction authority from accounting and record keeping** – By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.

- **Custodial safekeeping** – Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
- **Avoidance of physical delivery securities** – Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
- **Clear delegation of authority to subordinate staff members** – Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
- **Written confirmation of transactions for investments and wire transfers** – Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
- **Development of a wire transfer agreement with the lead bank and third-party custodian** – The designated official should ensure that an agreement will be entered into and will address the following points. controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Lapsing Appropriation. An appropriation made for a certain period of time, generally for the budget year. At the end of the specified period any unexpected or unencumbered balance lapses or ends, unless otherwise provided by law.

Lease Revenue Bonds. Instead of issuing long-term debt, like general obligation bonds do, to finance improvements on a public facility, the municipality may enter into an arrangement that uses lease revenue bonds. Often a trust, not the municipality, issues bonds and generates revenues to pay the bonds back by leasing the facility to the municipality. The municipality will generally appropriate money during each budget session to meet the lease payment.

Liabilities. The obligations of a pension plan to pay amounts of money, either immediately or in the future, for the pension benefits earned by plan members. Liabilities whose payment is dependent on unpredictable future events (such as the death of a member) are called “contingent liabilities.”

Line of Credit. A commitment usually made by a commercial bank to provide liquidity support for issues of notes, Commercial Paper, or bonds if the issuer is unable to pay Debt Service. The timely payment of Debt Service is not guaranteed, and the agreement between the bank and the issuer of the debt may be terminated in the event of a payment default by the bond issuer, or under other certain specified events. Debt issued with a Line of Credit is assigned the short-term Credit Rating of the Line of Credit provider.

Line-item Budget – A budget prepared along departmental lines that focuses on what is to be bought.

Liquidity. A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

Local Agency Investment Fund (LAIF). Chapter 730, Statutes of 1976 of the State of California, established the Local Agency Investment Fund. This fund enables local governmental agencies to remit money not required for immediate needs to the State General Manager for the purpose of investment. In order to derive the maximum rate of return possible, the State General Manager has elected to invest these monies with State monies as a part of the Pooled Money Investment Account. Each local governmental unit has the exclusive determination of the length of time its money will be on deposit with the State General Manager. At the end of each calendar quarter, all earnings derived from investments are distributed by the State Controller to the participating government agencies in proportion to each agency's respective amounts deposited in the Fund and the length of time such amounts remained therein. Prior to the distribution, the State's costs of administering the program are deducted from the earnings.

Long-term Assets. Long-term assets are assets that will benefit the District for more than one year. Also known as non-current assets, long-term assets can include fixed assets such as the District's property, plant, and equipment, but can also include other assets such as long-term investments.

Long-term Debt – Debt with a maturity of more than one year after the date of issuance.

Long-term Liabilities. Long-term liabilities are financial obligations of a District that are due more than one year in the future.

Lowest. The smallest bid in monetary terms received by the District for the cost of a project subject to Competitive Bidding.

Maintenance and Operations – Expendable materials and operating supplies necessary to conduct departmental operations.

Make Whole Call. A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

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

Market Value or Valuation. The price that would be received to sell an asset or liability in an orderly transaction between market participants at the measurement date (sometimes referred to as fair value).

Market Value. The current price at which a security is trading and could presumably be purchased or sold at that particular point in time.

Net Working Capital. Similar to the term fund balance used for governmental funds, net working capital is used for proprietary funds to describe the resources that accumulate in proprietary funds excluding long-term assets and liabilities.

Non-construction Supplies. Goods used for activities other than construction related projects.

Normal Costs. The cost of pension benefits earned during the current fiscal year by current employees. Normal costs are determined by an actuary as a percentage of the employer's payroll.

Object of Expenditure – An expenditure classification, referring to the lowest and most detailed level of classification, such as electricity, office supplies, asphalt, etc.

Obligations – Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

Offer. An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

Official Statement. A document published by the bond issuer, and often prepared by Disclosure Counsel, which discloses material information on a new bond issue, including the purpose of the issue, source of repayment, bond covenants, as well as financial, economic, demographic, and legal characteristics of the bond issuer. The Official Statement is used by investors to determine Debt Management Policy the credit quality of the bond issue. An Official Statement is deemed preliminary prior to the determination of the interest rates on the bond issue, but is final in all other respects at the time it is circulated in its preliminary form prior to the sale of the bonds.

