

# CALAVERAS COUNTY WATER DISTRICT FINANCE COMMITTEE MEETING

## AGENDA

**Special Committee Meeting**  
**Friday April 28, 2023**  
**1:00 p.m. PDT**

Calaveras County Water District  
120 Toma Court  
San Andreas, California 95249

**NOTE: Director Secada will be attending the meeting virtually from:  
3159 County Rd. 3114, Jacksonville, TX 75766 (3:00 p.m. CDT)**

*Board Chambers are open to the public and the following alternative is available to members of the public who wish to participate in the meeting virtually:*

## Microsoft Teams meeting

**Join on your computer or mobile app**

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[+1 689-206-0281,,965898137#](#) United States, Orlando

Phone Conference ID: 965 898 137#

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at 209-754-3028. Notification in advance of the meeting will enable CCWD to make reasonable arrangements to ensure accessibility to this meeting. Any documents related to agenda items that are made available to the Board before or at the meeting shall be available for review by the public at 120 Toma Court, San Andreas, CA 95249.

## ORDER OF BUSINESS

### CALL TO ORDER / PLEDGE OF ALLEGIANCE

1. **PUBLIC COMMENT:** Comments limited to three minutes per person.
2. **APPROVAL OF MINUTES:** For the meeting of March 21, 2023.
3. **NEW BUSINESS**
  - 3a. Report on the Monthly Financial Reports for March 2023  
(Jeffrey Meyer, Director of Administrative Services)
  - 3b. Report on the FY 2022-23 Third Quarter Investment Activities  
(Jeffrey Meyer, Director of Administrative Services)
  - 3c. Rate Study Presentation  
(Habib Isaac, IB Consulting, Jeffrey Meyer, Director of Administrative Services)

3d. Audit Management Letter - Investment Policy  
(Jeffrey Meyer, Director of Administrative Services)

4. **DIRECTOR OF ADMINISTRATIVE SERVICES COMMENTS**

5. **GENERAL MANAGER COMMENTS**

6. **DIRECTOR COMMENTS**

7. **FUTURE AGENDA ITEMS**

8. **NEXT COMMITTEE MEETING**

9. **ADJOURNMENT**

MINUTES  
FINANCE COMMITTEE MEETING  
March 21, 2023

The following Committee Members were present:

Scott Ratterman	Director
Cindy Secada	Director

Staff Present:

Jeffrey Meyer	Director of Administrative Services
Kelly Richards	Customer Service Supervisor

Public Present: None.

**ORDER OF BUSINESS**

**CALL TO ORDER / PLEDGE OF ALLEGIANCE**

**Meeting called to order at 1:02 p.m., the Pledge of Allegiance was led by Director Secada.**

1. Public Comment: none.
2. Approval of Minutes: For the meetings of February 15, 2023.
3. New Business:
  - 3a. Report on the Monthly Financial Reports for February 2023:  
Mr. Meyer reviewed the monthly financial reports. The reports included the tools of Fund and Account Type lists.
  - 3b. PARS Financial Report June 30, 2022  
Mr. Meyer reviewed the PARS Financial Report for June 30, 2022.
  - 3c. Discussion of Audit Management Letter  
Mr. Meyer stated that the Audit Management Letter will be a standing Finance Committee item until the findings are resolved.
  - 3d. BOLD-CMFA Program  
Mr. Meyer presented an overview of the BOLD-CMFA Program, and the Directors were in support of proceeding with the JPA Agreement necessary to support the BOLD Program.
  - 3e. Reminder Notices and Lock-off  
Ms. Richards presented the Delinquency Process to the Finance Committee. Mr. Meyer discussed some of the required processes that will need to change in order to implement Reminder Notices and/or Lock-offs. The Finance Committee recommended only implementing reminders at this time. This will be brought to the full Board for discussion/action.
  - 3f. Discussion of Rate Study  
Mr. Meyer presented the timeline for the Rate Study. The Finance Plan will be presented to the Finance Committee in the April meeting. The Prop 218 meeting is scheduled for September 13, and the Board will consider the rate study on July 26.
  - 3g. Discussion of Budget  
Mr. Meyer presented a brief overview of the Budget timeline and progress to date. It is expected that the preliminary Budget will be presented at the May Finance Committee Meeting.

MINUTES  
FINANCE COMMITTEE MEETING  
March 21, 2023

4. Director of Administrative Services:

Mr. Meyer had no comments.

5. General Manager Comments:

Mr. Minkler would like to work with each Board member to get in touch with the area community services to expand CCWD relationships in each service area.

6. Director Comments:

Director Ratterman had no comments.

Director Secada had no comments.

7. Future Agenda Items:

- a. Rate Study presentation, when complete.

8. Next Committee Meeting:

Monday April 10, 2023 at 1:00 pm (subject to change)

9. Adjournment:

Meeting adjourned at 2:34 p.m.

Respectfully Submitted,

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Catherine Eastburn, Accountant II

Approved:

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Jeffrey Meyer, Director of Administrative Services

# Agenda Item

DATE: April 28, 2023

TO: Finance Committee

FROM: Jeffrey Meyer, Director of Administrative Services

SUBJECT: Report on the Monthly Financial Reports for March 2023

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## **RECOMMENDED ACTION:**

Receive Report on March 2023 Monthly Financial Reports.

## **SUMMARY:**

The following financial reports are for the month ending March 31, 2023:

Budget Status Report – This is a high-level summary of operating revenues and expenditures with analysis points based on historical trends for the same period of reporting (period being the reporting months to date), budget to actual, and overall District and Departmental status. Also included is a fund balance report and a new report that provides a budget summary of the water fund (Fund 300) and the sewer fund (Fund 500).

Water and Sewer Operating Fund Report – A summary of the revenues and expenditures for the water and wastewater operating funds. Additionally, some expenditures are paid in arrears and this report may not adequately account for all costs incurred during the reporting period.

Capital Improvement Program Expenditure Summary/CIP Loan Report – A status report of Capital Improvement Program water and wastewater projects to date, a report on the status of the water and wastewater CIP loans and the use of their proceeds.

## **FINANCIAL CONSIDERATIONS:**

None

*Attachment: Budget Status Report – March 2023*

*Water and Sewer Operating Fund Report – March 2023*

*Capital Improvement Program Cash Flow/Expenditure Summary – March 2023*

### March 2023 Budget Status Report (Pre-Audit)

The Budget Status Report represents a standard of analysis to identify material issues with the understanding that line-item variances are normal, and the areas of concern are isolated to **Account Types** that are at least 5% over or under the benchmark. These amounts are subject to change pending the District’s annual audit.

The following charts analyze the trends related to this fiscal year’s revenues and operating expenses. The prior two years are presented as the Full fiscal year and the current year is presented as Actuals through the Period month. The comparison of Year-to-Date activity versus budget further identifies if there are any impending issues.

### District Operating Revenues (Water & Sewer Funds)

Period	(All)			Enter Period	9	
Sum of Net	Column Labels			Current OP	Remaining	Benchmark
Row Labels	2021	2022	2023	Budget	Balance	75% Of Budget
W01-Sales & Charges	13,721,935	14,172,302	11,186,382	14,673,474	3,487,092	76.24%
W02-Water/Sewer Fees	68,197	54,599	39,816	30,000	(9,816)	132.72%
W03-Misc. Operating Revenue	344,662	232,887	149,428	172,000	22,572	86.88%
X01-Property Tax/Assmt Rev	3,100,209	3,145,790	1,838,827	3,170,968	1,332,141	57.99%
X02-Grant Revenue	-	54,443		-	-	0.00%
X03-Interest Income	(160,006)	(1,580,903)	5,916	229,000	223,084	2.58%
X05-Power Sales	731,254	710,135	748,732	700,000	(48,732)	106.96%
X06-Other Revenue	1,055,000	1,245,813	449,068	929,740	480,672	48.30%
X30-Transfers In	21,590,488	995,066	3,381,846	6,223,803	2,841,957	54.34%
<b>Grand Total</b>	<b>40,451,740</b>	<b>19,030,131</b>	<b>17,800,015</b>	<b>26,128,985</b>	<b>8,328,970</b>	<b>68.12%</b>

Analysis of District Revenues identifies the following accounts to note:

#### Water/Sewer Fees

Sum of Net	Column Labels			Current OP	Remaining	75%
Row Labels	2021	2022	2023	Budget	Balance	Of Budget
W02-Water/Sewer Fees	68,197	54,599	39,816	30,000	(9,816)	132.72%
44300-Install Water Meter	65,997	50,611	22,707	30,000	7,293	75.69%
48100-Concept Approval Fees	2,200	3,988	17,109	-	(17,109)	0.00%

Developer activity is higher than expected, and activity is strong for the year. Concept approval fees were not budgeted in FY 22-23; thus, these fees skew the percentage of revenue.

#### Miscellaneous Operating Revenue

Sum of Net	Column Labels			Current OP	Remaining	75%
Row Labels	2021	2022	2023	Budget	Balance	Of Budget
W03-Misc. Operating Revenue	344,662	232,887	149,428	172,000	22,572	86.88%
42000-Inspection Fees	11,514	857	627	5,000	4,373	12.54%
44200-Backflow Certification Testing	2,465	1,077	2,872	4,000	1,128	71.80%
44500-Repair Labor/Materials	71,636	48,148	10,267	50,000	39,733	20.53%
44510-Reimbursable Expense	74,307	89,916	74,189	78,000	3,811	95.11%
44900-Other Water/Sewer Charges	(145)	(435)	19	-	(19)	0.00%
48190-Miscellaneous Operating Rev	184,885	86,160	20,741	35,000	14,259	59.26%
54610-Miscellaneous Income		7,164	40,714	-	(40,714)	0.00%

Reimbursable expense and Repair Labor/Materials revenue is dependent on customer and developer activity. While customer activity (Inspection Fees and Repair Labor/Materials) is lower than expected, developer activity (Reimbursable Expense) is higher. Miscellaneous Operating Revenue consists of Bad Debt Collections (\$3,788 to date), vendor refunds and rebates. Miscellaneous Non-Operating Income (54610) consists of a PGE settlement from a prior year and sales of surplus items. Backflow Certification Testing was completed and billed in December 2022.

## Property Tax/Assessment Revenue

Sum of Net Row Labels	Column Labels			Current OP Budget	Remaining Balance	75% Of Budget
	2021	2022	2023			
<b>X01-Property Tax/Assmt Rev</b>	<b>3,100,209</b>	<b>3,145,790</b>	<b>1,838,827</b>	3,170,968	1,332,141	57.99%
52100-Property Taxes	3,068,823	3,116,106	1,824,113	3,170,968	1,346,855	57.53%
53100-HOPTR	31,386	29,684	14,714	-	(14,714)	0.00%

Although Property Tax revenues appear to be below benchmark, the first Property Tax apportionment is in January, with approximately 55% of the yearly revenue, with apportionments in May of approximately 45% and a closing entry in August.

## Interest Income:

Sum of Net Row Labels	Column Labels			Current OP Budget	Remaining Balance	75% Of Budget
	2021	2022	2023			
<b>X03-Interest Income</b>	<b>(160,006)</b>	<b>(1,580,903)</b>	<b>5,916</b>	229,000	223,084	2.58%
51100-Interest Income/CCWD Invest	49,365	(642)	5,916	229,000	223,084	2.58%
51700-Net Mark to Market Value	(209,371)	(1,580,262)		-	-	0.00%

Interest income for LAIF is received quarterly, which skews the monthly percentage reported (except in the quarter LAIF interest is received). Most of the District's interest revenue is being earned in the non-operating funds.

## Power Sales

Sum of Net Row Labels	Column Labels			Current OP Budget	Remaining Balance	75% Of Budget
	2021	2022	2023			
<b>X05-Power Sales</b>	<b>731,254</b>	<b>710,135</b>	<b>748,732</b>	700,000	(48,732)	106.96%
54300-Power Sales-North Fork	601,768	616,543	603,142	620,000	16,858	97.28%
54400-Power Sales-New Hogan	129,486	93,592	145,591	80,000	(65,591)	181.99%

Power sales continue to be strong this year.

## Other Revenue

Sum of Net Row Labels	Column Labels			Current OP Budget	Remaining Balance	75% Of Budget
	2021	2022	2023			
<b>X06-Other Revenue</b>	<b>1,055,000</b>	<b>1,245,813</b>	<b>449,068</b>	929,740	480,672	48.30%
48130-Rental Revenue	75,006	71,825	13,935	83,000	69,065	16.79%
51600-Gain/(Loss) on Sale of Assets	61,848	(97,986)		-	-	0.00%
52420-Standby Fees	131,240	130,805	69,391	131,000	61,609	52.97%
54600-Other Non-Operating Revenue	786,906	1,141,169	365,742	715,740	349,998	51.10%

Other Revenue includes reimbursement for NCPA and MID fees paid by the District at the beginning of the year. Standby fees are received with Property Tax apportionments in January, May, and August.

## Transfers In

Sum of Net Row Labels	Column Labels			Current OP Budget	Remaining Balance	75% Of Budget
	2021	2022	2023			
<b>X30-Transfers In</b>	<b>21,590,488</b>	<b>995,066</b>	<b>3,381,846</b>	6,223,803	2,841,957	54.34%
59100-Transfers In From Funds	21,572,118	977,332	3,381,846	6,223,803	2,841,957	54.34%
59520-Loan Repay-Interfund Interest	18,370	17,733		-	-	0.00%

The majority of Transfers In are associated with debt service payments and are current through the month of March. The remaining transfers are for capital outlay and CIP and occur later in the year.

