

Reclamation District 2084

DISBURSEMENT OF FUNDS POLICY

A. OVERVIEW

Reclamation District 2084 (District) is establishing a policy through this document for the disbursement of funds in its possession. This policy focuses on disbursement in order to prevent the expenditure of funds on unauthorized items, the theft of checks or fraudulent checking, misuse of District funds for personal purposes, or the improper recordation of payments. It is the general policy of the District that all funds will be disbursed through checks. This policy allows for the appropriate authorization, monitoring, and accounting of fund expenditures.

This document will be amended, or a separate document developed, to address the management and associated reporting of District finances to stakeholders, regulating agencies, and the public.

B. PAYMENT PROCEDURES

1. *Opening Bank Accounts.* The Board of Trustees (Board) must authorize opening of a bank account through a Board action.
 - All bank accounts must be opened with the District's employer identification number (EIN).
 - Only Trustees can serve as authorized signatories on District bank accounts.
 - The Financial Manager is responsible to reconcile the bank statement and is not authorized to serve as an account signatory.
 - The General Manager is responsible to review and make a recommendation regarding payment for invoices and bills and is not authorized to serve as an account signatory.
2. *Roles.* The specific individuals currently authorized to serve in the roles outlined in this policy are listed in Attachment A. The Board shall review Attachment A annually or when there is a trustee change, to determine if any adjustments are necessary. All adjustments must be approved by the Board.
3. *Custody of Checks.* The Financial Manager and General Manager are the only individuals authorized to have access to unused check stock. The checks will be stored in a locked location and access information will be limited to the Financial Manager and General Manager.
4. *Check Authorization.* All invoices will be forwarded immediately to the Financial Manager for review.
 - The Financial Manager will review all invoices for mathematical accuracy, agreement with a written invoice, conformity to the budget or other Board authorization.
 - The Financial Manager will ensure that all conditions and specifications on a contract or order have been satisfactorily fulfilled, including inventorying items received against packing slip counts.
 - The Financial Manager will code the invoice with the appropriate expense or chart of

- accounts line item number and other information as needed for accounting purposes.
- By forwarding the invoice to the General Manager, the Financial Manager indicates that he/she has reviewed the invoice and recommends payment.
- The Financial Manager is responsible for timely follow-up on discrepancies and payment.

The Financial Manager will send reviewed invoices to the General Manager for final review and a recommendation regarding payment.

All payments must be made pursuant to the current Board-approved budget or separate Board authorization. The President is authorized to issue payments up to \$25,000 for expenses that conform with the District's Budget. The Board must approve any purchase which does not conform to the District's Budget or exceeds the President's authorization.

5. *Expenses Not Budgeted.* Upon receiving an invoice for an expense not within the District's Budget, the Financial Manager will evaluate the appropriateness of the expenses and prepare a recommendation for consideration by the General Manager. Upon General Manager consideration, a recommendation will be transmitted to the Board for final decision.

6. *Payment by Checks.* Upon review and approval of the invoice, the Financial Manager is authorized to prepare all checks for signature.

- If a check is voided, the check will have "VOID" written in large letters in ink on the face. Voided checks will be kept on file.
- In the event it is necessary to issue a duplicate check for an amount over \$50, the Financial Manager will order a stop payment for the original check.
- For checks greater than \$25,000 and non-budgeted items, the expense requires Board authorization.

7. *Duties of Check Signatories.* All checks will be signed by an authorized Trustee. Prior to signing a check, the signatory will do the following:

- Compare the amount on the check to the amount on the invoice or Financial Manager's note.
- Verify the Financial Manager has initialed the invoice.
- Verify the date on the invoice or the Financial Manager's note against the date of signing the check. If the difference is more than 60 days, the Financial Manager will provide written approval prior to signing the check.
- Confirm that checks greater than \$25,000 have been approved for payment by a Board action.

The President will serve as the primary check signatory. The Board shall designate another Trustee to serve as the secondary check signatory, and, a third Trustee to serve as an emergency advisor.

8. *Emergency Expenditures.* Emergency circumstances may require the immediate commitment or disbursement of funds. Emergency circumstances are defined as any type of event with the potential to significantly damage or destroy District assets or the land they protect (i.e. flooding, earthquake, commercial navigation accident, etc.). These circumstances may not allow for an

emergency meeting of the Board to authorize an expense outside of the District's Budget and/or beyond the President's authority.

In an emergency circumstance, two of the three trustees designated by the Board through this policy shall confer and verbally agree to commit and/or disburse the funds necessary to protect District assets or the land they protect. These two Trustees shall present this decision to the Board for ratification in a subsequent emergency or special meeting of the Board, but, no later than the next regular Board meeting.

9. *Prohibited Practices.* In no event will:

- invoices be paid unless approved by the Financial Manager and General Manager;
- blank checks be signed in advance;
- checks be made out to "cash," "bearer," etc.
- checks be made based on a statement; only invoices;
- purchases/payments be made using on-line banking services.

Each check signatory will be made aware that signing blank checks exposes the District to theft. A signed blank check is an open invitation to theft.

**Attachment A
Reclamation District 2084
Fund Disbursement Roles**

Role	Name
Board Trustee #1 (President/Primary)	<u>Mark Young</u>
Board Trustee #2 (Secondary)	<u>Matt Gause</u>
Board Trustee #3 (Emergency)	<u>Page Baldwin, Jr.</u>
General Manager	<u>Eric Nagy</u>
Financial Manager	<u>Lisa Serra</u>