

FINANCIAL AND ACCOUNTING PROCEDURES

(Adopted January 16, 2004
Revised June 16, 2018, Revised June 8, 2023)

A. PURPOSE

These Financial and Accounting Procedures are intended to serve as a guide to the fiscal procedures of LAFCo. These procedures will serve to provide good internal accounting and administrative controls and establish a uniform and systematic approach to LAFCo's financial and accounting process.

B. LAFCO FUNDING

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides that the operational costs of LAFCo shall be shared one-half by the county and one-half by its cities where only the county and cities are represented on the Commission. As agreed to by the Mayor's Selection Committee, the cities share is apportioned in proportion to each city's population. In the future, if the County's independent special districts choose to be represented on the Commission, LAFCo funding will then be shared one-third by the County, cities, and the special districts or by an alternative method approved pursuant to §56381(b)(4) of the California Government Code.

The LAFCo budget is also augmented by fees established by the Commission in accordance with §56383 of the California Government Code for services rendered to process applications for annexations, reorganizations and detachments, as well as other LAFCo actions.

C. ORGANIZATION OF ACCOUNTING SYSTEM

1. General

Financial records shall be maintained in accordance with generally accepted accounting principles and applicable state regulations.

2. Basis of Accounting

Financial transactions shall be accounted for by the use of the cash basis of accounting, whereby revenues are recognized when they become available to finance expenditures of the current fiscal period, and expenditures are generally recognized when the related fund liabilities are incurred.

3. Records

In maintaining records and preparing reports, LAFCo shall reconcile financial information with the budget reports compiled by the County of San Joaquin in its capacity as Treasurer and Auditor/Controller.

4. Internal Controls

LAFCo shall organize and assign work duties and responsibilities so that a system of checks and balances are in place. LAFCo procedures require that proper authorizations be required for all budgetary actions taken.

D. ACCOUNTS RECEIVABLE

1. Receipts

All cash receipts shall be processed in accordance with the following procedures:

- a. Checks or warrants received by mail shall immediately be dated and endorsed.
- b. A LAFCo receipt shall be issued upon receipt of checks or warrants accepted in the office.
- c. All checks and warrants shall be photocopied and logged onto the cash receipts record.
- d. The Commission Clerk shall deposit all receipts in the County Treasury in the Special District Fund No. 6053-0000 at the end of each business day. In the interim, checks shall be kept in a locked place for safekeeping. At no time shall cash or checks be left unattended in an unsecured location.
- e. At the end of each month, the LAFCo Analyst shall reconcile the LAFCo cash receipts report for the month with the County Auditor's Budget Reports. The Analyst will provide a report to the Executive Officer on a quarterly basis.

E. EXPENDITURES

1. Payroll

The Commission Clerk shall be responsible for administering the payroll in accordance with County policy and procedures.

2. Travel Reimbursement

The Executive Officer is charged with the responsibility of approving or disapproving requests for travel not previously approved in the regular budget approval process. The Executive Officer or the Commission Clerk shall review, verify and approve all expense claims for travel.

- a. Lodging: Lodging costs shall be reimbursed at actual cost, single rate, plus tax, for each day of travel during overnight lodging. Supporting documentation will consist of action receipts or a credit card summary statement.
- b. Meals: Reimbursement for meals will be paid at the same rate paid by San Joaquin County. Meal receipts are not required for reimbursement.

Reimbursement for meals will be prorated for partial travel days. Gratuities are included in the reimbursement amount. Alcoholic beverages will not be reimbursed.

- c. Transportation: Prudent judgment shall be exercised in the selection of mode of transportation. Actual costs shall be reimbursed, based upon supporting documentation. Use of personal vehicles shall be reimbursed at the approved San Joaquin County mileage rate.
- d. Other: Other incidental expenses including, but not necessarily limited to, business related long distance telephone calls, bridge tolls, parking fees, gratuities and taxis shall be provided via a credit card statement or actual statements.
- e. Upon return from travel, LAFCo Commissioners and employees shall submit required supporting documentation for travel reimbursement to the LAFCo Commission Clerk. The LAFCo Clerk will complete a "Travel Reimbursement Request" form for the Executive Officer's approval and signature. The form will be forwarded to the County Auditor/Controller for payment. The Commission Chairperson shall approve travel reimbursement for the Executive Officer.
- f. At the end of each month, the LAFCo Analyst shall reconcile travel expenditures with the County Auditor's Budget Reports. The Analyst will provide a report to the Executive Officer on a quarterly basis.

F. CONTINGENCY FUND

LAFCo may establish a Contingency Reserve Fund to cover emergencies and other unforeseen costs not budgeted but deemed necessary for the continued operation of LAFCo. Expenditure of Contingency Funds must

receive prior approval of the Commission. Funds not expended at the end of the fiscal year shall be carried over to the next fiscal year.

G. PURCHASING

1. General Responsibility and Control

Once the Commission has adopted the annual budget, it shall be considered the controlling plan of expenditure. Purchases and acquisitions shall be processed within the limitations established by the amount of budgeted resources allocated.

The Executive Officer or Commission Clerk are authorized to approve purchases and shall be responsible for purchases of and contract execution for materials, supplies, furnishing, equipment and services required by LAFCo in the performance of daily operations. Types of purchases the Executive Officer or Commission Clerk are

authorized to approve include office supplies, copy machine leases, rental space, telephones, postage, incidental expenses directly related in support of CALAFCO, and computer services. Supporting documentation for said expenses will consist of actual receipts or a credit card summary statement. The Commission will approve contracts for professional services for scopes of work consistent with the budget objectives over \$50,000.00 (such as LAFCo Counsel or consultants); or for all contracts for scopes of work not anticipated by the budget.