## Non-Operating Fund Revenue (all funds except Water & Sewer Operating)

Period	9	(All)		
	Benchmark			
Sum of Net	Column Labels			
Row Labels	2021	2022	2023	
<b>W01-Sales &amp; Charges</b>	<b>4,585,401</b>	<b>4,618,838</b>	<b>3,557,964</b>	
41010-Capital R&R-Sewer	1,208,151	1,216,996	947,725	
41010-Capital R&R-Water	3,377,250	3,401,842	2,601,197	
41300-Water Sales Slurry Line			9,042	
<b>W02-Water/Sewer Fees</b>	-			
48100-Concept Approval Fees	-			
<b>W03-Misc. Operating Revenue</b>	<b>8,880</b>	<b>136,500</b>		
44510-Reimbursable Expense	-			
48190-Miscellaneous Operating Rev	8,880			
54610-Miscellaneous Income		136,500		
<b>X01-Property Tax/Assmt Rev</b>	<b>815,836</b>	<b>790,892</b>	<b>432,537</b>	
52100-Property Taxes	547,096	555,147	324,499	
52200-Assessment Revenue	268,740	235,745	108,038	
<b>X02-Grant Revenue</b>	<b>884,429</b>	<b>1,808,702</b>	<b>1,394,619</b>	
54510-Grant Revenue/Federal Agencies	785,904	1,131,178	419,133	
54520-Grant Revenue/State Agencies	98,525	541,024	975,486	
54530-Grant Revenues/Other Agencies		136,500		
<b>X03-Interest Income</b>	<b>196,584</b>	<b>127,377</b>	<b>700,971</b>	
51100-Interest Income/CCWD Invest	144,554	96,229	698,468	
51200-Interest Income/Trusted Funds	5,925	32	2,503	
51500-Interest Income-Loans	46,106	31,115		
<b>X04-Expansion/Assemt Fees</b>	<b>2,340,848</b>	<b>1,144,660</b>	<b>641,434</b>	
52410-Expansion Fees	2,340,848	1,144,660	641,434	
<b>X06-Other Revenue</b>	<b>18,605</b>	<b>19,286</b>		
52210-Assessment Admin.	21,008	-		
52230-Prepaid Assessment Revenue	13,845	19,286		
52270-Redemption Premium Revenue	45	-		
52430-Area of Benefit Reimbursement	(16,294)			
54600-Other Non-Operating Revenue	(0)			
<b>X30-Transfers In</b>	<b>5,572,453</b>	<b>25,681,087</b>	<b>12,180,552</b>	
59100-Transfer In From Funds			12,180,552	
59100-Transfers In From Funds	5,572,453	25,681,087		
<b>Grand Total</b>	<b>14,423,037</b>	<b>34,327,341</b>	<b>18,908,076</b>	

The above table represents all District revenue in the category of non-operating, such as Capital R&R, CIP, and Expansion Funds. These revenues are often restricted to specific purposes. Please note that the historical/prior years are the FULL year, while the current year ACTUALS reflect the beginning of the year through the current fiscal period.

### District Operating Expenses

Overall Expenses at the end of March are below the 75% benchmark. Please note that some accounts will track low at the start of the year as invoices are accrued in the prior year. This report is pre-audit, and the amounts are subject to change.

Period	(All)			Enter Period	9	Benchmark	
Prior Years=Full Year, Current Year = Actual to Date		Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget	
⊕ Y01-Sal/Wage/Benefits	9,320,015	10,140,463	8,088,366	11,914,915	3,826,549	67.88%	
⊕ Y02-Utility Service	1,156,744	1,227,616	1,452,186	1,760,405	308,219	82.49%	
⊕ Y03-Materials/Supplies	1,334,240	1,611,633	1,081,230	1,458,550	377,320	74.13%	
⊕ Y04-Outside Services	861,814	944,745	543,035	1,179,770	636,735	46.03%	
⊕ Y05-Professional Services	617,818	677,921	365,032	735,898	370,866	49.60%	
⊕ Y06-Vehicle/Equipment	523,996	599,246	397,064	385,500	(11,564)	103.00%	
⊕ Y07-Office Expenses	152,581	180,272	147,424	171,526	24,102	85.95%	
⊕ Y08-Travel/Training	39,049	51,843	84,993	94,450	9,457	89.99%	
⊕ Y10-Purchased Water	469,448	477,495	486	-	(486)	0.00%	
⊕ Y11-Retired Employee	249,589	(7,537,854)	550,022	698,700	148,678	78.72%	
⊕ Y12-Bad Debts	61,924	17,585	85,167	37,000	(48,167)	230.18%	
⊕ Y13-Misc Op Expenses	1,503,633	1,602,674	1,179,143	2,040,479	861,336	57.79%	
⊕ Y14-Amort/Depr	4,441,592	4,797,158		-	-	0.00%	
⊕ Y15-Director Costs	113,187	128,092	105,092	181,495	76,403	57.90%	
⊕ Y16-Legal	360,565	277,230	200,414	265,000	64,586	75.63%	
⊕ Z02-Debt Repayment	336,268	370,223	2,979,631	4,140,960	1,161,329	71.96%	
⊕ Z03-Capital Equipment	509,297	658,275	341,971	1,042,738	700,767	32.80%	
⊕ Z04-Misc Non Operating	16,457	16,731	19,466	21,600	2,134	90.12%	
⊕ Z30-Transfers Out	7,208,805	23,699,740		-	-	0.00%	
<b>Grand Total</b>	<b>29,277,019</b>	<b>39,941,088</b>	<b>17,620,722</b>	<b>26,128,986</b>	<b>8,508,264</b>	<b>67.44%</b>	

As of March 2023, the expenses, *in total*, are below the seventy-five percent (75%) benchmark for nine months into the fiscal year.

See each department for detailed explanations.

**DEPARTMENTAL EXPENSE REPORTS**

**Dept 50 – Non-Departmental**

Period	(All)				Enter Period	9	Benchmark
Prior Years=Full Year, Current Year = Actual to Date				Fiscal Year	Current Budget	Remaining Balance	75% Of Budget
Account Type	2021	2022	2023				
Y02-Utility Service	110,600	29,845	25,155	37,600	12,445	66.90%	
Y03-Materials/Supplies	40,708	54,912	32,311	40,500	8,189	79.78%	
Y04-Outside Services	50,379	72,757	58,118	71,200	13,082	81.63%	
Y05-Professional Services	510			-	-	0.00%	
Y11-Retired Employee	249,589	(7,537,854)	550,022	698,700	148,678	78.72%	
Y13-Misc Op Expenses	225,659	280,267	267,525	272,489	4,964	98.18%	
Z02-Debt Repayment	336,268	370,223	2,979,631	4,140,960	1,161,329	71.96%	
Z03-Capital Equipment		0	18,272	-	(18,272)	0.00%	
Z04-Misc Non Operating	12,982	13,353	14,924	14,100	(824)	105.85%	
<b>Grand Total</b>	<b>1,026,694</b>	<b>(6,716,497)</b>	<b>3,945,958</b>	<b>5,275,549</b>	<b>1,329,591</b>	<b>74.80%</b>	

Analysis shows that Non-Departmental (Department 50) expenses are tracking to benchmark. Accounts to note are:

**Outside Services**

Prior Years=Full Year, Current Year = Actual to Date				Fiscal Year	Current Budget	Remaining Balance	75% Of Budget
Account Type	2021	2022	2023				
Y04-Outside Services	50,379	72,757	58,118	71,200	13,082	81.63%	
60400-Outside Services	20,693	28,178	29,615	29,300	(315)	101.08%	
60402-Spraying - Weeds & Insects	2,386	650	588	1,000	412	58.80%	
60410-Service Maintenance Contracts	5,713	4,207	2,448	7,680	5,232	31.87%	
60426-Building Repairs	5,405	1,641	765	5,000	4,235	15.30%	
60430-Claims/Damages	702	14,861	7,287	5,000	(2,287)	145.74%	
60440-Janitorial Services	15,480	23,220	17,415	23,220	5,805	75.00%	

Due to mail issues, the District received and paid several months of document destruction invoices in February, including some from the prior fiscal year. Claims and damages are unchanged from the prior period.

**Miscellaneous Operating Expenses**

Prior Years=Full Year, Current Year = Actual to Date				Fiscal Year	Current Budget	Remaining Balance	75% Of Budget
Account Type	2021	2022	2023				
Y13-Misc Op Expenses	225,659	280,267	267,525	272,489	4,964	98.18%	
61410-Insurance	225,659	280,267	267,525	272,489	4,964	98.18%	

Property and Liability insurance is prepaid for the fiscal year. An ACWA – JPIA increase was issued after the FY 22-23 budget was adopted. This line item is unchanged from the prior month.

**Capital Equipment**

Prior Years=Full Year, Current Year = Actual to Date				Fiscal Year	Current Budget	Remaining Balance	75% Of Budget
Account Type	2021	2022	2023				
Z03-Capital Equipment		0	18,272	-	(18,272)	0.00%	
75200-Equipment Purchased			14,479	-	(14,479)	0.00%	
75300-Materials - Projects		0	3,793	-	(3,793)	0.00%	

The District purchased a copier in FY 22-23, which will generate expenditure savings versus the lease option for years to come. This line item is unchanged from the prior month.

## Miscellaneous Non-Operating Expenses

Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget
<b>Z04-Misc Non Operating</b>	<b>12,982</b>	<b>13,353</b>	<b>14,924</b>	<b>14,100</b>	<b>(824)</b>	<b>105.85%</b>
60715-Late Fees and Other Penalties		17	2,219	-	(2,219)	0.00%
78210-LAFCO Contribution	12,982	13,336	12,706	14,100	1,394	90.11%

The LAFCO contribution is deducted from the District first property tax installment in January. Late Fees are not budgeted. Miscellaneous Non-Operating expenses are unchanged from the prior month.

## Dept. 54 - Utility Services

Period	(All)				Enter Period	9	Benchmark
Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%	
Account Type	2021	2022	2023	Budget	Balance	Of Budget	
<b>Y01-Sal/Wage/Benefits</b>	<b>6,664,944</b>	<b>7,140,378</b>	<b>5,740,401</b>	<b>8,053,466</b>	<b>2,313,065</b>	<b>71.28%</b>	
<b>Y02-Utility Service</b>	<b>1,046,144</b>	<b>1,197,771</b>	<b>1,427,031</b>	<b>1,722,805</b>	<b>295,774</b>	<b>82.83%</b>	
<b>Y03-Materials/Supplies</b>	<b>1,265,379</b>	<b>1,469,952</b>	<b>954,431</b>	<b>1,301,600</b>	<b>347,169</b>	<b>73.33%</b>	
<b>Y04-Outside Services</b>	<b>695,988</b>	<b>684,416</b>	<b>353,488</b>	<b>871,073</b>	<b>517,585</b>	<b>40.58%</b>	
<b>Y05-Professional Services</b>	<b>63,158</b>	<b>6,154</b>	<b>98,028</b>	<b>100,710</b>	<b>2,682</b>	<b>97.34%</b>	
<b>Y06-Vehicle/Equipment</b>	<b>523,996</b>	<b>599,246</b>	<b>397,064</b>	<b>385,500</b>	<b>(11,564)</b>	<b>103.00%</b>	
<b>Y07-Office Expenses</b>	<b>25,681</b>	<b>52,925</b>	<b>22,778</b>	<b>42,600</b>	<b>19,822</b>	<b>53.47%</b>	
<b>Y08-Travel/Training</b>	<b>26,282</b>	<b>27,807</b>	<b>36,407</b>	<b>35,100</b>	<b>(1,307)</b>	<b>103.72%</b>	
<b>Y10-Purchased Water</b>	<b>789</b>	<b>5,837</b>	<b>486</b>	<b>-</b>	<b>(486)</b>	<b>0.00%</b>	
<b>Y13-Misc Op Expenses</b>	<b>218,382</b>	<b>263,067</b>	<b>244,992</b>	<b>260,000</b>	<b>15,008</b>	<b>94.23%</b>	
<b>Z03-Capital Equipment</b>	<b>509,297</b>	<b>658,275</b>	<b>323,699</b>	<b>1,042,738</b>	<b>719,039</b>	<b>31.04%</b>	
<b>Z04-Misc Non Operating</b>	<b>103</b>	<b>1,181</b>	<b>2,469</b>	<b>-</b>	<b>(2,469)</b>	<b>0.00%</b>	
<b>Grand Total</b>	<b>11,040,142</b>	<b>12,107,009</b>	<b>9,601,273</b>	<b>13,815,592</b>	<b>4,214,319</b>	<b>69.50%</b>	

This table shows that overall, the Utilities Department (Department 54) expenses are on target. Accounts to note are:

### Utility Service

Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget
<b>Y02-Utility Service</b>	<b>1,046,144</b>	<b>1,197,771</b>	<b>1,427,031</b>	<b>1,722,805</b>	<b>295,774</b>	<b>82.83%</b>
60210-Power	883,706	1,018,787	1,290,805	1,573,000	282,195	82.06%
60220-Water	4,279	6,485	4,018	4,296	278	93.54%
60230-Sewage	39,282	47,869	32,179	46,734	14,555	68.86%
60240-Telephone Lease Lines	3,044	2,638	(0)	-	0	0.00%
60250-Telephone	90,827	105,078	85,410	83,167	(2,243)	102.70%
60260-Refuse/Disposal	25,006	16,914	14,619	15,608	989	93.66%

District wide, all utility costs have increased. The recent NCPA increases for electricity are the primary drivers, but all utility costs will need to be evaluated during the upcoming budget process.

### Professional Services

Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget
<b>Y05-Professional Services</b>	<b>63,158</b>	<b>6,154</b>	<b>98,028</b>	<b>100,710</b>	<b>2,682</b>	<b>97.34%</b>
60590-Professional Services	63,158	6,154	98,028	100,710	2,682	97.34%

This line item includes a Root Cause Analysis for HAA5 formation that was not included in the FY 22-23 budget.

