

BLACK CANYON CITY

WATER IMPROVEMENT DISTRICT

POLICY & PROCEDURES MANUAL

The Water District's CPA recommended implementing a Policy & Procedure Manual in 2001. The current version was updated, reviewed, and approved, by vote of the Board at the Regular Public Meeting held May 24, 2016. It will continue to be updated as necessary, with both revisions and additions. The Board is required to place any and all changes to this Manual on the agenda of a future Board meeting for discussion and vote. After which, this document must be edited appropriately within 90 days.

Attested:

I, Lavon Van Dusen, Secretary of the Black Canyon City Water Improvement District certify that this Policy and Procedures Manual was unanimously approved by Board action at the Regular Board Meeting on May 24, 2016 and is a part of the official minutes on record, which are true and correct to the best of my knowledge and belief.

Lavon Van Dusen

Policies and Procedures Manual History:

<i>P&P Created:</i>	<i>April 19, 2001</i>
<i>First Revision:</i>	<i>May 24, 2007</i>
<i>Current Version:</i>	<i>May24, 2016</i>

INDEX



BOARD MEMBERS QUALIFICATIONS	Page 3
RESPONSIBILITIES OF THE BOARD	Page 3
DUTIES OF BOARD MEMBERS	
DUTIES OF THE CHAIR	Page 3
DUTIES OF THE VICE CHAIR	Page 4
DUTIES OF THE SECRETARY	Page 4
DUTIES OF THE TREASURER	Page 4
DUTIES OF THE MEMBER-AT-LARGE	Page 4
BOARD MEETINGS AND VOTING	Page 4
APPEARANCE BEFORE THE BOARD	Page 4
DUTIES OF MANAGEMENT	
BOOKKEEPING	Page 5
OPERATOR/OPERATIONS & MAINTENANCE	Page 5
BOOKKEEPING POLICY AND PROCEDURES	
DAILY DEPOSITS/ACCOUNTS RECEIVABLE	Page 6
OTHER MANAGEMENT BANK DEPOSITS	Page 7
TRANSFER OF FUNDS	Page 7
DISBURSEMENT OF FUNDS	Page 7
RECONCILIATION OF ALL ACCOUNTS	Page 8
PENALTY DATE	Page 8
PINK SLIPS/COLLECTIONS	Page 8
DELINQUENT FEES	Page 9
CUSTOMER BILLING RELIEF	Page 9
MONTHLY BOOKKEEPING REPORT FOR BOARD	Page 9
RETENTION OF PAPER RECORDS	Page 10
ELECTRONIC RECORDS	Page 10
PARTS/MATERIALS PROCEDURES	Page 10
ELECTION PROCEDURE	Page 10
BID PROCESS	Page 11
BUDGET PROCESS	Page 11
RATE HEARINGS	Page 11
REVISIONS TO ORDINANCES	Page 11

BOARD MEMBER QUALIFICATIONS

- Must be of legal age to vote, be a registered voter within the State of Arizona and reside within Water District.
- Or must be of legal age to vote, be a registered voter within the State of Arizona and own property within the Water District.
- When appointed after a resignation, serves the remainder of the term of the person they replaced and must meet the requirements as stated above.

RESPONSIBILITIES OF THE BOARD

The Board represents ALL the Owner/Users and has the first priority to safeguard the Owner/Users' best interest.

- The Board should be attentive to the input of the Owner/Users.
- The Board should have NO self-interests, either individually or as a group.
- The Board should actively be involved in customer relations.
- The Board should be in regular contact with Management and direct Management appropriately.
- All Board members shall be willing to serve without compensation of any kind.

The Board of the BCCWID consists of five (5) members: Chair, Vice Chair, Treasurer, Secretary, and Member-at-Large. The positions are held for one (1) year and are determined by Board-vote each January, after new members of the Board (if any) are installed and oaths of office are complete.

All Board members should receive an orientation packet upon taking office. They should also be directed to review the BCCWID Ordinances, the Policy & Procedures Manual, and the Yavapai County Special District Manual, which are all available at the District website (follow the laws, rights, and rules links).

DUTIES OF THE BOARD MEMBERS

DUTIES OF THE CHAIR

- Preside over public meetings.
- Form the agenda for all meetings, including any input from Management.
- Publicly post (at Post Office and website) all agendas and prepare Board packets for all meetings, three (3) or four (4) days in advance.
- Communicate with Management regarding: Projects and repairs, co-signing checks, and customer relations.
- As necessary explain items on the agenda at Board meetings.
- Insure that two copies of all electronic records and computer hardware are maintained, one on site at the office and another at a second remote location.
- To be available for the formation of the yearly budget.
- To be available for the yearly audit.
- Safeguard the best interests of the Owner/Users.

