

**BLACK CANYON CITY**

**WATER IMPROVEMENT DISTRICT**

**POLICY & PROCEDURES MANUAL**

The Water District's CPA recommended implementing a Policy & Procedure Manual many years ago. The current version was updated, reviewed, and approved, by vote of the Board at the Regular Public Meeting held May 24, 2007. 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.

**ATTESTED:**

I, Ronald E. Lee, 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, 2007 and is a part of the official minutes on record, which are true and correct to the best of my knowledge and belief.

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Ronald E. Lee, Sr.

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## **BLACK CANYON CITY WATER IMPROVEMENT DISTRICT (BCCWID) BOARD**

### **QUALIFICATIONS:**

A Board Member must be of legal age to vote; reside within Water District and be a registered voter of Black Canyon City; OR

own property within the Water District boundaries and be a registered voter within the State of Arizona;

A Board Member 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 contact with Management and are responsible for Management.

All Board members shall be willing to serve as a civic service without compensation of any kind whatsoever.

The Board of the BCCWID consists of five (5) members:

Chair

Vice Chair

Treasurer

Secretary

Member-at-large

The positions are for a term of one (1) year and are by Board-vote each January, after new members of the Board (if any) are installed and oaths of office are done.

All Board members should receive, upon taking office, an orientation packet including a copy of the Yavapai County Special District Manual, current BCCWID Ordinances and a copy of the Policy & Procedure Manual.

### **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) 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-sign checks, customer relations, and when necessary explains items on the agenda at Board meetings;

To be available for the formation of the yearly budget;

To be available for the yearly audit;

Safeguards the best interests of the Owner/Users;

#### DUTIES OF VICE CHAIR –

Send out “Welcome Letters” to all new customers, informing them when the Board meets and encouraging public participation along with the names and telephone numbers of all current Board members.

To be available, when needed, to preside over meetings if Chair is unavailable;  
Safeguards the best interests of the Owner/Users.

#### 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;

Safeguards the best interests of Owner/Users.

#### 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;

Safeguards the best interests of Owner/Users.

#### DUTIES OF THE MEMBER-AT-LARGE –

Safeguards the best interests of Owner/Users.

ALL BOARD MEMBERS to be available for any questions or concerns from Owner/Users and are responsible to answer their questions, and/or concerns or direct them to a Board member that can answer the question or concern and/or request the issue to be placed on an upcoming Board agenda for public discussion and/or Board resolution.

ALL BOARD MEMBERS are to attend meetings faithfully and prepare ahead for the 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).

### **BOOKKEEPING POLICY AND PROCEDURES**

#### **Establish an audit trail from the TAABS system to the QuickBooks accounting system -**

The TAABS system assigns audit numbers for EVERY transaction that has an affect on:

(1) Accounts Receivable; (2) Deposit Register

#### **DAILY DEPOSITS/ACCOUNTS RECEIVABLE**

Deposits are made on a daily basis, with few exceptions.

Deposits are made at the Bank of the West by Management;  
Routinely, money is received in three (3) ways:

- 1) payments received in the mail
- 2) payments placed in the drop "pipe" box
- 3) payments brought into the office, in person

On a daily basis, the Bookkeeper shall deposit funds received for accounts receivable. Each transaction shall be entered into the TAABS system and a deposit report shall be printed, which will show:

- a) Audit #
- b) Customer Name, account number, method of payment including check number if payment is by check and amount paid
- c) Total of deposit
- d) Disbursement – how payment is applied to charges

The DEPOSIT TICKET shall be made in duplicate and shall include the Audit #

All checks shall be endorsed – FOR DEPOSIT ONLY and a photo copy of all checks 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 TAABS 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 BANK DEPOSITS:**

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

- 1.) Application Fee

Brand NEW service also includes, in addition to the above:

- 1.) Impact Fee
- 2.) Meter Fee
- 3.) Service Connection Fee

After the customer information is entered, the SECURITY DEPOSIT should be entered. This will be assigned an Audit # by the TAABS 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 customers 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 and, therefore, are not entered into the TAABS system. These deposits will only be recorded in the QuickBooks system. Entries will not include a (TAABS) 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 twice a month. Bookkeeping/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 20-24<sup>th</sup> of the month. Bills are printed and immediately mailed out all at once, with payment due by the 15<sup>th</sup> 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 15<sup>th</sup> (as of 8/2006) of each month. Payments received after the 15<sup>th</sup>, but with a postmark of the 15<sup>th</sup> or earlier shall be considered on time. With the 24-hour drop box available, when the 15<sup>th</sup> falls on a weekend or holiday, the due date shall be assumed extended. As a general policy, the penalties will be assessed on the 17<sup>th</sup>, 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 15<sup>th</sup> and deposit date of the 16<sup>th</sup> or 17<sup>th</sup>. It is possible for additional payments to be received after the penalties are assessed with postmarks prior to the 15<sup>th</sup>. 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 15<sup>th</sup> 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 date payment needs to be made by, 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 2<sup>nd</sup> "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.

Once 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. After 4-months Management should request the Board hold a Lien Hearing. If payment is made prior to the Lien Hearing, the hearing is cancelled. If payment is not made, at the Board's instruction, the meter is pulled and a Lien is filed in the Yavapai County Recorder's Office and the amount will be required to be paid before the property can be sold. The amount due continues to accrue interest until paid. The property, in accordance with the District Ordinance, is subject to new meter and impact fees.

## **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.

## **MONTHLY BOOKKEEPING REPORT FOR TREASURER/BOARD**

The monthly financial report shall include the following:

- 1.) Recap of all bank accounts showing beginning and ending balances  
Copies of reconciliation for each account shall be attached
- 2.) Recap of monthly billing/charges
- 3.) Beginning and Ending Audit #'s (TAABS) and coordinating Invoice #'s (QuickBooks) shall be included
- 4.) Total number of active accounts should be indicated and any new services, requiring payment of Impact Fees should be identified
- 5.) Audit Report of Accounts Receivable balance for both  
TAABS System and  
QuickBooks
- 6.) 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
- 7.) Budget vs Actual Report for both Operations/Maintenance and Capital Improvements
- 8.) Cash Receipts Report
- 9.) 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. In the event of a loss, the second computer will enable the District to continue with business with minimal loss of time or data.

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Note: Any reference to "TAABS" is to identify the electronic customer billing system software that is currently in the process of being updated. The new software is called "INHANCE" and once installed and on-line, the term "TAABS" shall refer to "INHANCE" and be interchangeable.

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## **PARTS/MATERIALS POLICY**

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

- 1) Every effort shall be made to order supplies, materials and parts from Vendors with whom the Water District has an account and at a competitive price. 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.
- 2) Any supplies, materials or parts that cannot be obtained through a Vendor with whom the Water District has an account, and Management must 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 newspaper. Those interested in a Board position can pick up the required "Intent to Run" forms either from Yavapai County Elections Office or at the Water Management Office. All notices of Intent to Run paperwork to be mailed or delivered to Yavapai County 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).  
December agenda: after election (or appointment), introduction of Board members to be on agenda with oaths of office taken at that time.  
Management to send oaths of office to Board of Supervisors.

## **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.

### **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 and accounts payable and 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.

#### Operations Duties –

Operation of system – 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;

Monthly meter reads of all meters on system;

Keep up to date stock on boosters and parts for system repairs;

Maintain Inventory of supplies (year-end);

CCR –assist Board and provide essential data to be included in the Consumer Confidence Report ;

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;

Responsible to oversee, as the District Inspector, all work performed by an outside contractor for any capital improvement project on behalf of the Water District

Backflow notices to be sent out annually, approximately August 1<sup>st</sup> of every year with a deadline of November 1<sup>st</sup> for completion.

Management, both operations and bookkeeping should have frequent communication with the Board. The Board is ultimately responsible for Management and, therefore, should have a good working relationship.

Management shall have an individual with a Grade 3 distribution operator license and a Grade 1 Treatment license on file with the state of Arizona on behalf of the Water District.

#### **BID PROCESS -**

The Water District has a bid process that includes posting the work on line for any bids, advertising the work in local paper twice within the thirty (30) days of acceptance, or any other publication the Board would deem appropriate. All sealed bids 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 10<sup>th</sup> of each year. Volunteer Budget Committee should be on the February or March agenda. Committee should consist of at least 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. Proposed Budget to be posted publicly, including at the Post Office.

#### **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 local paper and posted in at least three(3) public places in town.

#### **ORDINANCES -**

Revisions to the Ordinances can be done 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).