One-time Expenses. Expense that does not recur and is typically outside the District's normal operation.

One-time Revenues. Revenue that does not recur and is typically outside the District's normal operation.

On-going Expenses. Out-of-pocket organizational and related fees and expenses for maintaining the existence and necessary operation of the District incurred in the ordinary course of business.

Ongoing Revenues. Recurring organizational revenue sources used for maintaining the existence and necessary operation of the District (examples: property and sales taxes).

Operating Expenses – The cost for personnel, materials, and equipment required for a department to function.

Operating Revenue – Funds that the government receives as income to pay for on-going operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

Other Post-Employment Benefits (OPEB). Other post-employment benefits (OPEB), principally involve retiree health care benefits, but also may include life insurance, disability, legal and other services.

Other Post-Employment Benefits (OPEB). Other post-employment employee benefits (OPEB), principally involve retiree health care benefits, but also may include life insurance, disability, legal and other services.

Plans. Drawings or diagrams made to scale showing the structure or arrangement of a construction project, or a method or program showing a level of service or benefit defined within a contract. Plans will become part of the awarded contract. All bidders will be afforded an opportunity to examine the Plans.

Performance Budget – A budget wherein expenditures are based primarily upon measurable performance of activities and work programs.

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

Program – A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible.

Program Budget – A budget that allocates money to the functions or activities of a government rather than to specific items of cost or to specific departments.

Program Performance Budget – A method of budgeting whereby the services provided to the residents are broken down in identifiable service programs or performance units. A unit can be a department, a division, or a workgroup. Each program has an identifiable service or output and objectives to effectively provide the service. The effectiveness and efficiency of providing the service by the program is measured by performance indicators.

Program Revenue (Income). Revenues earned by a program, including fees for services, license and permit fees, and fines.

Purchase. Buying, renting, leasing or otherwise acquiring Supplies or Services for a price.

Proprietary Fund. Proprietary funds are used to account for government activities in which a government entity or unit sells goods or services to a person, business or other government entity/unit. In essence, proprietary funds are used when governments perform non-governmental activities that are more similar to private business activities. There are two basic types of proprietary funds for local governments: enterprise funds and internal service funds. The basis of accounting for proprietary funds is very similar to that used in private sector with some exceptions. For example, instead of retained earnings, the term net assets is used to describe the difference between fund assets and fund liabilities. See also “Net Working Capital.”

Prudent Person Rule. A standard of responsibility which applies to fiduciaries. In California, the rule is stated as “Investments shall be managed with care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes.”

Purpose. A broad statement of the goals, in terms of meeting public service needs, that a department is organized to meet.

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

Reserve. An account used either to set aside budgeted revenues that are not required for expenditure in the current budget year or to earmark revenues for a specific future purpose.

Resolution. A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Resources. Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances.

Responsible Bidder. The Lowest bidder who possesses the trustworthiness, quality, fitness, ability, capacity, and experience to satisfactorily perform a District project subject to Competitive Bidding. When the Lowest bidder is found not to be Responsible, the District must notify the bidder of this finding and the evidence upon which the finding was based, and the District must afford the bidder an opportunity to rebut such adverse evidence at a District Board Meeting, and permit the bidder to present evidence that the bidder is Responsible.

Responsive. A bid received by the District for a project subject to Competitive Bidding that substantially conforms to the bid Specifications and all applicable statutory

requirements. A bidder is not entitled to a hearing on the question of Responsiveness, but is entitled to notice and the right to submit materials to the Board or the District's General Manager before a decision is made.

Revenue Bond. A bond that is backed only by the revenues from a specific enterprise or project, such as a hospital or toll road.

Revenue. Sources of income financing the operations of government.

Reverse Repurchase Agreement. An agreement of one party (for example, a financial institution) to purchase securities at a specified price from a second party (such as a public agency) and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specific date.

RISK. Degree of uncertainty of return on an asset.

