

YUBA COUNTY WATER AGENCY

Finance & Operations Policy

Adopted: September 5, 2017

100.00 PURPOSE

The purpose of this Finance & Operations Policy is to provide a framework to guide the Yuba County Water Agency decision-making with regard to financial and budgeting activities, financial planning, and finance-related operations; to provide consistency in the financial administration of the Agency; and to ensure transparency in operations for the Board of Directors and the public. This Policy addresses budget, financial and budget procedures, personnel allocation procedures, and other operational policies.

200.00 General Policies

YCWA will manage its financial assets in a sound and prudent manner, and in accordance to policies adopted by the YCWA Board of Directors. YCWA will maintain sound financial practices in accordance with generally accepted accounting principles, legal documents, and State and Federal laws and regulation. Should conflicts occur between this Policy and Federal, State or local laws, Federal, State or local laws will take precedence.

YCWA Board policies are those that specifically pertain to individual Board members or those policies that set overall operational expectations for the Agency and must be approved in a public meeting by the YCWA Board of Directors.

The General Manager is authorized through this Finance & Operations Policy to implement the Board policies and to implement internal operating policies designed to carry out the Board policies and that are intended to set internal standards for the organization.

300.00 Budget Policy

YCWA follows a fiscal year that runs from July 1st through June 30th. The Board of Directors shall adopt a fiscal year budget in June prior to the July 1 start of the fiscal year. The Budget shall include forecasted revenues and expenditures in the two funds included in the Agency's financial statements, the General Fund and the Power

Systems Fund, plus a list of proposed capital projects, personnel allocation and salary schedules.

In December of each year, the Board shall review the fiscal year budget approved in June, and make adjustments to reflect updated figures for both revenues and expenditures, as well as changes to capital projects, personnel allocation and salary schedules, as appropriate.

The Board of Directors shall review the actual revenues/expenditures as compared to the budgeted totals at least quarterly.

310.00 Budget Changes

Once the budget has been approved by the Board of Directors in June, changes to the budget within expenditure lines in the budget (accounts) that do not change the overall total expenditure amount may be made with the approval of the General Manager. Projects in excess \$100,000 added to the budget after the budget has been adopted by the Board require Board approval regardless of whether additional budget allocation is required.

After the Budget adoption in June, the revenue and expenditure totals of the Power Systems Fund and the General Fund may only be amended with approval of the Board of Directors. For emergency expenditures in excess of \$100,000 that require immediate action, the Chair of the Board of Directors, or the Vice Chair in his/her absence, and the General Manager may approve the emergency expenditures, and bring to the Board of Directors to reaffirm the approval at the next available regular Board meeting.

320.0 Budget Procedures

Typically, the Finance Manager, at the direction of the General Manager, develops and manages the Budget Schedule to ensure the timely adoption of the budget by the Board of Directors. The Finance Manager coordinates the development of the Budget with management participation and review and in compliance with the Board's policy, as outlined in the Strategic Plan, the Reserves Policy and overall policy direction.

The Administration, Budget and Personnel Committee is charged with in-depth review of the proposed budget prior to presentation to the Board of Directors for consideration.

400.0 Financial Operations

The YCWA Board of Directors authorizes the General Manager and his/her designee to administer the Agency's annual budget and to accept revenues and process and pay invoices for the operation of the Agency. The Board's approval of the annual fiscal budget provides the authorization to pay any and all expenditures within the approved budget.

Monthly, the Administrative, Budget and Personnel Committee of the Board will meet and review the Claims Report, which lists all the checks that were issued by the Agency in the preceding month. The ABP Committee will also review the monthly Financial Report which summarizes the Revenues and Expenses of the Agency in the previous month and year-to-date, and compares those figures to the annual budget. The Financial Report is then placed on the next available Board of Directors' meeting agenda for review.

At least quarterly, the Finance Manager will provide a more in-depth report to the Board on the Financial Report. The report will include the annual budget and the actual amounts to date for revenue and expenditures, and a summary of variances with explanations.

500.00 Personnel Allocations

Total number of personnel positions are approved in the annual budget. Positions cannot be filled without a Board-approved job description and salary range. Minor changes may be made to job descriptions, but major changes, include salary range, must be approved by the Board. The General Manager is authorized by this Policy to extend job offers within the stated salary range for the position and hire personnel.

Promotions in a class series (e.g., Engineer to Sr. Engineer; hydrographer to Sr. Hydrographer), and step increases within the salary range, may be approved by the General Manager, as long as a job description and salary range for the position has previously been approved by the Board.

600.00 Audit Policy

The annual financial statement audit is designed to assist the YCWA Board of Directors and management in effectively and legally discharging their fiduciary and administrative responsibilities. The Financial Manager annually shall coordinate a year-end financial statement audit of the YCWA financial transactions.

The annual financial statement audit shall be conducted in accordance with generally accepted auditing standards in the United States and shall include tests of accounting records and other procedures necessary to express an opinion.

The Financial Manager shall submit to the County of Yuba Auditor-Controller the audited financial statements within 180 days after the close of each fiscal year, or as soon thereafter as possible.

700.00 POLICY REVIEW

The Board Secretary shall ensure that this Policy shall be reviewed at least every two years.