

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT

POLICY 16-02 WD

A FINANCIAL MANAGEMENT POLICY FOR THE ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT (the "District")

Objectives

- To ensure that all financial systems, functions, and controls meet generally accepted auditing standards.
- Preserve capital through prudent banking and cash management activities.
- To achieve the most productive use of cash, minimize operating costs, and to control receipts and disbursements.
- To maintain competitive and good working relations with financial institutions.
- To provide safety to employees.

Banking Services

- Verify that the bank in use is on the list of qualified depositories on the State Treasurer's website:
<http://www.oregon.gov/tresuary/Divisions/Finance/LocalGov/Pages/Qualified-Depositories.aspx>
 - Be insured by the Federal Deposit Insurance Corporation
 - Be able to facilitate transfers to and from the Local Government Investment Pool managed by the Oregon State Treasurer.
 - Provide annual audited financial statements.
- All district bank accounts must be authorized and approved by the Board of Directors.

Billing and Receipts

- The district will invoice all customers for amounts due on a current basis. Past due and delinquent accounts will be reviewed on a regular basis. Invoices are due and monthly interest charged for past due accounts on the then enacted District ordinance or resolution presently in force.
- State Funds/State Grants. If stage agency/grantor is willing and it is feasible, funds will be received via the Local Government Investment Pool.

Accounts Payable

- Invoices will be analyzed to take advantage of any discounts available.
- All obligations paid to the district will be reviewed to ensure proper documentation is

Adopted on the 8th day of January 2016

attached and that all district requirements are met.

Cash Forecasting

- Each fiscal year, the district manager will prepare an annual general fund cash flow budget for the district for approval by the board of directors.

Debt

- If feasible, the district may enter into long-term lease obligations or issue bonds to finance capital acquisitions upon approval of the board of directors.
- Before issuing any debt, the district will consult with appropriate internal and/or external financial advisors.
- All leases, as reported in the district's annual financial report, will be limited as follows.
 - Annual leases will be limited to the economic life of the equipment or facilities to be purchased, and in no case, shall be extended beyond 20 years or as otherwise authorized by Oregon Revised Statutes.
 - Lease purchases of equipment and facilities will be limited to fit within the district's stated mission, goal or government role.
 - All lease-purchase payments must be included in the originating district's approved budget.
 - The district manager or elected official shall respond in writing to all external audit reports stating what actions have been taken to address the findings contained in the audit.

Internal Controls

- Segregation of duties will be established to ensure oversight of District bank accounts and deposits with the State Treasurer.
- The District will not handle cash transactions.
- All accounting computer records must be kept secure. Persons authorized to edit or review the records must be given passwords which only enable them to access the system. More than one person should be trained on the system. Accounting records should be backed-up on a regular basis.
- The person that does the reconciliation of district accounts should not be the same person that writes the checks. If it is not possible to have separate functions, then the disbursements must at least be reviewed regularly by the board of directors or someone who does not write the checks.
- All large purchases should be authorized by someone other than the signer of the checks.

Adopted on the ___th day of _____ 2016

- There shall be two authorized signers for all checks.
- Receipts should always be verified prior to paying an invoice. Procedures should be developed for checking receipts or packing slips to determine that merchandise or services have been received before payment.
- Authorization for writing off bad debts shall be given to the accounts receivable officer, district manager, and board of directors at the following levels:

\$ 0 to 100	Admin Asst
\$101 to 500	District Manager
\$501 and above	Board of Directors

General

- Two funds shall be maintained for the District being the General Fund and Capital Fund.
- Monthly budget versus actual financial statements shall be maintained on a modified cash basis in that certain large disbursements such as for payroll or monies transferred as required by any inter-governmental agreement shall be reflected in the period the obligation is incurred rather than the date it was executed.
- A current chart of accounts shall be maintained as reflected in Exhibit A.
- A general ledger and subsidiary ledgers as needed are to be maintained in support of financial statements as well as receipt and disbursement records held on behalf of the District.
- Invoices shall be issued sequentially.
- Spoiled checks shall be voided and retained.

Authorized Personnel/Security

- The district manager is authorized to open demand deposit accounts as may be required by the district.
- Checking accounts require two manual signatures.
- The district manager is responsible for maintaining a current signature card with the appropriate financial institution.

Investments

- The district will have a written investment policy adopted by the board of directors.

Audits/Auditors

- The district will conduct an annual audit or review as required by Oregon statutes then in force and the Secretary of State.

