

MEDFORD IRRIGATION DISTRICT



Accounting & Financial Policies & Procedures

TABLE OF CONTENTS

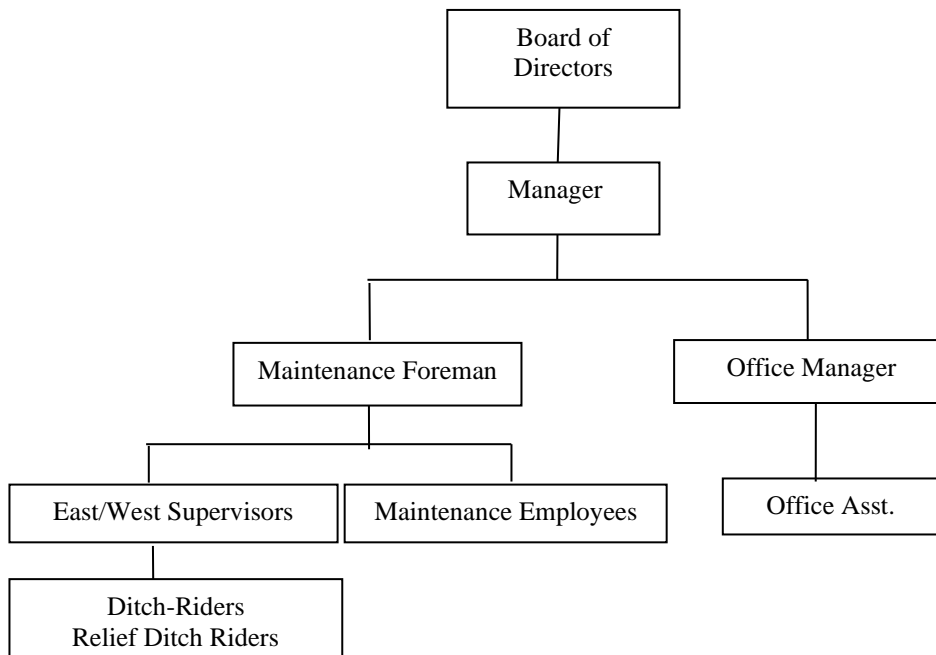
Organization	4
Accounting	
Policies.....	5
Procedures.....	5
Fixed Assets and Depreciation	5
Budgeting	
Policies & Procedures	6
Cash Management	
Internal Control Practices	6
Security of Assets.....	6-7
Review and Reconciliation	7
Petty Cash	
Policies.....	7
Procedures.....	7
Receivables	
Policies.....	7-8
Accepting Debit/Credit Cards	8
Procedures.....	8
Accounts Receivable/Cash Book.....	8
O&M Billing and Collections	
Policies.....	8-9
Procedures	
Medford Irrigation District,	9
Disbursements	
Policies.....	9
Procedures	
Credit Card	9-10
Fuel Credit Card	10
Materials, Services & Supplies Account.....	10
Travel	
Policies.....	10-11
Procedures.....	11
Payroll	11
Checking Account.....	11-12
Bank Reconciliation	
Policies	12
Procedures.....	12

Grant Accounting	
Policies.....	12
Establishing a Budget and Expenditure Plan.....	12
Allowable Expenses.....	12-13
After-Award Acceptance Procedures	
Charging costs to grant awards.....	13
Billing and Financial Reporting.....	13-14
Close-out of Federal Awards.....	14
End-of-Month Accounting	
Policies and Procedures.....	14
Internal Controls and Financial Audit	
Policies.....	14-15
Procedures.....	15
Audited Financial Statements.....	15
Computer Backup	
Policies and Procedures.....	15
Records Access	
Policies.....	16
Procedures.....	16
Fees.....	16-17
Record Retention	
Policies.....	17
Procedures.....	17
Maintenance of Manual	
Policies.....	17
Procedures.....	17

Organization

Medford Irrigation District is organized as follows: Medford Irrigation District is governed by a five (5) member Board of Directors. Members of the Medford Irrigation District Board are elected by the qualifying landowners in the district that the Director represents. Medford Irrigation District employs a Manager, who may, as designated by the board, also act as the Secretary of the District and an Office Manager, a Maintenance Foreman, and an Office Assistant., as well as approximately seven (7) outside laborers.

