



FRAZIER PARK PUBLIC UTILITY DISTRICT

P.O. BOX 1525, FRAZIER PARK, CA 93225

TELEPHONE: 661-245-3734 FAX: 661-245-3472

www.frazierparkwater.com



September 13, 2018

Financial Policy for Budget Control, Financial Reports, Reserve Accounts, Reporting and Periodic Reviews.

1. Budget Control:

- A. Cash Receipts and Disbursements - The Billing Clerk reports all customer payments received, through the RVS billing system. All cash and checks received are deposited daily into the appropriate bank account. All bills paid by check against the District shall first be approved by the Board. Checks or drafts of the District must be signed by two (2) Directors listed as signers on the account for amounts totaling three thousand dollars (\$3,000.00) and under; and any three (3) named Directors' signatures are required for amounts totaling over three thousand dollars (\$3,000.00), with the exception of bills paid by credit card, as approved by the Board.
- B. Bank Accounts - All access to bank accounts is limited. Those given access must be approved by the Board through a Resolution that is provided to the bank.
- C. Payroll - Hours worked by employees are logged through fingerprint and recorded by a timeclock and computer. That information is accessed by the General Manager only and submitted for payroll through ADP.

2. Financial Reports:

All reports are prepared by the Bookkeeper and Billing Clerk, and distributed to the Board for review monthly at the Regular Meeting scheduled on the second Thursday of the month.

- A. Balance Sheet - Tracks the cash and cash equivalents in all District bank accounts (currently 12), petty cash, accounts receivable, current assets, fixed assets, equipment, liabilities and equity.
- B. Profit & Loss Statement - Included is a year to date comparison, budget vs. actual, and a monthly statement.



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- C. Adjusting Journal Entries Report - This tracks payroll and billing totals from RVS, for tracking through Quickbooks.
- D. Systems Total Report - Generated through the RVS billing system, this provides totals for water pumped, water sold, water used for fires or flushing, and water loss in total and percentage. Also included in this report is a reconciliation of receivables, adjustments and deposits.
- E. Rate Code Report - Generated through the RVS billing system, this provides information on the number of meters billed and water usage totals, broken down by rate code.
- F. Adjustments Report - Generated through the RVS billing system, this report shows any adjustments to accounts for both credits and fees.
- G. Detailed General Ledger - A detailed report of every transaction that occurred during the month, recorded through Quickbooks.
- H. Reconciliation Summary - This report reconciles the transactions in the detailed general ledger, to the balances and transactions recorded in the statements sent by the bank. There is a summary for each of the Districts bank accounts (currently 12).

3. Maintenance Guidelines for Reserve Accounts:

- A. USDA Reserve Account for Loans 1 and 2 - These accounts were created per the USDA loan bond requirements. Accrual is specified. Once the reserve requirements are met, the amount is held as collateral until the loan is paid.
- B. USDA Replacement Fund - This account was created per contract requirements with the USDA. In order to withdraw funds from this account, prior approval must be given from the USDA. This is for repair or replacement of the parts of the system paid for through USDA loans.



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- C. Capital Replacement Reserve Account - This account is used for repairs and upgrades to the existing distribution system. The Board of Directors may authorize use of capital reserves during the budget process. Capital reserves are also available for unplanned (unbudgeted) capital replacement. Authorization for the use of capital reserves for unplanned capital replacement will be consistent with the current resolution for district banking and Board policy.
- D. Emergency Reserve Account - This account is recently established and will be funded at a minimum of twice a year, in November and May. It is used for unplanned repairs to the water system that are serious enough to cause a disruption in service to customers. Authorization for the use of emergency reserves for unplanned repairs or replacement will be consistent with the current resolution for district banking and Board policy.

4. Procedure for Monitoring Reserve Levels:

The Bookkeeper shall perform account reconciliations and provide a report to be submitted to the Board of Directors upon the occurrence of the following events:

- Monthly meetings of the Board of Directors held the second Thursday of every month.
- Board of Directors' deliberation of the annual budget;
- Board of Directors' deliberation of a service charge rate increase.

5. Reporting Procedures:

The Billing Clerk deposits monies to the appropriate accounts. The Bookkeeper reviews and posts the deposits to make sure they were deposited correctly. The Board reviews and approves all statements and reconciliations monthly. An independent auditor reviews all transactions at year end in preparation of the annual audit report.

6. Periodic Reviews by Certified Accountant:

All financial transactions are reviewed annually by an independent accounting firm. A completed Audited Financial Statements and a report with significant audit findings are given.



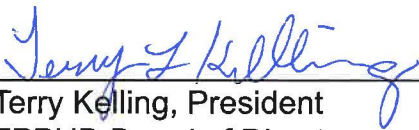
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Terry Kelling, President
FPPUD Board of Directors

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