## Vehicle/Equipment

Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget
<b>Y06-Vehicle/Equipment</b>	<b>523,996</b>	<b>599,246</b>	<b>397,064</b>	385,500	(11,564)	103.00%
60610-Operating Exp Gas and Oil	282,676	372,967	271,504	254,100	(17,404)	106.85%
60620-Repair Exp/Parts and Repairs	136,985	140,186	81,323	95,000	13,677	85.60%
60625-Fuel/Repair - Generators	27,711	27,411	7,940	20,000	12,060	39.70%
60650-Rental Exp Vehides and Equip	28,594	1,142	8,700	6,200	(2,500)	140.33%
60660-Vehicle Lease & Maintenance	11,747	24,730	27,596	10,200	(17,396)	270.55%
60665-Capital Lease Interest	36,282	32,810		-	-	0.00%

The cost of fuel continues to increase. Enterprise lease maintenance costs have also increased as vehicles ordered in FY 21-22 did not arrive until FY 22-23. Additionally, the "outfitting costs" for new vehicles are included in Vehicle Lease and Maintenance. Finance will be monitoring these expenses.

## Travel/Training

Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget
<b>Y08-Travel/Training</b>	<b>26,282</b>	<b>27,807</b>	<b>36,407</b>	35,100	(1,307)	103.72%
60810-Training Conf and Travel	26,282	27,708	36,106	35,000	(1,106)	103.16%
60820-Other Travel Costs		99	300	100	(200)	300.38%

The District has provided safety training, Class A license training and other certification renewal training early in the fiscal year. Finance will be monitoring these expenses.

## Miscellaneous Operating Expenses

Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget
<b>Y13-Misc Op Expenses</b>	<b>218,382</b>	<b>263,067</b>	<b>244,992</b>	260,000	15,008	94.23%
61420-State Water and Sewer Fees	218,382	263,067	244,992	240,000	(4,992)	102.08%

Most of the State water & sewer fees are paid early in the fiscal year. Some of the fees paid have been higher than anticipated, and Finance will be monitoring these expenses.

## Dept 56 – General Management

Period	(All)				Enter Period	9	Benchmark
Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%	
Account Type	2021	2022	2023	Budget	Balance	Of Budget	
<b>Y01-Sal/Wage/Benefits</b>	<b>673,509</b>	<b>709,781</b>	<b>532,100</b>	702,264	170,164	75.77%	
<b>Y03-Materials/Supplies</b>	<b>2,714</b>	<b>6,423</b>	<b>2,618</b>	16,700	14,082	15.68%	
<b>Y04-Outside Services</b>	<b>18,377</b>	<b>20,092</b>	<b>28,934</b>	24,500	(4,434)	118.10%	
<b>Y05-Professional Services</b>	<b>153,357</b>	<b>96,047</b>	<b>58,876</b>	113,800	54,924	51.74%	
<b>Y07-Office Expenses</b>	<b>45,320</b>	<b>46,605</b>	<b>49,102</b>	44,525	(4,577)	110.28%	
<b>Y08-Travel/Training</b>	<b>2,624</b>	<b>9,881</b>	<b>23,136</b>	24,450	1,314	94.63%	
<b>Y11-Retired Employee</b>		<b>(0)</b>		-	-	0.00%	
<b>Y13-Misc Op Expenses</b>	<b>-</b>	<b>14,133</b>	<b>7,809</b>	2,000	(5,809)	390.46%	
<b>Y16-Legal</b>	<b>223,688</b>	<b>129,895</b>	<b>89,683</b>	120,000	30,317	74.74%	
<b>Z04-Misc Non Operating</b>	<b>12</b>			-	-	0.00%	
<b>Grand Total</b>	<b>1,119,601</b>	<b>1,032,856</b>	<b>792,259</b>	1,048,239	255,980	75.58%	

Analysis shows that General Management's (Department 56) overall expenses are slightly above benchmark target of seventy-five percent (75%). Accounts to note are:

## Outside Services

Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
<b>Y04-Outside Services</b>	<b>18,377</b>	<b>20,092</b>	<b>28,934</b>	24,500	(4,434)	118.10%
60400-Outside Services	4			-	-	0.00%
60420-Drug and Alcohol Testing	2,542	2,080	5,104	3,000	(2,104)	170.14%
60429-Recruiting	15,832	18,012	23,830	21,500	(2,330)	110.84%

Recruiting and Drug and Alcohol testing are above budget due to increased hiring needs. Finance will be monitoring these expenses.

## Office Expenses

Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
<b>Y07-Office Expenses</b>	<b>45,320</b>	<b>46,605</b>	<b>49,102</b>	44,525	(4,577)	110.28%
60730-Publications/Subscriptions	666	773	184	150	(34)	122.95%
60732-Memberships and Dues	44,654	45,832	48,917	42,925	(5,992)	113.96%

Most memberships and dues are paid at the beginning of the fiscal year. The cost of these continues to rise, and finance will be monitoring these expenses for budget development. This line item is unchanged from the prior month.

## Travel/Training

Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
<b>Y08-Travel/Training</b>	<b>2,624</b>	<b>9,881</b>	<b>23,136</b>	24,450	1,314	94.63%
60810-Training Conf and Travel	2,624	9,881	23,136	23,700	564	97.62%

Most of the Training, Conference and Travel expenses have been expended for the year.

## Miscellaneous Operating Expenses

Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
<b>Y13-Misc Op Expenses</b>	-	<b>14,133</b>	<b>7,809</b>	2,000	(5,809)	390.46%
61409-Unemployment Claims	-	14,133	7,809	2,000	(5,809)	390.46%

The District does not pay California unemployment; thus, unemployment claims are paid as they are incurred. There were more unemployment claims than expected during FY 22-23. This line item is unchanged from the prior month.

## Dept 57 – Board of Directors

Period	(All)			Enter Period		9
						Benchmark
Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget
<b>Y15-Director Costs</b>	<b>113,187</b>	<b>128,092</b>	<b>105,092</b>	181,495	76,403	57.90%
<b>Grand Total</b>	<b>113,187</b>	<b>128,092</b>	<b>105,092</b>	181,495	76,403	57.90%

Analysis shows that the Board of Director's (Department 57) overall expenses are below benchmark. Travel Costs increased due to two IRS mileage rate increases, one in July, and a second in January, which increases the mileage rate by three cents to \$0.655 cents per mile.

Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget
<b>Y15-Director Costs</b>	<b>113,187</b>	<b>128,092</b>	<b>105,092</b>	181,495	76,403	57.90%
60000-Salaries/Wages	28,080	26,280	22,080	43,200	21,120	51.11%
60100-Benefits	79,725	85,362	65,564	107,545	41,981	60.96%
60102-Medical Reimbursements	1,361	400		2,000	2,000	0.00%
60310-Materials and Supplies	383	207	218	8,750	8,532	2.49%
60810-Training Conf and Travel	1,787	8,565	14,078	17,500	3,422	80.45%
60820-Other Travel Costs	1,852	7,278	3,152	2,500	(652)	126.10%
<b>Grand Total</b>	<b>113,187</b>	<b>128,092</b>	<b>105,092</b>	181,495	76,403	57.90%

## Dept 58 – Engineering

Period	(All)			Enter Period	9	Benchmark
Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget
Y01-Sal/Wage/Benefits	600,300	794,724	569,319	1,327,649	758,330	42.88%
Y03-Materials/Supplies	136	9,333	7,937	16,000	8,063	49.61%
Y04-Outside Services	16,377	18,338	1,196	13,500	12,304	8.86%
Y05-Professional Services	55,288	83,197	1,045	50,000	48,955	2.09%
Y07-Office Expenses	1,799	794	4,750	1,800	(2,950)	263.89%
Y08-Travel/Training	4,805	10,081	16,311	21,600	5,289	75.52%
Z04-Misc Non Operating			(0)	-	0	0.00%
<b>Grand Total</b>	<b>678,705</b>	<b>916,466</b>	<b>600,559</b>	<b>1,430,549</b>	<b>829,990</b>	<b>41.98%</b>

The table above shows that Engineering's (Department 58) overall expenses are well under the target to benchmark. Accounts to note are:

### Office Expenses

Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget
Y07-Office Expenses	1,799	794	4,750	1,800	(2,950)	263.89%
60710-Permits and Licenses	984	543	4,548	-	(4,548)	0.00%
60730-Publications/Subscriptions		-		600	600	0.00%
60732-Memberships and Dues	771	192	202	600	398	33.67%
60760-Recording/Title Reports	45	59		-	-	0.00%

No permits were expected or budgeted in Engineering, however an invoice for permit issued for the Ebbetts Pass Reach 3A project was received and paid in FY 22-23.

## Dept 59 – Administrative Services

Period	(All)			Enter Period	9	Benchmark
Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget
Y01-Sal/Wage/Benefits	1,186,071	1,307,304	1,040,981	1,518,445	477,464	68.56%
Y03-Materials/Supplies	24,996	70,699	78,482	76,650	(1,832)	102.39%
Y04-Outside Services	80,693	149,143	101,299	199,497	98,198	50.78%
Y05-Professional Services	229,867	365,660	127,114	279,080	151,966	45.55%
Y07-Office Expenses	15,775	10,433	7,078	19,395	12,317	36.49%
Y08-Travel/Training	4,238	2,426	6,679	5,800	(879)	115.16%
Y12-Bad Debts	61,924	17,585	85,167	37,000	(48,167)	230.18%
Y13-Misc Op Expenses	153,426	210,544	156,989	111,000	(45,989)	141.43%
Y14-Amort/Depr	4,441,592	4,797,158		-	-	0.00%
Z04-Misc Non Operating	3,360	2,196	2,073	7,500	5,427	27.64%
Z30-Transfers Out	7,208,805	23,699,740		-	-	0.00%
<b>Grand Total</b>	<b>13,410,747</b>	<b>30,632,888</b>	<b>1,605,863</b>	<b>2,254,367</b>	<b>648,504</b>	<b>71.23%</b>

Analysis shows that Administrative Services (Department 59) expenses are on target to benchmark. Accounts to note are:

## Materials and Supplies

Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget
<b>Y03-Materials/Supplies</b>	<b>24,996</b>	<b>70,699</b>	<b>78,482</b>	76,650	(1,832)	102.39%
60310-Materials and Supplies	473	3,612	6,066	4,250	(1,816)	142.74%
60312-Safety Eq Repl consumables			198	-	(198)	0.00%
60314-Uniforms - New			200	-	(200)	0.00%
60353-Computers/peripherals	1,190	17,546	(1)	-	1	0.00%
60390-Admin. Technologies/Comm.	23,333	49,541	72,018	72,400	382	99.47%

60310 – There are some water conservation supplies that were budgeted and ordered in FY 21-22 but were invoiced in FY 22-23. Finance will be monitoring these expenses.

60390 - Most of the computers and peripherals budgeted in FY 22-23 have been ordered and received. These expenditures are expected to be on track for the year.

## Travel/Training

Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget
<b>Y08-Travel/Training</b>	<b>4,238</b>	<b>2,426</b>	<b>6,679</b>	5,800	(879)	115.16%
60810-Training Conf and Travel	4,109	2,180	6,586	5,000	(1,586)	131.72%
60820-Other Travel Costs	129	246	93	800	707	11.60%

Water conservation training and ACWA conference attendance comprise most of the Training, Conference and Travel expenses. Additionally, members of Customer Service and Finance went to the Tyler User Group conference. Finance will be monitoring these expenses.

## Bad Debts

Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget
<b>Y12-Bad Debts</b>	<b>61,924</b>	<b>17,585</b>	<b>85,167</b>	37,000	(48,167)	230.18%
61310-Bad Debt Expense	61,924	17,585	85,167	37,000	(48,167)	230.18%

This year's Bad Debt expenses include accounts from September – December 2021, which were written off and submitted to the outside collection service in October 2022. The remaining accounts for January - November 2022 were written off in November 2022. Customer Service is now processing bad debt accounts in the current month. Finance will be monitoring these expenses. Bad Debt expense is offset by revenue received through March of \$3,788.

## Miscellaneous Operating Expenses

Prior Years=Full Year, Current Year = Actual to Date	Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget
<b>Y13-Misc Op Expenses</b>	<b>153,426</b>	<b>210,544</b>	<b>156,989</b>	111,000	(45,989)	141.43%
61315-Rate Assistance Program	53,626	55,053	35,940	60,000	24,060	59.90%
61455-Water Conservation	2,275	3,063	2,000	4,000	2,000	50.00%
61485-Third Party Payment Processing	97,321	152,428	119,049	47,000	(72,049)	253.30%
61490-Misc Operating Expense	205			-	-	0.00%

In July 2022, the Board passed a resolution that allows the District to pass along Third-Party Payment Processing fees to the customer. The 3.9% convenience fee was implemented as of February 6, and has helped defray the Third-Party Payment Processing fee costs. In March, the net Third-Party Payment processing fees dropped from \$20,470 in February to \$1,750, a District savings of \$18,720.

