

**HGCD POLICY 2010-2**  
**Headwaters Groundwater Conservation District (the District)**  
Policies to comply with Water Code Chapter 36.061

Subject to the law governing the District, the board has adopted the following:

1. **A code of ethics for District directors, officers, employees, and persons who are engaged in handling investments for the District;**

In accordance with the District Public Funds Investment Policy, only the Public Funds Investment Officer with approval of the Board of Directors is authorized to execute investment transactions. All investment transactions shall require two signatures that of the Public Funds Investment Officer and either the Board Secretary/Treasurer, or the Board President.

2. **A Policy relating to travel expenditures;**

The District pays all actual and necessary expenses for Directors or employees who must travel to conduct District business. Reimbursement is on the basis of a properly completed and approved expense account form. Receipts are necessary for all expenses turned in on your expense account. Travel expenditures by District Directors or General Manager shall be approved the Board President. The General Manager shall approve travel expenditures for the District staff. Documented personal mileage re-imburement will be made according to the current IRS mileage rate.

3. **A Policy relating to District investments that ensures that:**

- A. **Purchases and sales of investments are initiated by authorized individuals, conform to investment objectives and regulations, and are properly documented and approved; and**

All purchases and sales of investments for the District will be done in accordance with the District Public Funds Investment Policy under the direction of the Public Funds Investment Officer.

- B. **Periodic review is made of District investments to evaluate investment performance and security;**

Periodic review is required by the District Public Funds Investment Policy by the Board of Directors to evaluate any District investments.

4. **Policies and procedures for selection, monitoring, or review and evaluation of professional services;**

It is the policy of District to select and employ professional services in accordance with the District By-Laws article IV section 3 and Water Code Chapter 36.057.

5. **Policies that ensure a better use of management information, including:**

**A. Budgets for use in planning and controlling cost;**

The District prepares and approves an annual budget in accordance with Water Code Chapter 36.154.

**B. An audit or finance committee of the board; and**

The District employs an external auditor to provide the District with an “Annual Financial Report”.

**C. Uniform reporting requirements that use “Audits of State and Local Government Units” as a guide on audit working papers and that uses “Governmental Accounting and Financial Reporting standards.”**

The District audit is conducted in accordance with auditing standards generally accepted in the United States of America, GASB # 34, and compliance with Government Code, Public Funds Investment Act Chapter 2256 Section 2256.052.

Adopted by the Headwaters Groundwater Conservation District  
Board of Directors July 14, 2010

APPROVED:

ATTEST:

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Diane McMahon  
HGCD President of the Board

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Gordon Morgan  
HGCD Secretary/Treasurer