DUTIES OF VICE CHAIR

- To be available, when needed, to preside over meetings if Chair is unavailable.
- In case of the current Chair's prolonged absence or a vacancy of the position, the Vice-Chair becomes the Chair until a new Chair is selected by the remaining Board members.
- Safeguards the best interests of the Owner/Users.
- Co-signs checks when the primary signers are not available.

DUTIES OF SECRETARY

- Record (audio) minutes at each meeting.
- Responsible for the recorder and microphone equipment.
- Responsible for transcribing the minutes and insuring that at least two copies of all electronic files, including recordings, are maintained at different locations.
- Safeguard the best interests of Owner/Users.
- Co-sign checks when the primary signers are not available.

DUTIES OF TREASURER

- Reconcile local bank statements.
- Reconcile County Treasurer statements.
- Co-sign all checks for disbursements and payment of bills.
- Responsible for money transfers to County Treasurer with Chair.
- Safeguard the best interests of Owner/Users.

DUTIES OF THE MEMBER-AT-LARGE

- Safeguard the best interests of Owner/Users.
- Co-sign checks when the primary signers are not available.

BOARD MEETINGS AND VOTING

Board Members are expected to faithfully attend meetings and prepare ahead for each meeting. Any questions, or additions, to the agenda should be directed to the Chair. Board Members should notify the Chair, by calling in advance, for any absence from a meeting (unless unable to do so due to an extreme emergency). Meetings will only be held when a quorum is present. All Board decisions will be made by a majority vote. A special rule will be in place when there is a hopelessly deadlocked Board (2:2 or 1:1). If the decision concerns the appointment of a replacement Board member, an emergency expenditure of over \$10,000, or a response to a regulatory agency, and has been discussed with no resolution at two consecutive Board meetings (regular or emergency) the highest ranking board member (ranking order from highest: Chair, Vice-Chair, Treasurer, Secretary, and lastly the At Large position) will be empowered to vote a second time to resolve the issue. (4/15/10 Board Meeting, Item 11)

APPEARANCE BEFORE THE BOARD

Board Members will be available for any questions or concerns from Owner/Users and will either answer questions/concerns, direct them to a Board Member that can answer, direct them to Management for an answer, or request the issue to be placed on an upcoming Board agenda for public discussion and full Board resolution. Any

Owner/User wishing to enter into a discussion with the Board, as part of a regular Board meeting, will need to communicate that desire to either a Board Member or Management, including a written description of the topic or topics to be discussed, so Board members can be adequately prepared. This request would need to be submitted no later than 7 days prior to the next regular Board meeting. (9/25/15 Board Meeting, Item 11)

DUTIES OF MANAGEMENT

Management is responsible to and under the authority of the Board. Management's duties are to keep the records, collect payments, prepare all bills for payment, balance all funds, communicate with the Board, maintain customer relations, and the operations of the Water District.

Management Bookkeeping Duties

- Accurate record keeping of all customer accounts.
- Accurate record keeping of all accounts payable.
- Deposit to local bank of daily receipts.
- Responsible for balancing accounts receivable, accounts payable and the General Ledger.
- Responsible for customer public relations.
- Balance the computer billing system with Quick Books daily, submitting any adjustments, if needed, to the Chair for Board review at the next regular monthly meeting.
- Computer inventory records to be updated with the purchase of new supplies and parts used. This update to be done on a regular basis.

Management Operations Duties

- Monitor and inspect well sites, booster stations, and tank sites on a regular basis.
- Maintain computer generated system maps and update as data changes.
- Complete work orders in a timely manner.
- Maintain good customer public relations.
- Take water samples per ADEQ requirements.
- Blue Stake as needed.
- Read all system meters monthly.
- Keep up to date stock of boosters and parts for system repairs.
- Maintain inventory of supplies (year-end).
- Annual Consumer Confidence Report (CCR) – assist Board and provide essential data to be included.
- Responsible to recommend to the Board any changes to day to day operations that might improve system operation.
- Responsible to review with the Board any development plans and/or capital improvements proposed for the Water District.
- Acting as the District Inspector is responsible to oversee, on behalf of the Water District, all work performed by an outside contractor for any capital improvement project.
- Ensure that the District complies with Federal and State requirements for annual backflow device testing. Backflow devices must be in place for all commercial,

industrial, multi-family residential, and properties housing livestock (horses, cattle, llamas). Three backflow notices regarding the required annual testing will be sent, beginning approximately August 1st of every year, with a reminder on or about September 15, and a final notice of possible shut-off on or about October 15 with a non-compliance deadline of November 1st. (5/26/15 Board Meeting Item 8)