Dept 60 – Water Resources

Period	(All)				Enter Period	9	Benchmark
Prior Years=Full Year, Current Year = Actual to Date		Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget	
Y01-Sal/Wage/Benefits	195,191	188,276	205,564	313,091	107,527	65.66%	
Y03-Materials/Supplies	306	314	5,451	7,100	1,649	76.77%	
Y05-Professional Services	115,639	126,864	79,969	192,308	112,339	41.58%	
Y07-Office Expenses	64,006	69,515	63,717	63,206	(511)	100.81%	
Y08-Travel/Training	1,100	1,648	2,460	7,500	5,040	32.80%	
Y10-Purchased Water	468,659	471,659		-	-	0.00%	
Y13-Misc Op Expenses	906,166	834,664	501,828	1,394,990	893,162	35.97%	
Y16-Legal	136,876	147,336	110,730	145,000	34,270	76.37%	
<b>Grand Total</b>	<b>1,887,943</b>	<b>1,840,275</b>	<b>969,719</b>	<b>2,123,195</b>	<b>1,153,476</b>	<b>45.67%</b>	

The March analysis shows Water Resources (Department 60) expenses are below the benchmark. Accounts to note are:

Office Expenses

Prior Years=Full Year, Current Year = Actual to Date		Fiscal Year			Current	Remaining	75%
Account Type	2021	2022	2023	Budget	Balance	Of Budget	
Y07-Office Expenses	64,006	69,515	63,717	63,206	(511)	100.81%	
60732-Memberships and Dues	64,006	69,515	63,717	63,206	(511)	100.81%	

UMRWA membership fees and the San Joaquin County Ground Water Sustainability program were paid early in the year. This line item is unchanged from the prior month.

# CCWD - Fund Balance Report

As of March 31, 2023

Account	Description	Unaudited	Transactions	Unaudited	Unrestricted	Restricted	Agency
		6/30/2022	7/1/22-3/31/23	3/31/2023	3/31/2023	3/31/2023	3/31/2023
104-00-13101	Admin Replacement	10,814.42	-	10,814.42	-	10,814.42	-
108-00-13101	Interest Reserve	12,559,073.79	(817,331.80)	11,741,741.99	-	11,741,741.99	-
120-00-13101	CIP - Water	-	-	-	-	-	-
123-00-13101	CIP Loan - Water	19,577,446.88	(481,917.05)	19,095,529.83	-	19,095,529.83	-
125-00-13101	Capital R&R - Water	6,508,751.60	(1,325,053.34)	5,183,698.26	-	5,183,698.26	-
127-00-13101	USDA RD AMI/AMR	(129,318.23)	-	(129,318.23)	-	(129,318.23)	-
130-00-13101	CIP - Sewer	-	-	-	-	-	-
133-00-13101	CIP Loan - Sewer	10,590,566.45	(2,241,928.36)	8,348,638.09	-	8,348,638.09	-
135-00-13101	Capital R&R - Sewer	5,368,566.78	(1,679,309.40)	3,689,257.38	-	3,689,257.38	-
300-00-13101	Water Fund	2,930,864.87	(1,325,493.65)	1,605,371.22	1,605,371.22	-	-
302-00-13101	Slurry Line	-	11,634.37	11,634.37	-	11,634.37	-
304-00-13101	Water Expansion Fund - West Point	652,151.44	3,646.00	655,797.44	-	655,797.44	-
354-00-13101	Water Expansion Fund - Ebbetts Pass	708,684.63	56,635.37	765,320.00	-	765,320.00	-
356-00-13101	Water Expansion Fund - Sheep Ranch	25,444.74	145.96	25,590.70	-	25,590.70	-
364-00-13101	Water Expansion Fund - Jenny Lind	878,775.36	108,219.76	986,995.12	-	986,995.12	-
374-00-13101	Water Expansion Fund - Copper Cove	4,456,840.26	316,095.71	4,772,935.97	-	4,772,935.97	-
394-00-13101	Water Expansion Fund - Wallace	18,206.39	104.45	18,310.84	-	18,310.84	-
500-00-13101	Sewer Fund	(2,771,057.89)	17,544.50	(2,753,513.39)	(2,753,513.39)	-	-
524-00-13101	Sewer Expansion Fund - Forest Meadows	605,502.44	17,339.17	622,841.61	-	622,841.61	-
526-00-13101	Sewer Expansion Fund - Big Trees Village	12,059.08	69.17	12,128.25	-	12,128.25	-
534-00-13101	Sewer Expansion Fund - Vallecito	1,036,921.95	20,658.66	1,057,580.61	-	1,057,580.61	-
536-00-13101	Sewer Expansion Fund - Six Mile Village	26,162.07	150.08	26,312.15	-	26,312.15	-
544-00-13101	Sewer Expansion Fund - Arnold	850,861.15	(31,085.10)	819,776.05	-	819,776.05	-
564-00-13101	Sewer Expansion Fund - La Contenta	450,476.01	17,281.13	467,757.14	-	467,757.14	-
565-00-13101	Sewer Expansion Fund - Southworth	280,176.08	1,607.42	281,783.50	-	281,783.50	-
584-00-13101	Sewer Expansion Fund - Copper Cove	2,378,196.15	240,642.93	2,618,839.08	-	2,618,839.08	-
594-00-13101	Sewer Expansion Fund - Wallace	18,206.39	104.45	18,310.84	-	18,310.84	-
624-00-13101	Sewer Expansion Fund - West Point	760,213.10	4,304.15	764,517.25	-	764,517.25	-
722-00-13101	Assessment District - West Point Acres	15,283.19	87.67	15,370.86	-	-	15,370.86
732-00-13101	Assessment District - Wilseyville	5.33	0.02	5.35	-	-	5.35
752-00-13101	Assessment District - Arnold	75,853.29	(18,034.28)	57,819.01	-	-	57,819.01
812-00-13101	Assessment District - La Contenta (604)	97,281.12	(1,491.01)	95,790.11	-	-	95,790.11
822-00-13101	Assessment District - Lake Tulloch	(46,795.63)	46,795.63	-	-	-	-
832-00-13101	Assessment District - Saddle Creek	99,523.95	1,744.04	101,267.99	-	-	101,267.99
842-00-13101	Assessment District - DaLee/Cassidy	-	(2,026.14)	(2,026.14)	-	-	(2,026.14)
852-00-13101	Assessment District - Fly In Acres	-	(1,592.19)	(1,592.19)	-	-	(1,592.19)
862-00-13101	Assessment District - Wallace	310,642.25	2,049.91	312,692.16	-	312,692.16	-
920-00-13101	Advance Grant Fund	4,515.37	97.03	4,612.40	-	4,612.40	-
	<b>TOTAL</b>	<b>68,360,894.78</b>	<b>(7,058,304.74)</b>	<b>61,302,590.04</b>	<b>(1,148,142.17)</b>	<b>62,184,097.22</b>	<b>266,630,997</b>

**Sewer CIP Loan**

Date of Issuance: June 15, 2022

Area	Project	FY 2022-2023 Budgeted Cash Flow	FY 21-22	Jul/Aug 22	Sep/Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Total	% Complete
CC	CC L/S 6,8 & Force Main Bypass	3,000,000.00	10,160	10,110	963,209	137,107	8,391	9,012	15,439	853,378	-	-	-	2,006,805	67%
CC	CC WW Lift Station 15 & 18 Rehab	2,500,000.00	20,935	56,890	113,603	74,193	11,577	6,022	6,284	35,354	-	-	-	324,858	13%
CC	CC Sec/Tertiary & UV Improvements	1,400,000.00	-	-	-	-	-	-	-	-	-	-	-	-	0%
EP	Arnold Secondary Clarifier	2,200,000.00	372,064	34,634	29,428	20,380	5,540	225	16,302	4,282	-	-	-	482,854	22%
	<b>Total</b>	<b>9,100,000.00</b>	<b>403,159</b>	<b>101,634</b>	<b>1,106,239</b>	<b>231,680</b>	<b>25,507</b>	<b>15,259</b>	<b>38,025</b>	<b>893,014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,814,517</b>	<b>31%</b>

Loan Proceeds    **10,993,725**  
Remaining Balance    **8,179,208**

**Water CIP Loan**

Date of Issuance: June 1, 2022

Area	Project	FY 2022-2023 Budgeted Cash Flow	FY 21-22	Jul/Aug 22	Sep/Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Total	% Complete
CC	Copper Cove Tank B / Clearwell	850,000.00	7,573	19,580	53,714	23,301	-	43,659	33,649	134,412	-	-	-	315,890	37%
CC	Lake Tulloch Submerged Water Line	200,000.00	28,362	-	-	-	-	-	-	-	-	-	-	28,362	14%
CC	CC Tank B Pump Station Renovation	400,000.00	6,783	2,050	1,411	783	392	1,835	2,253	911	-	-	-	16,418	4%
CC	CC Zone B-C Trans Line/Pump Station	400,000.00	-	-	-	-	-	-	-	-	-	-	-	-	0%
JL	Jenny Lind A-B Transmission Line	1,763,890.00	120,755	17,853	121,556	6,341	49,270	59,377	72,813	30,050	-	-	-	478,014	27%
	<b>Total</b>	<b>1,850,000.00</b>	<b>163,472</b>	<b>39,484</b>	<b>176,681</b>	<b>30,425</b>	<b>49,662</b>	<b>104,870</b>	<b>108,715</b>	<b>165,373</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>838,683</b>	<b>45%</b>

Loan Proceeds    **19,740,919**  
Remaining Balance    **18,902,236**

# Agenda Item

DATE: April 28, 2023

TO: Finance Committee

FROM: Jeffrey Meyer, Director of Administrative Services

SUBJECT: Report on the FY 2022-23 Third Quarter Investment Activities (Pre-Audit)

## RECOMMENDED ACTION:

Receive Chandler Asset Management Report on the FY 2022-23 Third Quarter Investment Activity

## SUMMARY:

Stated below are cash and investment balances for December 31, and March 31, along with the change in respective balances:

Asset Description	12/31/2022	3/31/2023	Change
Cash, Umpqua Bank (general account)	\$ 3,092,023	\$ 1,952,716	\$ (1,139,307)
Cash on Hand, Petty Cash & Cash Drawer	600	600	-
Local Agency Investment Fund (LAIF)-District	11,997,106	11,061,892	(935,214)
Local Agency Investment Fund (LAIF)-2022 Loans	-	-	-
Chandler Asset Management-District	20,110,700	20,133,727	23,027
Chandler Asset Management-Water Loan Proceed	19,499,102	19,670,496	171,394
Chandler Asset Management-Sewer Loan Proceed	9,263,862	9,320,943	57,081
Trustee Accounts	97,471	149,948	52,476
Total Cash and Investments	<u>\$ 64,060,864</u>	<u>\$ 62,290,322</u>	<u>\$ (1,770,543)</u>

District Funds	\$ 61,556,438
Advanced Grant Funds	4,602
Trustee Accounts	149,954
Assessment District Funds	<u>579,327</u>
Total Funds	<u>\$ 62,290,322</u>

This report is pre-audit data for the third quarter of FY 2022-23 and covers the months January through March 2023.

Items to note during the quarter are:

- 1) The following is a summary of the larger disbursements during the third quarter:
  - Mozingo Construction for payments towards CIP Projects \$885,182
  - KW Emerson for payments towards CIP Projects, \$788,364
  - Plummerbuilt Inc for payments towards CIP Project (Warehouse) \$447,175
  - Mueller Systems LLC for payments towards CIP Project (AMI) \$231,000
  - Peterson Brustad Inc for payments towards CIP Projects \$227,245
  - Coleman Engineering for payments made towards CIP Projects \$153,115
  - Xylem Water Solutions for payments made towards FM UV Disinfection \$129,209
  - California AquaStore for payments towards CIP Projects \$107,010
- 2) A transfer was made from LAIF to the District for operating and CIP project needs.
- 3) Funds for the quarter are scheduled to be transferred from the Water and Sewer loans at Chandler Asset Management, to the corresponding CIP funds in April 2023. The total amount transferred will be \$428,620 Water and \$971,801 Sewer.

#### **FINANCIAL CONSIDERATIONS:**

Staff continues to monitor cash flow to ensure operational needs are met and excess funds are invested accordingly.