Adopted on the ___th day of _____ 2016

- Audits and reviews must be conducted in accordance with the “Minimum Standards for Reviews of Oregon Municipal Corporations” adopted by the Secretary of State Audit’s Division.
- District employees are to cooperate with all auditors, external and internal, regarding any records maintained for or by the district.
- All external and internal audit reports are to be sent to the board of directors, district auditor, and the district manager.

Adopted on the ___th day of _____ 2016

Exhibit A

Arch Cape Water District Account Listing

Account	Type	Description
04301218	Bank	
4301218	Bank	
Adjustment	Bank	
Arch Cape Water	Bank	Checking
dead acct	Bank	
Federal Withholding	Bank	
Sanitary Distri	Bank	
Wages	Bank	
Receivables	Accounts Receivable	A/R Account
Inventory Asset	Other Current Asset	Costs of inventory purchased for resale
To LGP	Other Current Asset	
Transfer to LGP	Other Current Asset	
Undeposited Funds	Other Current Asset	
Equipment	Other Asset	
Motor Vehicle	Other Asset	
Sewer Facility	Other Asset	
Payables	Accounts Payable	A/P Account
ajustment	Credit Card	
Deferred Revenu	Other Current Liability	
Payroll Liabilities	Other Current Liability	
Payroll-FICA	Other Current Liability	
Payroll-FUTA	Other Current Liability	Payroll-FUTA
Payroll-FWH	Other Current Liability	
Payroll-MCARE	Other Current Liability	
Payroll-PERS	Other Current Liability	
Payroll-SWHOR	Other Current Liability	
Earnings	Equity	Retained Earnings
Opening Bal Equity	Equity	
IGA Income	Income	Mthly charges from the WD to the SD for personnel ...
* Loan *	Income	
Cannon View	Income	
Beg. Deposit	Income	
Beg. Deposit:Bond Revenue	Income	
Excess	Income	
FEMA	Income	
Flex-lease Loan	Income	
Hook Ups	Income	Hook Ups
insp fees	Income	
Int Inc	Income	Interest Income
LGP	Income	
Misc.	Income	
Uncategorized Income	Income	
User Fees	Income	Fees
Cost of Goods Sold	Cost of Goods Sold	Costs of items purchased and then sold to customers
Facility Charge	Expense	Charge for commonly used space at the WWTP
IFA - Bus OR	Expense	
Loan	Expense	Loan Expense
Training	Expense	Employee Training
Chemicals	Expense	
Unemployment	Expense	
ARRA	Expense	
Payroll Service	Expense	
Paychecks	Expense	
Reconciliation Discrepancies	Expense	
Admin Asst	Expense	
Audit	Expense	
Capital Reserve	Expense	
Close Out	Expense	
Clothing Allow	Expense	
contingency	Expense	
Dues	Expense	Dues and Subscriptions
Education	Expense	
Extra Help	Expense	
FEMA-EXPENSE	Expense	STORM REINBURSEMENT
Flex-Lease Loan Equip	Expense	
Flex-Lease Loan Reservior	Expense	
Insur	Expense	Insurance
Insur:Liab	Expense	Liability Insurance

Exhibit A Arch Cape Water District Account Listing

Account	Type	Description
Insur:Work	Expense	Workman's Compensation
Insur:Work:Health-Med-Dental	Expense	
Legal Notices	Expense	
Legal Services	Expense	
LGP TRANSFER	Expense	
Licenses	Expense	Licenses and Permits
Maint	Expense	Maintenance
Master Plan	Expense	
Off Supp	Expense	Office Supplies
Payroll	Expense	Payroll
Payroll:Comp FICA	Expense	Company Soc. Sec. Contrib
Payroll:Comp FUTA	Expense	Comp FUTA
Payroll:Comp MCARE	Expense	Company Medicare Contrib.
Payroll:Gross	Expense	
Payroll Expenses	Expense	
PERS	Expense	
Petty Cash	Expense	
Plant Op	Expense	
Postage	Expense	Postage and Delivery
Professional Se	Expense	
Refund for Overbilling	Expense	
Rents	Expense	Equipment Rental
Reservior Project	Expense	
Retirement	Expense	
sample	Expense	
Service Charge	Expense	
Taxes	Expense	
Travel Expense	Expense	
Uncategorized Expenses	Expense	
User Transfers	Expense	Reimbursement
Util	Expense	Utilities
Vehicle	Expense	Automobile Expenses
Void	Expense	
Work Comp Payab	Expense	
Worker Comp.	Expense	
Credit Memo	Other Income	
Refund	Other Expense	