- Responsible to have an individual with a Grade 2 Distribution Operator License and a Grade 1 Treatment License on file with the state of Arizona on behalf of the Water District.

As the Board is ultimately responsible for Management, Management should have frequent communication with the Board regarding both operations and bookkeeping, with both Board and Management maintaining a high-quality working relationship.

BOOKKEEPING POLICY AND PROCEDURES

Establish an audit trail from the INHANCE system to the QuickBooks accounting system. The INHANCE system assigns audit numbers for EVERY transaction that has an effect on Accounts Receivable and the Deposit Register.

DAILY DEPOSITS/ACCOUNTS RECEIVABLE

Deposits are made on a daily basis, with few exceptions. Check deposits are made to the Bank of the West by Management using the check scanner. Cash deposits are converted to a Post Office money order and scanned for deposit.

Routinely, money is received in three (3) ways:

- Payments received in the mail.
- Payments placed in the drop “pipe” box.
- Payments brought into the office, in person.

On a daily basis, the Bookkeeper shall deposit funds received for accounts receivable. Checks will be scanned into the Bank of the West account. Cash will be bundled in increments of \$500.00 or more and a Post Office money order purchased. The money order will then be scanned into the account. Each transaction shall be entered into the INHANCE system and a deposit report shall be printed, which will show:

- Audit #.
- Customer Name, account number, amount paid, method of payment, including check number if payment is by check.
- Total of deposit.
- Disbursement – how payment is applied to charges.

Checks that won't scan shall be endorsed FOR DEPOSIT ONLY and mailed for deposit. A photo copy of all checks and money orders shall be attached to the deposit report. A receipt for each cash payment shall be included with the report. The Bank Deposit Transaction Receipt shall be attached.

Each deposit shall be entered into the QuickBooks system with Audit # identification. The accounts receivable balance in the INHANCE system shall equal the QuickBooks balance.

Payment stubs: Stubs returned with payments shall be kept on file for at least two months before disposing thereof. It should be noted, however, that not all customers return stubs with their payments and the purpose of retaining the stubs is to enable bookkeeping to identify a possible error in posting should a customer feel their account has not been posted correctly. Such an error, typically, is called to the attention of bookkeeping the following month. Those stubs returned should be “bundled” with Audit #, date of deposit and TOTAL of deposit marked on bundled pack before being stored.

OTHER MANAGEMENT BANK DEPOSITS

New customers are entered into the INHANCE system. The INHANCE system records only the **refundable security deposit**. In addition to this, customers may also pay:

- Application Fee
- New service Impact Fee
- New service Meter Fee
- New service Connection Fee

After the customer information is entered, the SECURITY DEPOSIT should be entered. This will be assigned an Audit # by the INHANCE system. All additional fees paid (see above) shall be hand written on the report showing which fees were paid and the total of the check. A copy of this shall be attached to the customer application. The full application shall include a copy of the customer’s check and kept with the customer’s file.

A copy of the application (first page only) along with a copy of the customer’s check, or cash receipt, shall be included with the deposit record.

From time to time, OTHER funds are received that are none of the above. Funds that are NOT customer related will not affect billing and are not entered into the INHANCE system. These deposits will only be recorded in the QuickBooks system. Entries will not include an (INHANCE) audit #. These deposits should be clearly entered identifying the source. A copy of the check should be kept with the deposit record.

TRANSFER OF FUNDS

Only the designated Board members are authorized to make the actual transfer of funds from the local bank to the Yavapai County accounts. Bookkeeping/Management’s role is to provide the amount that should be transferred to the Capital Improvements account, General Fund account, or other appropriate accounts. Bookkeeping shall keep on file a copy of all transfers.