**PORTFOLIO CHARACTERISTICS**

Average Modified Duration	2.40
Average Coupon	1.51%
Average Purchase YTM	1.34%
Average Market YTM	4.23%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.63 yrs
Average Life	2.54 yrs

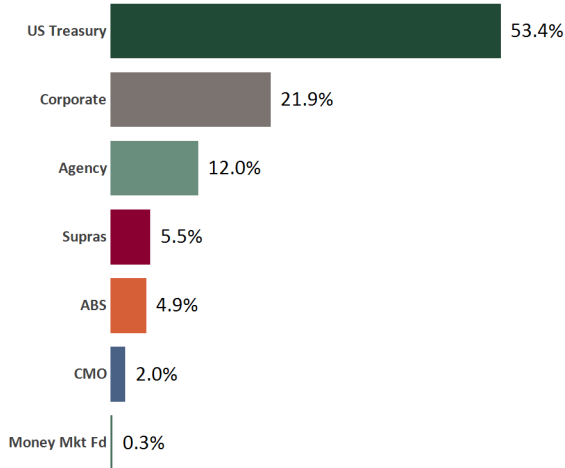
**ACCOUNT SUMMARY**

	Beg. Values as of 2/28/23	End Values as of 3/31/23
Market Value	18,781,694	19,114,708
Accrued Interest	69,274	68,970
<b>Total Market Value</b>	<b>18,850,968</b>	<b>19,183,678</b>
Income Earned	20,337	21,555
Cont/WD		-5
Par	20,126,284	20,157,542
Book Value	20,116,284	20,133,972
Cost Value	20,211,485	20,225,902

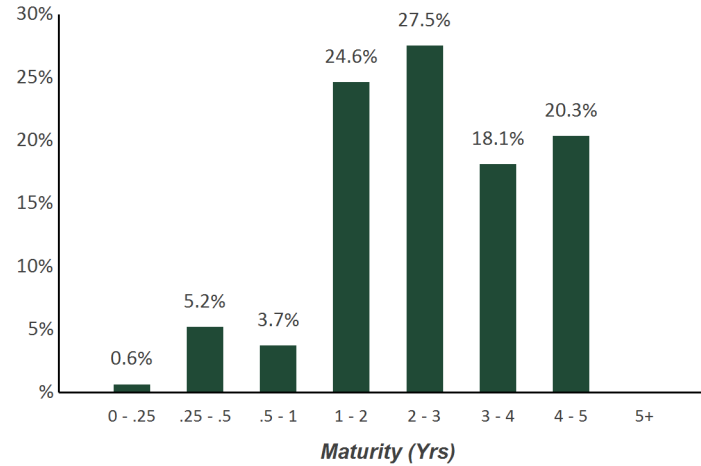
**TOP ISSUERS**

Government of United States	53.4%
Federal National Mortgage Assoc	8.0%
Federal Home Loan Mortgage Corp	3.9%
Inter-American Dev Bank	2.5%
Federal Home Loan Bank	2.2%
Intl Bank Recon and Development	1.9%
Charles Schwab Corp/The	1.4%
Honeywell Corp	1.4%
<b>Total</b>	<b>74.6%</b>

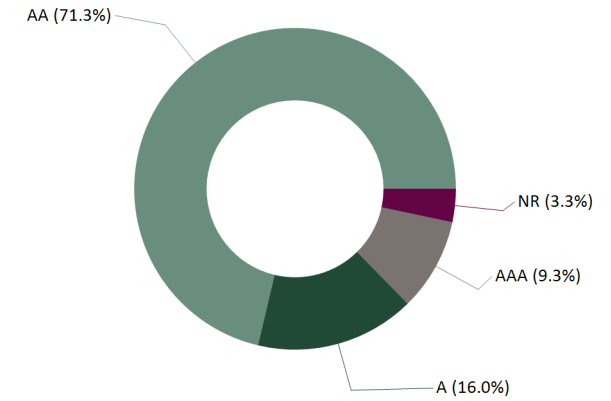
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



**PERFORMANCE REVIEW**

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	2/28/2021
Calaveras County Water District	1.76%	1.64%	1.64%	-0.06%	-1.69%	N/A	N/A	N/A	-1.71%
ICE BofA 1-5 Yr US Treasury & Agency Index	1.98%	1.81%	1.81%	-0.38%	-2.06%	N/A	N/A	N/A	-2.03%

# Reconciliation Summary

As of March 31, 2023



BOOK VALUE RECONCILIATION		
<b>BEGINNING BOOK VALUE</b>		<b>\$20,116,529.10</b>
<b>Acquisition</b>		
+ Security Purchases	\$313,953.91	
+ Money Market Fund Purchases	\$306,326.23	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
<b>Total Acquisitions</b>		<b>\$620,280.14</b>
<b>Dispositions</b>		
- Security Sales	\$0.00	
- Money Market Fund Sales	\$314,353.91	
- MMF Withdrawals	\$5.45	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$250,000.00	
- Principal Paydowns	\$30,953.50	
<b>Total Dispositions</b>		<b>\$595,312.86</b>
<b>Amortization/Accretion</b>		
+/- Net Accretion	(\$3,114.29)	
		(\$3,114.29)
<b>Gain/Loss on Dispositions</b>		
+/- Realized Gain/Loss	(\$4,410.59)	
		(\$4,410.59)
<b>ENDING BOOK VALUE</b>		<b>\$20,133,971.50</b>

CASH TRANSACTION SUMMARY		
<b>BEGINNING BALANCE</b>		<b>\$65,831.60</b>
<b>Acquisition</b>		
Contributions	\$0.00	
Security Sale Proceeds	\$0.00	
Accrued Interest Received	\$0.00	
Interest Received	\$25,249.36	
Dividend Received	\$123.37	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$250,000.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$30,953.50	
<b>Total Acquisitions</b>	<b>\$306,326.23</b>	
<b>Dispositions</b>		
Withdrawals	\$5.45	
Security Purchase	\$313,953.91	
Accrued Interest Paid	\$400.00	
<b>Total Dispositions</b>	<b>\$314,359.36</b>	
<b>ENDING BOOK VALUE</b>		<b>\$57,798.47</b>



**PORTFOLIO CHARACTERISTICS**

Average Modified Duration	0.00
Average Coupon	4.32%
Average Purchase YTM	4.32%
Average Market YTM	4.32%
Average S&P/Moody Rating	AAA/Aaa
Average Final Maturity	0.00 yrs
Average Life	0.00 yrs

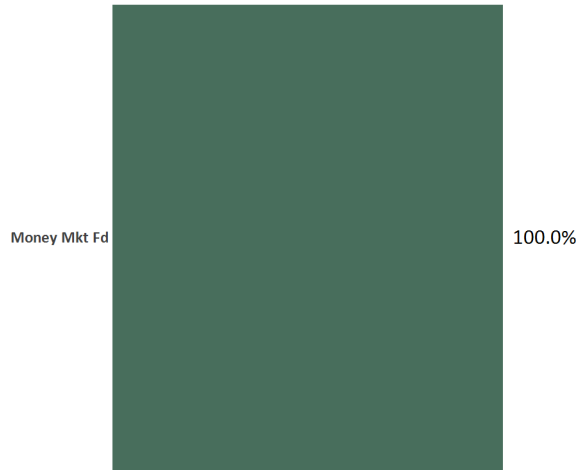
**ACCOUNT SUMMARY**

	Beg. Values as of 2/28/23	End Values as of 3/31/23
Market Value	9,293,455	9,320,943
Accrued Interest	0	0
<b>Total Market Value</b>	<b>9,293,455</b>	<b>9,320,943</b>
Income Earned	29,342	28,758
Cont/WD		-1,270
Par	9,293,455	9,320,943
Book Value	9,293,455	9,320,943
Cost Value	9,293,455	9,320,943

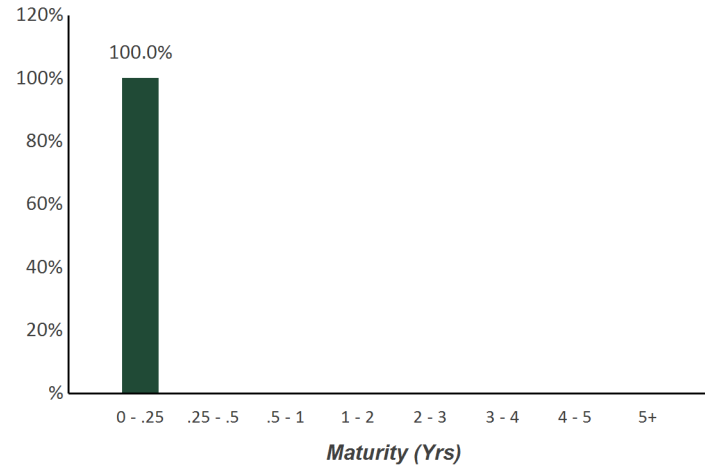
**TOP ISSUERS**

First American Govt Oblig Fund	100.0%
<b>Total</b>	<b>100.0%</b>

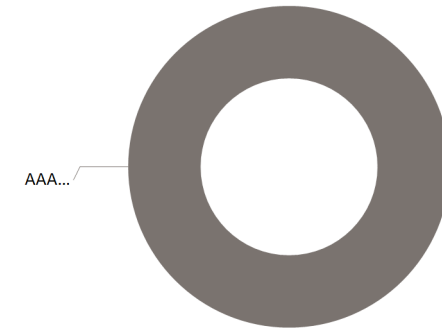
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



# Reconciliation Summary

As of March 31, 2023



BOOK VALUE RECONCILIATION	
<b>BEGINNING BOOK VALUE</b>	<b>\$9,293,455.25</b>
<b>Acquisition</b>	
+ Security Purchases	\$0.00
+ Money Market Fund Purchases	\$28,757.66
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
<b>Total Acquisitions</b>	<b>\$28,757.66</b>
<b>Dispositions</b>	
- Security Sales	\$0.00
- Money Market Fund Sales	\$0.00
- MMF Withdrawals	\$1,269.72
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$0.00
- Calls	\$0.00
- Principal Paydowns	\$0.00
<b>Total Dispositions</b>	<b>\$1,269.72</b>
<b>Amortization/Accretion</b>	
+/- Net Accretion	\$0.00
	\$0.00
<b>Gain/Loss on Dispositions</b>	
+/- Realized Gain/Loss	\$0.00
	\$0.00
<b>ENDING BOOK VALUE</b>	<b>\$9,320,943.19</b>

CASH TRANSACTION SUMMARY	
<b>BEGINNING BALANCE</b>	<b>\$9,293,455.25</b>
<b>Acquisition</b>	
Contributions	\$0.00
Security Sale Proceeds	\$0.00
Accrued Interest Received	\$0.00
Interest Received	\$0.00
Dividend Received	\$28,757.66
Principal on Maturities	\$0.00
Interest on Maturities	\$0.00
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$0.00
<b>Total Acquisitions</b>	<b>\$28,757.66</b>
<b>Dispositions</b>	
Withdrawals	\$1,269.72
Security Purchase	\$0.00
Accrued Interest Paid	\$0.00
<b>Total Dispositions</b>	<b>\$1,269.72</b>
<b>ENDING BOOK VALUE</b>	<b>\$9,320,943.19</b>



**PORTFOLIO CHARACTERISTICS**

Average Modified Duration	0.00
Average Coupon	4.32%
Average Purchase YTM	4.32%
Average Market YTM	4.32%
Average S&P/Moody Rating	AAA/Aaa
Average Final Maturity	0.00 yrs
Average Life	0.00 yrs

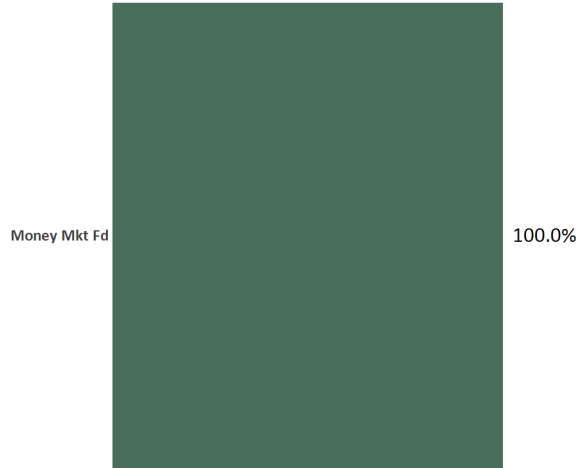
**ACCOUNT SUMMARY**

	Beg. Values as of 2/28/23	End Values as of 3/31/23
Market Value	19,612,487	19,670,496
Accrued Interest	0	0
<b>Total Market Value</b>	<b>19,612,487</b>	<b>19,670,496</b>
Income Earned	61,921	60,688
Cont/WD		-2,680
Par	19,612,487	19,670,496
Book Value	19,612,487	19,670,496
Cost Value	19,612,487	19,670,496

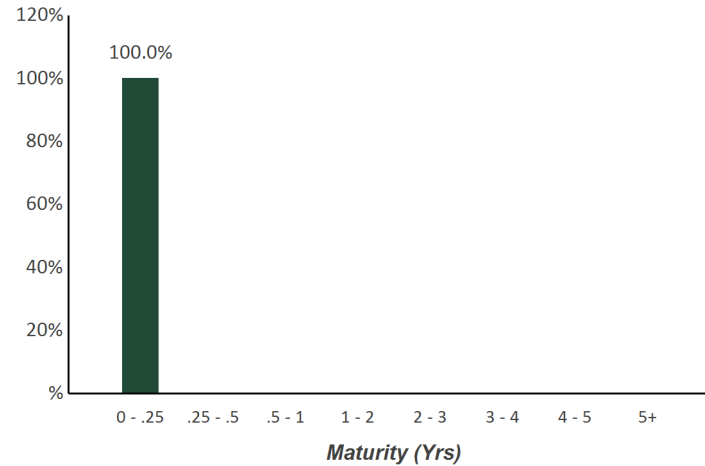
**TOP ISSUERS**

First American Govt Oblig Fund	100.0%
<b>Total</b>	<b>100.0%</b>

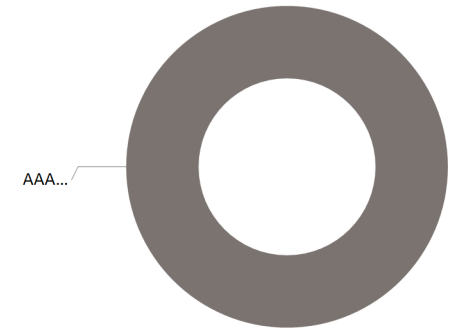
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



# Reconciliation Summary

As of March 31, 2023



BOOK VALUE RECONCILIATION	
<b>BEGINNING BOOK VALUE</b>	<b>\$19,612,487.14</b>
<b>Acquisition</b>	
+ Security Purchases	\$0.00
+ Money Market Fund Purchases	\$60,688.44
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
<b>Total Acquisitions</b>	<b>\$60,688.44</b>
<b>Dispositions</b>	
- Security Sales	\$0.00
- Money Market Fund Sales	\$0.00
- MMF Withdrawals	\$2,679.54
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$0.00
- Calls	\$0.00
- Principal Paydowns	\$0.00
<b>Total Dispositions</b>	<b>\$2,679.54</b>
<b>Amortization/Accretion</b>	
+/- Net Accretion	\$0.00
	\$0.00
<b>Gain/Loss on Dispositions</b>	
+/- Realized Gain/Loss	\$0.00
	\$0.00
<b>ENDING BOOK VALUE</b>	<b>\$19,670,496.04</b>

CASH TRANSACTION SUMMARY	
<b>BEGINNING BALANCE</b>	<b>\$19,612,487.14</b>
<b>Acquisition</b>	
Contributions	\$0.00
Security Sale Proceeds	\$0.00
Accrued Interest Received	\$0.00
Interest Received	\$0.00
Dividend Received	\$60,688.44
Principal on Maturities	\$0.00
Interest on Maturities	\$0.00
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$0.00
<b>Total Acquisitions</b>	<b>\$60,688.44</b>
<b>Dispositions</b>	
Withdrawals	\$2,679.54
Security Purchase	\$0.00
Accrued Interest Paid	\$0.00
<b>Total Dispositions</b>	<b>\$2,679.54</b>
<b>ENDING BOOK VALUE</b>	<b>\$19,670,496.04</b>

# Agenda Item

DATE: April 28, 2023

TO: Finance Committee

FROM: Jeffrey Meyer, Director of Administrative Services

SUBJECT: Discussion/Directions Regarding the Cost of Service and Financial Analysis Study

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## **RECOMMENDED ACTION:**

Discussion/Directions Regarding the Cost of Service and Financial Analysis Study

## **SUMMARY:**

The District's current water and wastewater five-year rate plan was adopted on May 23, 2018, and runs through July 15, 2023. Under the guidelines of Proposition 218, the District's rate plan must be reviewed at a minimum every five years to determine the adequacy of the existing rates to support the District's operating and capital programs. The District has engaged the services of IB Consulting, Inc. to perform a Cost of Service and Financial Analysis Study for the water and wastewater utilities.

