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**HEALTH AND SAFETY CODE - HSC**

**DIVISION 5. SANITATION [4600 - 6127]** ( *Division 5 enacted by Stats. 1939, Ch. 60.*  )

**PART 3. COMMUNITY FACILITIES [4600 - 6127]** ( *Heading of Part 3 amended by Stats. 1970, Ch. 420.*  )

**CHAPTER 5. Sewer Revenue Bonds [4950 - 5072]** ( *Chapter 5 enacted by Stats. 1939, Ch. 60.*  )

**ARTICLE 6. Finances [5025 - 5034]** ( *Article 6 enacted by Stats. 1939, Ch. 60.*  )

**5025.** All necessary preliminary expenses incurred by the governing body in carrying out this chapter, including the making of surveys, plans, and estimates of costs and revenues, compensation of employees, the giving of notices, taking of options, and all other expenses of whatsoever nature, necessary to be paid prior to the issue and sale of the bonds, may be advanced out of the general fund of the district. The general fund shall be fully reimbursed out of the first money received from the sale of the bonds, and before any other disbursements are made therefrom.

(Enacted by Stats. 1939, Ch. 60.)

**5026.** All compensation of employees, and all other expenses, incurred in carrying out the provisions of this chapter shall be paid solely from funds provided under the authority of this chapter.

(Enacted by Stats. 1939, Ch. 60.)

**5027.** After reimbursement and repayment to the district of all amounts advanced for preliminary expenses, all money, other than premiums and accrued interest, received from the sale of bonds shall be applied solely to the cost of the works.

(Enacted by Stats. 1939, Ch. 60.)

**5028.** The money received from the collection of the rates, together with any other revenue derived from the operation of the works, shall be deposited in a bank by the treasurer in the same manner that public money is deposited by cities. The money so deposited shall be kept in a fund or funds and shall be applied as provided in this chapter.

(Amended by Stats. 1963, Ch. 1659.)

**5029.** In the ordinance for the issuance of bonds the governing body shall provide that the revenues derived from the operation of the works shall be used only for:

- (a) The payment or providing for payment, including payments into any reserve or sinking funds, as the same falls due, of the principal of and the interest on the bonds;
- (b) The management, maintenance, operation and repair costs of the works.

After provision has been made for the payment of the foregoing, any surplus remaining may be used as follows: (a) for the purchase in the open market of the outstanding unmatured bonds of the district; (b) for extensions, or for the enlargement, replacement or betterment of the works; (c) for any lawful purpose of the district.

(Amended by Stats. 1963, Ch. 1659.)

**5030.** In its discretion the governing body may provide in the ordinance providing for the issuance of bonds that the management, maintenance, operation and repair costs of the works shall be paid from the revenue derived from the operation of the works prior to paying the principal, interest and sums for other security funds.

(Amended by Stats. 1963, Ch. 1659.)

**5031.** All money received for premium and accrued interest shall be paid into a fund for the payment of interest on the bonds and used for the purposes for which it was created.

*(Amended by Stats. 1963, Ch. 1659.)*

**5032.** A district issuing bonds shall install and maintain a proper system of accounts, showing the amount of revenue received and its application. The district shall at least once a year cause the accounts to be properly audited by a competent auditor. The report of the audit shall be open for inspection at all times by any taxpayer, user of the works, holder of bonds, or any representative of such person.

*(Enacted by Stats. 1939, Ch. 60.)*

**5033.** The treasurer is custodian of the funds derived from income received from the works constructed or acquired under the provisions of this chapter.

*(Enacted by Stats. 1939, Ch. 60.)*

**5034.** The treasurer shall give a proper surety bond for the faithful discharge of his duties as custodian, which bond shall be fixed and approved by the governing body. The premium on the surety bond shall be paid by the district.

*(Enacted by Stats. 1939, Ch. 60.)*