Organizational Chart:



ACCOUNTING

Policies

Medford Irrigation District (MID) operates on a calendar year (January – December) and prepares its financial statements on a cash basis of accounting. The cash basis of accounting provides a more useful financial statement for the Board of Directors and management for directing and monitoring the activities of MID. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures when they result from cash transactions with a provision for depreciation. The accounting principles of MID will be consistent with all applicable laws. These include, but are not limited to, Generally Accepted Accounting Principles (GAAP), and Government Accounting Standards Board (GASB) applicable statements.

By the bylaws of MID, the Manager of the District, or another person so designated by the Board, will act as the Secretary to the Board of Directors and shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of MID.

The bookkeeping system will be designed by a Certified Public Account to conform to the record-keeping requirements of the State of Oregon. The bookkeeping system will be designed to enable accurate accounting of the receipt and disbursement of all funds.

The Manager of the District or Secretary to the Board of Directors shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of MID.

Procedures

The following procedures will be adhered to ensure budgetary control over MID’s resources, compliance with applicable federal, state, and local governmental regulations, and maximum value for funds being expended.

Fixed Assets and Depreciation

The general capitalization policy is equipment and other fixed assets costing more than \$5,000 and having a useful life of more than one year will be recorded as an asset. To determine if a repair or improvement will need to be capitalized, the following factors need to be considered: Does the expenditure extend the useful life of the asset repaired or improved? For example, painting would not be capitalized but replacing a heating system would be capitalized if the dollar value were more than \$5,000.

All capital assets will be depreciated over their estimated useful lives. The straight-line basis will be used, with depreciation charged beginning in the month the asset is placed in service. Some sample estimated lives are:

Buildings	--	40	years
Building Improvements	--	25	years
Vehicles	--	5	years
Equipment	--	5-10	years

Any anticipated purchase over \$10,000 will require verbal authorization from the Board. Five thousand dollars and a useful life of more than 1 year is the federal definition of a piece of equipment and is the MID standard for equipment definition as well.

Any anticipated purchase over \$10,000 shall be discussed and approved at a properly called Board meeting in advance of the purchase.

BUDGETING

Policies and Procedures

Each fall the Manager/Secretary will evaluate income and expenses, taking into consideration equipment replacement, structure replacement, and repairs and any anticipated unusual increased or decreased expenses or revenue. An estimate of future income and expenses for the coming year is prepared and the estimated amounts are entered into a spreadsheet to determine the per acre rate needed to fulfill the estimated budget. The Manager will include other supervisors in this process who have responsibility for adhering to budgets as this will build buy-in and assist in adherence to the budget. The Office Manager will assist by providing any necessary financial details.

Once the budget is complete, the Board reviews and discusses adjusting the estimated income and expense and determines the billing rate for the coming year. At a regularly scheduled Board meeting, the Board adopts a Resolution approving the Budget and officially setting the billing rate for the coming year. The process shall be completed no later than the November Board Meeting.

CASH MANAGEMENT

Internal Control Practices

MID will strive to hire competent, reliable, and ethical people. MID will also clearly assign responsibilities and ensure that employees comply with the policies and procedures. It is the Manager/Secretary and Board of Directors' responsibility to guide all employees who have cash management responsibilities and scrutinize all documents to ensure, at all times, that cash receipts and collections, disbursements, deposits, and cash holdings are properly accounted for.

Duties are to be separated to the extent possible in every area that handles cash or checks. See MID "Segregation Spreadsheet". With the proper separation of duties, no single person controls the entire cash process. With proper cash accountability, cash is properly accounted for, documented, secured, and traceable to specific cash handlers.

- When proper cash accountability exists, MID management and staff can answer:
 - Who has access to cash?
 - Why do they have access to cash?
 - Where cash is at all times.
 - What has occurred from the transaction's beginning to end?