Habib Isaac of IB Consulting will review the objectives of a cost of service and financial analysis study, and the impact recent court cases have had on rate designs. Mr. Isaac will also present the preliminary financial analysis models for water and wastewater and request comments and direction from the Finance Committee prior to presenting the financial analysis models to the Board on May 3, 2023.

## **FINANCIAL CONSIDERATIONS:**

None

# Agenda Item

DATE: April 28, 2023  
TO: Finance Committee  
FROM: Jeffrey Meyer, Director of Administrative Services  
SUBJECT: Discussion/Direction regarding District's Financial Management Policy – No. 5.01, Investment Policy

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## **RECOMMENDED ACTION:**

Discussion/Direction regarding the District's Financial Management Policy No. 5.01, Investment Policy.

## **SUMMARY:**

Section 5.01.20 of *The Investment Policy Guidelines of the Calaveras County Water District* states:

“The Investment Policy Guidelines of the Calaveras County Water District shall be adopted by resolution of the District's legislative authority. The policy shall be reviewed at the beginning of each fiscal year by the Board of Directors and any modifications made thereto must be approved by the Board of Directors.”

The policy was last revised by the Board in FY 2019-20 (June 24, 2020) however it was not reviewed in FY 2021-22. This omission was noted in the FY 2021-22 Audit and Management Letter, which recommended the “District perform an annual review of the investment policy in-order to adhere to the District's Financial Management Policy.”

Staff engaged Chandler Asset Management to review the current policy and make recommendations. Attached is a redline version of the current policy that includes Chandler's proposed changes. Staff will review the proposed changes and request comments and direction from the Finance Committee prior to presenting any proposed policy changes at a future Finance Committee meeting.

## **FINANCIAL CONSIDERATIONS:**

None at this time.

*Attachments: Underline/Strikeout of amendments to District Financial Management Policy No. 5.01 – Financial Investment Policy*

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

## Calaveras County Water District

### 5.01.01 Policy Statement

This policy is intended to provide guidelines for the prudent investment of the Calaveras County Water District's (District) funds and outline the policies for maximizing the efficiency of the District's cash management system. The ultimate goal is to enhance the economic status of the District consistent with the prudent protection of the District's investments. This investment Policy has been prepared in conformance with all pertinent existing laws of the State of California including California Government Code Sections 53600, *et seq.*

### 5.01.02 Scope

It is intended that this policy cover all funds and investment activities of the District. These funds are defined and detailed in the District's Annual Financial Statements and include any new funds created unless specifically excluded by District management and the Board of Directors. The management of Calaveras County Water District's bond issued proceeds is not included in this policy because they have unique investment objectives, time horizons, and legal requirements. Incorporated herein are **Appendices A and B**, "Description of Authorized Investments and Restrictions," and "Glossary of Cash Management Terms," respectively.

### 5.01.03 Prudent Investor Standard

The District operates its investment portfolio under the Prudent Investor Standard (California Government Code Section 53600.3) which states, "...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

[Authorized persons responsible for managing District funds acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided that authorized persons acted in good faith. Deviations from expectations of a security's credit or market risk should be reported to the governing body in a timely fashion and appropriate action should be taken to control adverse developments.](#)

### 5.01.04 Investment Objectives

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

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Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing the District's funds, the primary objective is to safeguard the principal of the funds. The secondary objective is to meet the liquidity needs of the District. The third objective is to achieve a maximum return on invested funds. It is the policy of the District to invest public funds in a manner to obtain the highest return obtainable with the maximum security while meeting the daily cash flow demands of the District as long as investments meet the criteria established by this policy for safety and liquidity and conform to all laws governing the investment of District funds.

#### **5.01.04.1 Safety of Principal**

Safety of principal is the foremost objective of the District. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the Agency will diversify its investments by investing funds among a variety of securities with independent returns.

#### **5.01.04.2 Liquidity**

Availability of sufficient cash to pay for current expenditures shall be maintained. An adequate percentage of the portfolio shall be maintained in liquid short-term securities, which can be converted to cash as necessary to meet disbursement requirements. Since cash requirements cannot always be anticipated, sufficient investments in securities with active secondary or resale markets shall be utilized. These securities will have a low sensitivity to market risk. The Local Agency Investment Fund (LAIF) and short-term money market securities shall also be used as liquid investments. The cash management system of the District shall be designed to accurately monitor and forecast expenditures and revenues to insure the investment of monies to the fullest extent possible.

#### **5.01.04.3 Rates of Return**

Return on investments shall be considered only after the basic requirements of safety and liquidity have been met. The investment portfolio shall be designed to attain a market average rate of return throughout economic cycles, taking into account the District's risk constraints, the composition and cash flow characteristics of the portfolio, and applicable laws.

#### **5.01.05 Delegation of Authority**

The Board of Directors hereby delegates management authority and responsibility for implementing the investment policy to the General Manager or designee, who shall establish written procedures for the operation of the investment program consistent with this investment policy and the requirements of applicable laws. Such procedures shall include explicit delegation (by the Board of Directors) of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Board of Directors. The General Manager or designee shall be responsible for all transactions undertaken by the District's staff, and shall establish a system of controls to regulate the activities of internal staff and any external investment advisors.

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

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Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

The District may engage the services of one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of the District's investment portfolio in a manner consistent with the District's objectives. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with this investment policy.

All participants in the investment process shall act, as custodians of the public trust and all investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. All investment related activity shall be done in conformance with this policy and all applicable State and Federal laws and regulations.

#### **5.01.06 Ethics and Conflicts of Interest**

All participants in the investment process shall act as custodians of the public trust. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officers shall disclose any financial interest in financial institutions that conduct business with the District, and they shall further disclose any personal financial/investment positions that could be related to the performance of the District's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the District, particularly with regard to the timing of purchases and sales, and shall avoid transactions that might impair public confidence.

#### **5.01.07 Authorized Financial Dealers and Institutions**

The General Manager or designee shall establish and maintain a list of the financial institutions and broker/dealers authorized to provide investment and depository services to the District, shall perform an annual review of the financial condition and registrations of the qualified institutions, and require annual audited financial statements to be on file for each approved institution. The District shall send annually, or as updated, a copy of its current Investment Policy to all financial institutions and broker/dealers approved to do business with the District. Receipt of the Investment Policy including confirmation that it has been received and reviewed by the person(s) handling the District's account, shall be acknowledged in writing within thirty (30) days.

~~Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.~~

##### **5.01.07.1 Depositories**

In selecting depositories, the creditworthiness of institutions shall be considered and the General Manager or designee shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history. Qualifications and minimum requirements for depositories shall be established by the General Manager or designee, approved by the Board of Directors and provided to any

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

institution seeking to conduct business with the District. Banks and Savings and Loan Associations seeking to establish eligibility as a depository for the District's Collateralized Certificate of Deposits shall submit annually an audited financial statement, which shall be reviewed by the General Manager or designee for compliance with the District's financial criteria.

Any institution meeting the District's required criteria will be eligible for placement of public deposits by the District, subject to approval by the General Manager or designee. As deemed necessary by the General Manager or designee, reviews of unaudited quarterly financial data for institutions on the District's approved list shall be made. Any institution falling below the District's established minimum criteria shall be removed from the approved list, no new deposits may be placed with that institution and all funds remaining shall be withdrawn as the deposits mature.

#### **5.01.07.2 Brokers and Dealers**

All brokers and dealers that desire to become qualified bidders for investment transactions with the District must respond to a "Broker Dealer Questionnaire" and submit related documents relative to eligibility. This includes a current audited financial statement, proof of state registration, proof of NASD registration and a certification they have received and reviewed the District's Investment Policy and agree to comply with the provisions outlined in the Investment Policy. The General Manager or designee may establish any additional criteria deemed appropriate to evaluate and approve any financial services provider. The selection process for broker dealers shall be open to both "primary dealers" and "secondary/regional dealers" that qualify under Securities and Exchange Commission Rule 15c3-1 (Uniform Net Capital Rule). The provider must be experienced in institutional trading practices and be familiar with the California Government Code as it relates to investments by a public entity.

If the District employs the services of a professional investment advisor, selection of broker/dealers will be at the sole discretion of the advisor, and the advisor shall make their list of selected broker/dealers available to the District on demand.

#### **5.01.08 Authorized and Suitable Investments**

The District is provided a broad spectrum of eligible investments under California Government Code Sections 53600 et al. Authorized investments are described in detail in Appendix A.

#### **5.01.09 Competitive Bidding**

Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

#### **5.01.10 Master Repurchase Agreement**

**Commented [KH1]:** Portions of this repeat throughout the document in both the collateralization section as well as in the description of repurchase agreements in the approved investments section

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

~~The District may invest (Government Code Section 53601 (j)) in overnight and term repurchase agreements with Primary Dealers of the Federal Reserve Bank of New York rated "A" or better by Moody's Investors Service or Standard & Poor's Corporation with which the District has entered into a Master Repurchase Agreement. This agreement will be modeled after the Public Securities Associations Master Repurchase Agreement.~~

~~All collateral used to secure this type of transaction is to be delivered to a third party prior to release of funds. The third party shall have an account in the name of the Calaveras County Water District. The market value of securities used as collateral for repurchase agreements shall be monitored on a daily basis and shall not be permitted to fall below a minimum of 102 percent of the value of the repurchase agreement. Collateral shall not have maturities in excess of five (5) years. The right of substitution shall be granted, provided that permissible collateral is maintained.~~

~~In order to conform with the provisions of the Federal Bankruptcy Code that provides for the liquidation of securities held as collateral for repurchase agreements, the only securities deemed acceptable as collateral shall be securities that are direct obligations of and guaranteed by the U.S. Government, U.S. Government Agencies or Government Sponsored Enterprises securities as permitted under this policy. The District will maintain a first perfected security interest in the securities subject to the repurchase agreement and shall have a contractual right to the liquidation of purchased securities upon the bankruptcy, insolvency or other default of the counter party.~~

### **5.01.11 Investment Pools**

An investigation of any investment pool or money market mutual fund is required prior to investing and is to be performed on an ongoing basis. The investigation shall, at a minimum, obtain the following information:

- A description of interest calculations and how it is distributed, and how gains and losses are distributed.
- A description of how securities are safeguarded (including the settlement process) and how often the securities are "marked to market" and how often an audit is conducted.
- A description of who may invest in the program, how often, what size deposits and withdrawals are permitted.
- A schedule for receiving statements and portfolio listings.
- Does the pool/fund maintain a reserve or retain earnings or is all income after expenses distributed to participants?
- A fee schedule, which also discloses when and how fees are assessed.
- Determining if the pool or fund is eligible for bond proceeds and/or will it accept such proceeds.

The purpose of this investigation is to determine the suitability of a pool or fund in relation to the District's investment policy and evaluate the risk of placing funds with that pool or fund.

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

## **5.01.12 Collateralization**

### **5.01.12.1 Certificates of Deposit (CDs)**

The District shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

### **5.01.12.2 Collateralization of Bank Deposits**

This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. The District shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

### **5.01.12.3 Repurchase Agreements**

The District requires that Repurchase Agreements be collateralized only by securities authorized in accordance with California Government Code:

- The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
- The District shall receive monthly statements of collateral.

Uninsured Time Deposits with banks and savings and loans shall be collateralized and monitored in the manner prescribed by state law for depositories accepting investment funds from public governmental entities.

Repurchase Agreements shall be collateralized in accordance with terms specified in the Master Repurchase Agreement. The valuation of collateral securing a Repurchase Agreement shall be verified and monitored on a daily basis to ensure a minimum of 102% of the value of the transaction being held by the District's depository agent. All collateral used to secure this type of transaction is to be delivered to a third party prior to release of funds. The third party shall have an account in the name of the Calaveras County Water District.

## **5.01.13 Safekeeping and Custody**

All securities owned by the District shall be held in safekeeping by a third-party bank trust department acting as agent for the District under the terms of a custody agreement executed by the

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

bank and the District. **All securities shall be received and delivered using standard delivery versus payment (DVP) procedures.** The third-party bank trustee agreement must comply with Section 53608 of the California Government Code. No outside broker/dealer or advisor may have access to District funds; accounts or investments and any transfer of funds must be approved by the General Manager or designee or his/her designee.