SEC Rule 15(c)2-12. A regulation of the SEC which requires Underwriters participating in primary offerings of municipal securities of \$1,000,000 or more (i) to obtain, review, and distribute to investors copies of the issuer's Disclosure documents; (ii) to obtain and review a copy of an Official Statement deemed final by an issuer of the securities, except for the omission of specified information; (iii) to make available upon request, in non-competitively bid offerings, the most recent preliminary Official Statement, if any; (iv) to contract with an issuer of the securities, or its agent, to receive, within specified time periods, sufficient copies of the issuer's final Official Statement, both to comply with this rule, and any rules of the MSRB; and (v) to provide, for a specified period of time, copies of final Official Statements to any potential customer upon request. The rule contains exemptions for Underwriters participating in certain offerings of municipal securities issued in large denominations that are sold to no more than thirty-five (35) sophisticated investors, have short-term maturities, or have short-term tender or put features. SEC Rule 15(c)2-12 also requires that Underwriters participating in a bond offering obtain from the issuer a written Continuing Disclosure Agreement to provide continuing disclosure with respect to those bonds.

Secured Property Tax. A tax levied on both real and personal property according to the property's valuation and the tax rate.

Services. All labor furnished to the District by persons, firms, individuals or corporations not part of or connected with the District.

Service Indicators. Specific quantitative and qualitative measures of work performed as an objective of specific departments or programs.

Short Term. Less than one (1) years' time.

Sole Source Contractor. A contractor or consultant that has been evaluated to provide unique or specialized Services or Supplies that cannot be obtained from other contractors or consultants. Such designation must be approved by the Board.

Source of Revenue. Revenues are classified according to their source or point of origin.

Special Revenue Fund. Special revenue funds are a type of governmental funds used to account for revenues derived from specific sources, which are required by law or administrative regulation to be accounted for in separate funds.

Specifications. Standards, including quality, set by the General Manager, supervisory staff or consultants as a guide and as a measure of that which successful vendors must achieve. Specifications shall be either technical specifications for bids, which shall state formulations as broadly as practicable, yet shall be specific enough to describe the requirements of the District or non-technical specification for bids, which shall state the

quality required in general terms. Specifications will become part of the awarded contract. All bidders will be afforded an opportunity to examine the specifications.

Splitting Purchases. The intentional separation of a District project into smaller portions in order to avoid any of the Purchasing limits established by this policy.

Straight-Line Method. The straight-line method is the simplest and most commonly used for calculating depreciation. It can be used for any depreciable property. Under the straight-line method, the basis of the asset is written off evenly over the useful life of the asset. The same amount of depreciation is taken each year. In general, the amount of annual depreciation is determined by dividing an asset's depreciable cost by its estimated life.

Supplies - All materials and equipment.

Surplus. See definition of "Unassigned Fund Balance" for governmental funds and "Net Working Capital" for proprietary funds.

Swap. Trading one asset for another.

Tax Levy. The resultant product when the tax rate per one hundred dollars is multiplied by the tax base.

Taxes. Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Unencumbered Balance. The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.

Unfunded Actuarial Liability (UAL). The funding shortfall in a pension plan, as determined by the difference between the actuarial value of assets and the actuarial value of liabilities.

syndicates. Liquid capital includes cash and assets easily converted into cash.

User Charges. The payment of a fee for direct receipt of a public service by the party who benefits from the service.

Vendors. Those contractors and seller that provide goods and services to the District.

RESOLUTION No. 2022-10-19-04

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SALTON
COMMUNITY SERVICES DISTRICT REMOVING AUTHORIZED
SIGNATORY FOR PACIFIC PREMIER.**

WHEREAS, the Board of Directors of the Salton Community Services District finds as follows:

WHEREAS, The Salton Community Services District is a community services district organized and operating pursuant to California Government Code Section 61600 et seq.; and

WHEREAS, The District maintains and account or accounts with PACIFIC PREMIER; and

WHEREAS, The Board of Directors wishes to remove authorized signatory to authorize the deposit or withdrawal of funds with PACIFIC PRMIER; and

NOW, THEREFORE, be it resolved, determined, and ordered by the Board of Directors of the Salton Community Services District as follows:

Section 1. The removed signatory for the deposit or withdrawal of funds held with PACIFIC PREMIER shall be as follows:

Jacqueline Gonzalez

Assistant General Manager

PASSED AND ADOPTED by the Board of Directors of the Salton Community Services District, Salton City, California, held on the day of October 19, 2022, by the following vote:

YES

NO

Rogelio Flores, President

Lidia A. Sierra, Vice President

Manuel H. Ramos, Director

Dale Johnson, Director

Michelle Gilmore, Director

Rogelio Flores, President of the Board of Directors

ATTEST:

Sonia Thania Garcia, Acting Secretary of the Board of Directors