DISBURSEMENT OF FUNDS

Bookkeeping/Management shall prepare all checks for disbursement and have all documents pertaining to the disbursement attached to the check when presenting to the authorized Board members for signature (TWO [2] signatures required. Documentation should be initialed by the signers. **BLANK CHECKS SHOULD NEVER BE SIGNED.**

As a general rule, checks shall be prepared at least twice a month. Management shall have the responsibility to mail all payments in a timely manner. Copies of the checks along with the paid invoice shall be kept in a paid vendor file.

RECONCILIATION OF ALL ACCOUNTS

Billing is computed on or around the 20-24th of the month. Bills are printed and immediately mailed out all at once, with payment due by the 15th of the following month. At the end of the month, an A/R Report is run showing ALL the active accounts and balances due (this includes any credit balances). This total is the report provided by Management in the Treasurer's Report and given to the Board.

PENALTY DATE

As stipulated in the Ordinance, payments are due on or before the 15th (as of 8/2006) of each month. Payments received after the 15th, but with a postmark of the 15th or earlier shall be considered on time. With the 24-hour drop box available, when the 15th falls on a weekend or holiday, the due date shall be assumed extended to the next business day. As a general policy, the penalties will be assessed on the 17th, allowing for mail, with earlier postmarks to be received and posted. Those payments will show a notation on the Audit report, justifying the payment date of the 15th and deposit date of the 16th or 17th. It is possible for additional payments to be received after the penalties are assessed with postmarks prior to the 15th. Since this happens only on a rare occasion, when the payment is posted, the penalty shall be reversed by separate Audit # and documentation shall be attached justifying the removal of the penalty.

PINK SLIPS/COLLECTIONS

After the 15th of the month, an aged-accounts receivable report shall be printed. Accounts with balances in the 30-day column will be given notice for payment due, or services will be disconnected. The PINK SLIP includes the payment date, the past due amount, the total amount due, and the date service is scheduled to be disconnected if payment (or payment arrangements) are not made with Management. Management is authorized to accept partial payments and set up a payment schedule if needed. The PINK SLIPS usually are sent out on a Tuesday or Wednesday, requesting the payment by Friday (to coincide with "pay day") and the scheduled turn off for the following Monday or Tuesday. Most payments are received before the scheduled turn off date. Copies of all the Pink Slips issued are made.

For those that still have not paid, a 2nd "FINAL Disconnect Notice" (pink slip) is delivered to the premises and, again, indicating the past due amount, the total due and a final shut off date. The Final Notice also includes the disconnect charge (\$50.00) that will be added to the account with the entire amount due to re-instate the service if disconnected. If payment is not received, or payment arrangements have not been made, the service is disconnected with the meter locked. A DISCONNECT Notice for Non-payment is posted on the premises and the customer is required to pay the full amount, including the disconnect fee to re-instate.

When a meter is shut off for non-payment, the customer still receives a monthly bill showing the total amount due. The customer is also charged the base amount monthly. After 4 months of non-payment, Management will mail a notice to the property owner

and prominently post the property stating service is going to be discontinued on a given date, that the meter will be removed at that time, and the account terminated. Future restoration of service to the property would then be treated as a new connection requiring both the new meter and impact fees as stated in the Ordinance. If payment does not occur or a payment plan is not set up and followed, these actions will happen with no exceptions. (10/27/15 Board Meeting, Item 8)

DELINQUENT FEES

The flat rate delinquent fee imposed by the Board effective 8/1/2006, shall be assessed on active accounts with a balance owing over thirty (30) days. The \$15.00 fee shall be recorded after the end of the month if the amount over thirty (30) days is over \$1.00.

CUSTOMER BILLING RELIEF

The District's tiered water pricing is for conservation purposes and can become punitive if an Owner/User has an unnoticed water problem on their property. The relief plan bills at the first tier only and waives additional conservation tiers. Relief would only apply when water use for a monthly billing is greater than three times the customer's previous maximum monthly use, including months where previous relief might have been given. (9/25/15 Board Meeting, Item 9)

MONTHLY BOOKKEEPING REPORT FOR TREASURER/BOARD

The monthly financial report shall include the following:

- Recap of all bank accounts showing beginning and ending balances.
Copies of reconciliation for each account shall be attached.
- Recap of monthly billing/charges.
- Beginning and Ending Audit #'s (INHANCE) and coordinating Invoice #'s (QuickBooks) shall be included.
- Total number of active accounts should be indicated and any new services, requiring payment of Impact Fees should be identified.
- Audit Report of Accounts Receivable balance for both INHANCE System and QuickBooks.
- Adjustments Report for Board approval.
This will include the normal monthly adjustments for such things as insurance, depreciation, etc. plus any additional adjustments affecting the accounts receivable balance.
- Budget vs Actual Report for both Operations/Maintenance and Capital Improvements
- Cash Receipts Report.
- Cash Disbursement Report.