[The only exceptions to the foregoing shall be depository accounts and securities purchases made with: \(i\) local government investment pools; \(ii\) time certificates of deposit, and, \(iii\) money market mutual funds, since these securities are not deliverable.](#)

## **5.01.14 Diversification and Risk**

### **5.01.14.01 Mitigating Credit Risk in the Portfolio**

Credit risk is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. The Agency will mitigate credit risk by adopting the following strategies:

- The diversification requirements included in Appendix A of this policy are designed to mitigate credit risk in the portfolio.
- No more than 5% of the total portfolio may be deposited with or invested in securities issued by any single issuer unless otherwise specified in this policy.
- The District may elect to sell a security prior to its maturity and record a capital gain or loss in order to manage the quality, liquidity or yield of the portfolio in response to market conditions or District's risk preferences.
- If securities owned by the District are downgraded to a level below the quality required by this investment policy, it will be the District's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.
  - If a security is downgraded, the General Manager or designee will use discretion in determining whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors.
  - If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Board of Directors.

### **5.01.14.01 Mitigating Market Risk in the Portfolio**

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The District recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The District will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

term investments only with funds that are not needed for current cash flow purposes.

The District further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The District, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

- The District will maintain a minimum of six months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements.
- The maximum stated final maturity of individual securities in the portfolio will be five (5) years, except as otherwise stated in this policy.
- If the District utilizes a strategy that targets a duration target, the duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the District based on the District's investment objectives, constraints and risk tolerances.

#### **5.01.15 Maximum Maturities**

Every effort will be made to match investment maturities to cash flow needs. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. Unless matched to a specific requirement and approved by the Board of Directors, no investment may be made with maturity greater than five (5) years.

#### **5.01.16 Internal Control and Review**

This Investment Policy shall be reviewed periodically by the General Manager or designee as necessary and any recommended revisions shall be submitted as needed to the Board of Directors in order to insure consistency and its relevance to current law, and financial and economic trends. The General Manager or designee shall also submit this Investment Policy to the Board of Directors for its review during the first quarter of each fiscal year.

In conjunction with the annual financial statement audit, the external auditors shall review the investments and general activities associated with the investment program to evaluate compliance with this Investment Policy.

#### **5.01.17 Performance Evaluation**

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the District's risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The General Manager or designee shall monitor and evaluate the portfolio's performance relative to the chosen market benchmark(s), which will be included in the Treasurer's quarterly report. The General Manager or designee shall select an appropriate, readily available index to use as a

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

market benchmark.

### **5.01.18 Reporting**

The General Manager or designee will produce a monthly transaction report that will be submitted to the Board of Directors. Additionally, the General manager or designee may produce a quarterly investment report (Treasurer's Report) that may be submitted to the Board of Directors. The report, generally submitted within 30 days of the end of each calendar quarter (unless a more frequent reporting period is chosen), shall include information about the investment of all funds in the custody of the District. This report shall also include all items listed in Section 53646(b) of the Government Code.

These reports will also include the following information about the investments of all funds:

#### **5.01.18.1 Investment Report**

- A. List of individual investments by type and issuer held at the end of reporting period.
- B. Dollar weighted yield to maturity of the District's investments.
- C. Maturity schedule by type, of each of the District's investments.
- D. Statement of compliance of the portfolio to the District's adopted Investment Policy or manner in which the portfolio is not in compliance.
- E. Quarterly statement denoting the ability to meet the District's scheduled expenditure requirements for the next three months.
- F. Market value, book value and par value of all investments.
- G. Rates of interest on investments and accrued interest earned on the portfolio.
- H. Transactions for the period

### **5.01.19 Investment Policy Adoption**

The Investment Policy Guidelines of the Calaveras County Water District shall be adopted by resolution of the Districts' legislative authority. The policy shall be reviewed during the first quarter of each fiscal year by the Board of Directors and any modifications made thereto must be approved by the Board of Directors.

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

## **Appendix - A**

### **Description of Authorized Investments and Restrictions**

The District's investments are governed by California Government Code, Sections 53600 et seq. Within the investments permitted by the Code, the District seeks to further restrict eligible investments to the guidelines listed in this appendix. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the time the security is purchased.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity, and shall be exempt from the current policy. At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

#### **5.01.19.01 -Local Agency Investment Fund (LAIF)**

The Local Agency Investment Fund (LAIF) is a special fund in the California State Treasury created and governed pursuant to [California Government Code, Sections 16429.1 et seq.](#) This law permits the District, with the consent of the Board of Directors, to remit money not required for the District's immediate need to the State Treasurer for deposit in this special fund for the purpose of investment. Principal may be withdrawn on one days' notice. The fees charged by LAIF as well as investment limits are limited by Statute. (~~Legal Authority - Government Code Section 16429.1~~)

#### **5.01.19.02 U.S. Treasuries**

U.S. Treasury securities and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There is no percentage limitation on the funds that can be invested in this category; however, a five- ~~(5)~~ year maturity limitation is applicable.

#### **5.01.19.03 -Federal Agencies and Government-Sponsored Enterprises**

~~Federal~~ ~~FEDERAL~~ Agencies ~~GENCIES~~ or United States Government-Sponsored Enterprise (GSE) obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. (~~Legal Authority - Government code Sections 53601 (f)~~). There is no percentage limitation on the funds that can be invested in this category; however, a five ~~(5)~~-year maturity limitation is applicable. Moreover, no more than ~~2530~~% of the portfolio may be invested in any single Agency/GSE issuer, and agency callable securities are limited to 20% of the District's portfolio.

#### **5.01.19.04 Municipal Securities: Registered State Warrants or Treasury Notes or Bonds of the State of California**

These include bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, District, or authority of the

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

state. ~~(Legal Authority—Government Code Sections 53601 (e))~~. These investments are permitted, provided that:

- The securities are rated in a rating category of “A” or its equivalent or better by at least one nationally recognized statistical rating organization (“NRSRO”).
- No more than 30% of the portfolio may be in Municipal Securities.
- The maximum maturity does not exceed five (5) years.
- No more than 5% of the portfolio may be invested in any single issuer.

**5.01.19.05 Municipal Securities: Registered treasury notes or bonds of any of the other 49 United States in addition to California.**

This includes bonds payable solely out of the revenues from revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California—~~(GCS 53601 (d))~~. These investments are permitted, provided that:

- The securities are rated in a rating category of “A” or its equivalent or better by at least one ~~nationally recognized statistical rating organization (“NRSRO”)~~.
- No more than 30% of the portfolio may be in Municipal Securities.
- ~~No more than 5% of the portfolio may be invested in any single issuer.~~
- ~~The maximum maturity does not exceed five (5) years.~~

**5.01.19.06 Municipal Securities: Bonds, Notes, Warrants, or Other Evidences of Indebtedness of Any Local District within the State of California**

These include bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by a California local District, or by a department, board, District or authority of such a local District. ~~(Legal—Government Code Sections 53601 (e))~~. These investments are permitted, provided that:

- The securities are rated in a rating category of “A” or its equivalent or better by at least one ~~nationally recognized statistical rating organization (“NRSRO”)~~.
- No more than 30% of the portfolio may be in Municipal Securities.
- ~~No more than 5% of the portfolio may be invested in any single issuer.~~
- ~~The maximum maturity does not exceed five (5) years.~~

**5.01.19.07 Bankers Acceptance**

The District may invest in Bankers Acceptances limited to banks which have short-term debt obligations rated “A-1” or its equivalent or better by at least one NRSRO; or long-term debt obligations which are rated in a rating category of “A” or its equivalent or better by at least one NRSRO. The maximum investment maturity will be restricted to 180 days ~~as per Government Code Section 53601(f)~~. Maximum portfolio exposure will be limited to 40% ~~percent (Legal Authority—Government Code Sections 53601 (g))~~. No more than 5% of the portfolio may be invested in any single issuer.

**5.01.19.08 Commercial Paper**

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

Prime Commercial Paper with a maturity not exceeding 270 days from the date of purchase, ~~with the highest ranking or of the highest letter and numerical rating as provided for by the nationally recognized statistical rating organization (an NRSRO).~~ The entity that issues the commercial paper shall meet all of the following conditions in either A or B:

- A. The entity shall (1) be organized and operating in the United States as a general corporation ~~and (2) have total assets in excess of five hundred million dollars (\$500,000,000), (2) the securities are rated "A-1" or its equivalent or better by at least one NRSRO,~~ and (3) have debt other than commercial paper, if any, ~~that is rated "A" or its equivalent or higher by at least one NRSRO.~~
- B. The entity shall (1) be organized within the United States as a special purpose corporation, trust, or limited liability company, (2) have program wide credit enhancements, including, but not limited to, over collateralization, letter of credit or surety bonds and (3) have commercial paper that is rated "A-1" or ~~its equivalent or better higher, or the equivalent,~~ by at least one NRSRO.

The District's aggregate investment in commercial paper shall not exceed 25% of the District's total portfolio. No more than 5% of the portfolio may be invested in any single issuer. The District may purchase no more than 10% of the outstanding commercial paper of any single issuer. ~~(Legal Authority Government Code Sections 53601 (h))~~

#### **5.01.19.09 Negotiable Certificates of Deposit**

Investments are limited to deposits issued by a nationally or state-chartered bank or a savings association or federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that:

- The amount of the NCD insured up to the FDIC limit does not require any credit ratings.
- Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or better by at least one NRSRO; or long-term obligations rated in a rating category of "A" or its equivalent or better by at least one NRSRO.

Negotiable Certificates of Deposit shall not exceed ~~30% percent~~ of the District's surplus money, which may be invested pursuant to this policy. No more than 5% of the portfolio may be invested in any single issuer. Per section 53638 of the California Government Code, any deposit shall not exceed the total paid-up capital and surplus of any depository bank, nor shall the deposit exceed the total net worth of any institution. Maximum investment maturity is restricted to five ~~(5)~~ years. ~~(Legal Authority Government Code Section 53601 (i))~~

#### **5.01.19.10 Time Certificates of Deposit**

The District may invest in collateralized certificates of deposits ~~(Federally Insured Time Deposits and Collateralized Time Deposits)~~ issued by a state or nationally chartered bank, a state or federal association or a state or federal credit union ~~(Government Code Sections 53601(i)).~~ A written depository contract is required with all institutions that hold District deposits. ~~Securities placed in a collateral pool must provide coverage for at least 110 percent of all deposits that are placed in the institution. Acceptable pooled collateral is governed by California Government Code Section~~

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

~~53651. Real estate mortgages are not considered acceptable collateral by the District, even though they are permitted in Government Code Section 53651(m). All banks are required to provide the District with a regular statement of pooled collateral. This report will state that they are meeting the 110 percent collateral rule (Government Code Section 53652(a)), a listing of all collateral with location and market value, plus an accountability of the total amount of deposits secured by the pool.~~

District funds shall be invested only in commercial banks and savings and loans rated in the rating category of "A" or its equivalent or better by at least one NRSRO.

In the event that a bank does not meet the minimum ratings, a tri-party collateral arrangement may be substituted in lieu of a rating lower than "A". The third-party institution must be acceptable to the District and have an account in the name of the Calaveras County Water District. The market value of the collateral in the account must not fall below 110% percent of the value of the deposit(s) at any time. The securities in the account must conform to Government Code, Section 53651 with the exception that real estate mortgages are not acceptable collateral. The District will maintain a first perfected security interest in the securities pledged against the deposit and shall have a contractual right to liquidation of pledged securities upon the bankruptcy, insolvency or other default of the counter party.

~~The amount per institution is limited to the maximum covered under federal insurance. Deposits of up to \$250,000 are allowable in any institution that insures its deposits with the Federal Deposit Insurance Corporation, regardless of Moody's Investors Service or Standard and Poor's Corporation ratings. Per section 53638 of the California Government Code, any deposit shall not exceed the total paid-up capital and surplus of any depository bank, nor shall the deposit exceed the total net worth of any institution.~~

~~No more than 20% of the portfolio will be invested in a combination of federally insured and collateralized time deposits. Maximum maturity is restricted to twofive (25) years. (Legal Authority Govt Code Section 53651)~~

### **5.01.19.11 Repurchase Agreements**

A Repurchase Agreement is the purchase of a security pursuant to an agreement by which the counterparty will deliver the underlying security by book entry, physical delivery or by a third-party custodial agreement. Repurchase Agreements shall have a maximum maturity of one year and shall not exceed 20% percent of the District's funds. The collateralization level for Repurchase Agreements shall be a minimum of 102% percent of the market value of the principal and accrued interest. The right of substitution will be granted provided that permissible collateral is maintained. In order to conform with the provisions of the Federal Bankruptcy Code that provides for the liquidation of securities held collateral for Repurchase Agreements, the only securities acceptable as collateral shall be securities that are direct obligations of and guaranteed by the United States Government, or its Agencies or with a maximum maturity of five (5) years.

The District shall maintain a first perfected security interest in the securities subject to the Repurchase Agreement and shall have a contractual right to the liquidation of purchased securities upon the bankruptcy, insolvency or other default of the counter party. Repurchase Agreements may only be made with banks and primary dealers with which the District has entered into a Master Repurchase Agreement ~~modeled after the Public Securities Associations' Master Repurchase Agreement~~ developed by the Securities Industry and Financial Markets Association.

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

~~In all other respects, Repurchase Agreements shall conform to the restrictions set forth in Government Code Sections 53601 (j). (Legal Authority—Government Code Sections 53601 (j))~~

#### **5.01.19.12 Corporate Medium Term Notes**

Medium-term notes are obligations of corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. The securities must ~~in be~~ in a rating category of "A" or its equivalent or better by ~~at least one NRSRO nationally recognized rating organization~~. Purchase of medium-term notes shall not exceed 30% of the total portfolio, and not have maturity in excess of five (5) years. No more than 5% of the portfolio may be invested in any single issuer. ~~(Legal Authority—Government Code Sections 53601(k))~~

#### **5.01.19.13 Money Market Mutual Funds**

Mutual funds qualifying for District investment must be registered with the Securities and Exchange Commission under the Investment Company Act of 1940, ~~provided that: and issued by diversified investment companies and meet either of the following criteria:~~

- i) Have attained the highest ranking or the highest letter or numerical rating provided by not less than two ~~(2)~~ NRSROs or
- ii) Have retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five ~~(5)~~ years experience managing money market mutual funds with assets under management of at least five hundred million dollars (\$500,000,000).

Investments in ~~mutual funds~~ money market mutual funds shall not exceed ~~20% percent~~ of the District's total portfolio.

- a. ~~(Legal Authority—Government Code Section 53601(l))~~
- b. ~~(Legal Authority—Government Code Section 53601(l))~~

#### **5.01.19.14 Asset-Backed, Mortgage-Backed, Mortgage Passthrough securities, and Collateralized Mortgage Obligations not defined in Sections 5.01.19.02 and 5.01.19.03**

- The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO.
- No more that 20% of the portfolio may be invested in these securities.
- No more than 5% of the portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer.
- The maximum legal final maturity does not exceed five ~~(5)~~ years.

#### **5.01.19.15 Share of Beneficial Interest in a Joint Powers Authority**

As authorized by Government Code, Section 53601(p).

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

#### **5.01.19.16 Supranational Securities**

- Issues are US Dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.
- The securities are rated in a rating category of “AA” or its equivalent or better by a NRSRO.
- No more than 30% of the portfolio may be invested in these securities.
- No more than 10% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five ~~(5)~~ years.

#### **5.01.19.17 Passbook Deposits**

As authorized by Government Code, Section 53637.

#### **5.01.19.18 Prohibited Investment Vehicles and Practices**

- State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options.
- In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
- Investment in any security that could result in a zero interest accrual if held to maturity is prohibited. Under a provision sunseting on January 1, 2026, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted.
- Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
- Purchasing or selling securities on margin is prohibited.
- The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
- The purchase of foreign currency denominated securities is prohibited.
- Agencies that are not Qualified Institutional Buyers (QIB) as defined by the Securities and Exchange Commission are prohibited from purchasing Private Placement Securities. The SEC defines a QIB as having at least \$100,000,000 in securities owned and invested.

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

## Appendix B

### Glossary of Cash Management Terms

**Accrued Interest** - Interest earned but not yet received.

**Active Deposits** - Funds which are immediately required for disbursement.

**Amortization** - An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

**Arbitrage** - Transactions by which securities are bought and sold in different markets at the same time for the sake of the profit arising from a yield difference in the two markets.

**Asked Price** - The price a broker dealer offers to sell securities.

**Average Life** - The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

**Banker's Acceptance** - A high quality, short-term money market instrument used to finance international trade. There has never been an instance of a failure to pay a banker's acceptance in full at its maturity date.

**Basis Point** - One basis point is one hundredth of one percent (.01).

**Bid Price** - The price a broker dealer offers to purchase securities.

**Bond** - A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

**Book Entry** - The system maintained by the Federal Reserve, by which most money market securities are delivered to an investor's custodial bank. The Federal Reserve maintains a computerized record of the ownership of these securities and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment).

**Book Value** - The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

**Broker** - Someone who brings buyers and sellers together and is compensated for his/her service.

**Callable Bond** - A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

**Call Price** - The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

**Call Risk** - The risk to a bondholder that a bond may be redeemed prior to maturity.

**Cash Sale/Purchase** - A transaction, which calls for delivery and payment of securities on the same day that the transaction is initiated.

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

**CDARS** – The Certificate of Deposit Account Registry Service (CDARS) program places funds into certificates of deposit issued by banks in the CDARS network. This occurs in increments of less than the standard FDIC insurance maximum to ensure that both principal and interest are eligible for full FDIC insurance deposit. Maturities range from four weeks to three years. Interest rates are set by the competitive market place.

**Certificate of Deposit** - A deposit of funds for a specified period of time that earns interest at a specified rate. Commonly known as "CDs." Maturities range from a few weeks to several years. Interest rates are set by the competitive market place.

**Collateral** - Securities, evidence of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

**Commercial Paper** - Short-term, negotiable unsecured promissory notes of corporations.

**Comprehensive Annual Financial Report (CAFR)** – The official annual financial report for the District. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principals (GAAP).

**Convexity** - A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

**Coupon** - The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

**Credit Analysis** - A critical review and appraisal of the economic and financial conditions or of the ability to meet debt obligations.

**Current Yield** - The interest paid on an investment expressed as a percentage of the current price of the security.

**Custodian** - A bank or other financial institution that keeps custody of stock certificates and other assets.

**Defeased Bond Issue** - Issues that have sufficient money to retire outstanding debt when due so that the District is released from the contracts and covenants in the bond document.

**Delivery vs. Payment (DVP)** - Delivery of securities with a simultaneous exchange of money for the securities.

**Derivative** - Securities that are based on, or derived from, some underlying asset, reference date, or index.

**Discount** - The difference between the cost of a security and its value at maturity when quoted at lower than face value.

**Diversification** - Dividing investment funds among a variety of securities offering independent returns and risk profiles.

**Duration** - A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables:

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

**Fair Value** - The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Fannie Mae** - Trade name for the Federal National Mortgage Association (FNMA), a U.S. sponsored corporation.

**Fed Wire** - A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

**Federal Deposit Insurance Corporation (FDIC)** - Insurance provided to customers of a subscribing bank, which guarantees deposits to a set limit (currently \$250,000) per account.

**Federal Reserve System** - The central bank of the U.S. which consists of a seven-member Board of Governors, 12 regional banks and 5,700 commercial banks that are members.

**Freddie Mac** - Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. sponsored corporation.

**Ginnie Mae** - Trade name for the Government National Mortgage Association (GNMA), a direct obligation bearing the full faith and credit of the U.S. Government.

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

**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 U.S. securities market. See "Treasury Bills, Notes, and Bonds."

**Guaranteed Investment Contracts (GICS)** - An agreement acknowledging receipt of funds, for deposit, specifying terms for withdrawal, and guaranteeing a rate of interest to be paid.

**Inactive Deposits (Idle Funds)** - Funds not immediately needed for disbursement.

**Interest Rate** - The annual yield earned on an investment, expressed as a percentage.

**Interest Rate Risk** - The risk associated with declines or rises in interest rates, which cause an investment in a fixed-income security to increase or decrease in value.

**Inverted Yield Curve** - A chart formation that illustrates long-term securities having lower yields than short term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

**Investment Agreements** - An agreement with a financial institution to borrow public funds subject to certain negotiated terms and conditions concerning collateral, liquidity and interest rates.

**Investment Company Act of 1940** - Federal legislation which sets the standards by which investment companies such as mutual funds are regulated in the areas of advertising, promotion, performance reporting

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

requirements, and securities valuations.

**Investment Policy** - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

**Investment-grade Obligations** - An investment instrument suitable for purchase by institutional investors under the independent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating District.

**Liquidity** - An asset that can easily and rapidly be converted into cash without significant loss of value.

**Local District** - County, City, City and County, including a chartered city or county, school district, community college district, public district, or any public or municipal corporation.

**Local Agency Investment Fund (LAIF)** - A pooled investment vehicle for local agencies in California sponsored by the State of California and administered by the State Treasurer.

**Local Government Investment Pool** - A pooled investment vehicle sponsored by a local District or a group of local agencies for use by other local agencies.

**Mark-to-Market** - The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

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

**Market Value** - Current market price of a security. The price at which a security is trading and could presumably be purchased or sold.

**Maturity** - The date upon which the principal or stated value of an investment becomes due and payable.

**Merrill Lynch 1 - 3 Year Treasury Index** - Represents all U.S. Treasury securities with maturities ranging from 1-3 years.

**Modified Duration** - A measure of exposure to market risk of a security or a portfolio. It is the percent change in the price of a security (portfolio) or a 100-basis point change in the securities' (portfolio's) yield.

**Moody's** - Moody's Investment Service, Inc. One of the three best-known rating agencies in the United States, the others being Standard and Poor's Corporation (S&P) and Fitch IBCA, Inc. (Fitch).

**Money Market Mutual Fund** - Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

**Mutual Funds** - An investment company that pools money and can invest in a variety of securities including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

2. Disseminate timely and accurate information regarding the fund's holdings, performance, and management, and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus, which is updated and filed by the SEC annually.

**National Association of Securities Dealers (NASD)** - A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

**Net Asset Value** - The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets, which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below)  $[(\text{Total assets}) - (\text{Liabilities})] / (\text{Number of shares outstanding})$

**Negotiable Certificate of Deposit** - A large denomination certificate of deposit, which can be sold in the open market prior to maturity.

**New Issue** – Term used when a security is originally "brought" to market.

**Nominal Yield** - The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

**New Issue** - Term used when a security is originally "brought" to market.

**No Load Fund** - A mutual fund, which does not levy a sales charge on the purchase of its shares.

**Note** - A written promise to pay a specified amount to a certain entity on demand or on a specified date.

**Par Value** - The amount of principal, which must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

**Perfected Delivery** - Refers to an investment where the actual security or collateral is held by an independent third party representing the purchasing entity.

**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.

**Positive Yield Curve** - A chart formation that illustrates short-term securities having lower yields than long-term securities.

**Premium** - The amount by which the price paid for a security exceeds the security's par value.

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

**Primary Dealer** - A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

**Prime Rate** - A preferred interest rate charged by commercial banks to their most credit worthy customers. Many interest rates are keyed to this rate.

**Principal** - The face value or par value of a debt instrument, or the amount of capital invested in a given security.

**Prospectus** - A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC that typically includes information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements also known as an "official statement".

**Prudent Investor Standard aka as Prudent Person Rule** - A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing funds. The test of whether the standard is being met is if a prudent person acting in a similar situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

**Purchase Date** - The date in which a security is purchased for settlement on that or a later date.

**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.

**Repurchase Agreement (REPO)** - A transaction where the seller agrees to buy back from the buyer (District) the securities at an agreed upon price on demand or at a specified date.

**Reverse Repurchase Agreement (REVERSE REPO)** - A transaction where the seller (District) agrees to buy back from the buyer the securities at an agreed upon price on demand or at a specified date.

**Risk** - Degree of uncertainty of return on an asset.

**Rule 2a-7** of the Investment Company Act - Applies to all money market mutual funds and mandates such funds <:0 maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar (\$1.00).

**Rule G-37** of the Securities Rulemaking Board - Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

**Safekeeping** - Holding of assets (e.g., securities) by a financial institution.

**Safekeeping Service** - Offers storage and protection of assets provided by an institution serving as an agent.

**Sallie Mae** - Trade name for the Student Loan Marketing Association (SLMA), a U.S. sponsored corporation.

**Secondary Market** - A market made for the purchase and sale of outstanding issues following the initial distribution.

**Securities and Exchange Commission (SEC)** - The federal District responsible for supervising and

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
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Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

regulating the securities industry.

**Settlement Date** - The date on which a trade is cleared by delivery of securities against funds.

**Serial Bond** - A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

**Sinking Fund** - Money, accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

**Standard and Poor's Corporation (S&P)** - One of the three best known rating agencies in the United States, the others being Moody's Investment Service, Inc. and Fitch IBCA, Inc. (Fitch).

**Swap** - Trading one asset for another.

**Tax and Revenue Anticipation Notes (TRANS)** - Notes issued in anticipation of receiving tax proceeds or other revenues at a future date.

**Term Bond** - Bonds comprising a large part or all of a particular issue, which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

**Time Certificate of Deposit** - A non-negotiable certificate of deposit, which cannot be sold prior to maturity.

**Total Return** - The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return.

**Treasury Bills** - U.S. Treasury Bills which are short-term, direct obligations of the U.S. Government issued with original maturities of 13 weeks, 26 weeks and 52 weeks; sold in minimum amounts of \$10,000 in multiples of \$5,000 above the minimum. Issued in book entry form only. T-bills are sold on a discount basis.

**Trustee or trust company or trust department of a bank** - A financial institution with trust powers which acts in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

**Underwriter** - A dealer which purchases a new issue of municipal securities for resale.

**U.S. Government Agencies** - Instruments issued by various U.S. Government Agencies most of which are secured only by the credit worthiness of the particular District.

**U.S. Treasury Obligations** - Debt obligations of the United States Government sold by the Treasury Department in the form of Bills, Notes, and Bonds. Bills are short-term obligations that mature in one year or less and are sold on the basis of a rate of discount. Notes are obligations, which mature between one (1) year and ten (10) years. Bonds are long-term obligations, which generally mature in ten (10) years or more.

**Weighted Average Maturity (WAM)** - The average maturity of all the securities that comprise a portfolio that is typically expressed in days or years.

**Yield** - The rate of annual income returns on an investment, expressed as a percentage. It is obtained by

Policy Title: Annual Investment Policy  
Policy Number: Financial Management Policy 5.01

Adopted 03/28/07  
Revised 10/08/14 (Res. 2014-61)  
Revised 02/27/19 (Res. 2019-09)  
Revised 08/14/19 (Res. 2019-60)  
Revised 12/11/19 (Res. 2019-80)  
Revised 06/24/20 (Res. 2020-43)

dividing the current dollar income by the current market price of the security.

**Yield to Maturity** - The rate of income returns on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

**Yield Curve** - A graphic representation that shows the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity.

**Zero-coupon Securities** - Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.