Any other additional information that from time to time may seem appropriate shall be added to the report. Any information that would place a material impact on the financial condition of the Water District should be brought to the Board's attention.

RETENTION OF "PAPER" RECORDS

"Paper" records for Accounts Receivable and Accounts Payable files shall be retained by Management for a period of three (3) years after which shall be disposed of by shredding.

ALL other “paper” records shall be retained indefinitely unless Management is specifically instructed by Board action.

ELECTRONIC RECORDS

Management shall safeguard all records and do system backups on a regular basis. The Chair, or other designated Board member, shall retain a separate District computer, electronic files and backup at a separate location in the interest of safeguarding the records, be it from potential theft or fire. The second computer will be maintained at a level that would enable the District to resume business with a minimal loss of time or data.

PARTS/MATERIALS POLICY

Parts and materials for the Water District needed by Management shall be obtained in the following manner:

- Every effort shall be made to order supplies, materials and parts at competitive prices from Vendors with whom the Water District has an account. Invoices shall be in the name of the Water District and the Water District shall pay, by check, the amount of the invoice directly to the Vendor.
- Any supplies, materials or parts that cannot be obtained through a Vendor with whom the Water District has an account, requiring Management to pay for in advance or upon receipt, will be reimbursed to Management by the Water District. In accordance with the Management Contract, if Management is entitled to add 10% of the invoice amount, if it chooses, for overhead/carrying cost and if added, the Water District shall pay the cost +10%. Management may waive this, at its option. Management shall submit a copy of the bill for payment/reimbursement.

Management shall be authorized to purchase supplies, materials and parts as needed in the ordinary course of the operation of the Water District including, but not limited to, meters, pipe, valves and controls.

All invoices shall be approved by at least two (2) authorized Board Members and initialed prior to checks being issued for payment thereof.

Invoices submitted for reimbursement shall NOT be greater than One Thousand Five Hundred Dollars (\$1,500.00). Any amount greater shall be approved in advance of the purchase.

ELECTION PROCEDURES

120 DAY Notice (Call to Election) shall be on the agenda and posted in the newspaper. Those interested in a Board position can pick up the required “Intent to Run” forms either from Yavapai County Elections Office or the Water Management Office.

All notices of “Intent to Run” paperwork are to be mailed or delivered to Yavapai County ninety (90) days ahead of election. If no notices of “Intent to Run” are received (except for the incumbents, or a number equal to or less than the number of available seats), the

Water District Board can petition the Yavapai County Board of Supervisors to appoint the candidates (thereby canceling the need for the election). After election, the introduction of Board members will be made at following January Board meeting when their term of office begins, with oaths of office taken at that time. Appointees will take the oath of office at the time of appointment and begin service immediately at that Board meeting. Management will send the oaths of office to the Board of Supervisors.

BID PROCESS

The Water District has a bid process that includes posting the work online for any bids, advertising the work in the recognized county paper (Prescott Courier), or any other publication the Board would deem appropriate, twice within the thirty (30) days of acceptance. All sealed bids are to be opened by the Board at a public meeting. Only the lowest or best qualified bid should be accepted. The Board can reject any and all bids.

BUDGET PROCESS

The annual Budget, approved by the Board, should be submitted to the Board of Supervisors by July 10th of each year. Volunteer Budget Committee should be on the February or March agenda. Committee should consist of up to four (4) members of the public, two (2) Board members and a representative of Management.

After receiving recommendations from the Committee, the Board should discuss, input and vote to publicize the budget for a Public Budget Hearing. Any changes in rates or ordinances can be held and publicized at the same meeting date. The proposed Budget will be posted publicly, including at the Post Office and on the District website.

RATE HEARINGS

Rate Hearings can be held at any time during the year with the Board's vote to proceed. The appropriate advertising should be done. Two (2) ads must be placed in the recognized county paper (Prescott Courier) and posted at least three (3) public places in Black Canyon City.

REVISIONS TO ORDINANCES

Revisions to the Ordinances can be made at any time during the year. The appropriate public notification should be done after Board approval of any proposed changes for the public hearing and again after the public hearing providing the final Board revision(s).