- To the full extent possible, the following processes are followed:
 - Cash receipts are recorded when received.
 - Checks and Funds are kept secure.
 - Transfers are documented.
 - Each customer receives a cash receipt.
 - Passwords are not shared.
 - Office manager verifies cash deposits.
 - The office manager approves all refunded or voided transactions.

Security of assets

All resources shall be physically protected. Follow these practices to promote a safe work environment when working with cash.

Best practices:

- Conduct the proper background checks on any employee that will have access to cash.
- Restrict access to cash to as few people as possible.
- Lock cash in a secure location like a safe or locked storage facility.
- Provide combinations, and passwords only to authorized personnel.
- Change combinations, and passwords annually, or when someone leaves.

- Minimize the amount of cash/funds held overnight.
- Use a buddy system when taking cash/funds from one location to another.
- Count cash in a non-public area not easily visible to others.

Review and reconciliation

Reconciliation activities confirm that transactions have been processed correctly. Perform monthly reconciliations of receipts and bank account statements to provide good checks and balances, to be approved by the Manager or Office Manager.

- Best practices:
 - Compare receipts to deposit records.
 - Record cash receipts when received.
 - Count and balance cash receipts daily.
 - Perform periodic surprise and cash counts.

PETTY CASH

Policies

The MID Board has set a maximum petty cash limit of \$300. Petty cash will be kept in the cash box in the vault, during non-business hours. Office Managers/Office Asst. are authorized to take money from petty cash for authorized purchases. Exceptions: vacations, sick leave, etc., the Manager is authorized to disburse money from petty cash.

Procedures

The Office Manager is the custodian of the petty cash box. When money is removed from petty cash a voucher must be completed with to whom the cash was given, the date, amount, and the purpose of the purchase. After the purchase is made the receipt and any potential changes will be returned to the Office Manager. The voucher and receipt will remain in the cash box until the Office Manager reconciles petty cash. The office Manager will reconcile the cash box and replenish the contents up to \$300 on an as-needed basis.

To replenish petty cash, the **Office Manager** will reconcile the cash box, prepare a check as described under “disbursements”, and prepare a disbursement check issued payable to “Petty Cash Fund”. The **Manager or Office Manager** will review the receipts attached to the voucher, approve the voucher, sign the check, and return it to the Office Manager to obtain a second signature.

The petty cash check will then be taken to the bank to be cashed and returned to the cash box.

The Office Asst. will be trained in this procedure as a backup to the Office Manager in their absence.

RECEIVABLES

Policies

Cash or checks must be submitted for deposit promptly from January 1st until through last day of February, which is defined as within 24 business hours, after being received. Funds received by MID will be recorded by a receipt stating the date received, the amount, and the purpose for which the funds are received.

Due to the limited staffing, the same staff person may receive, record, and deposit the funds of MID. However, a second person must verify deposits and reconciliations of cash and other items.

The financial records and bank account information shall be kept in a secure location at the MID office, including storage with a second lock and the front door lock. Combinations or keys to the safe and/or secured locations are restricted to the Manager, Office Manager, and Office Assistant. Combinations or

locks should be changed as necessary, and whenever a person with the combination or key is no longer employed by MID.

The Bank account information (or copies thereof) is not allowed to leave the office in printed or digital format, except for those records subject to the public record laws and records necessary for the Auditor to complete the annual audit.

Any suspected loss or theft of funds must be immediately reported to the District Manager or Board President.

Accepting Debit/Credit Cards

MID currently accepts debit or credit cards and electronic checks.

Pros of Accepting Card Payments:

- Members are more likely to make timely payments of their O&M assessments if they are allowed to use debit/credit cards.

Procedures

This is done through QuickBooks and is specific to MID and its requirements for record keeping.

The Office Manager/Office Asst. opens the mail and prepares a payment stub for each O&M payment received. For any payment made in the District office (over the counter) a payment stub is prepared, and the customer receives a receipt for the payment. Any payment made in cash is treated in the same manner. The Office Manager/Office Asst. accepting the cash payment is required to sign or initial the transaction on the payment stub.

The Office Manager/Office Asst. enters each payment into the Storm & QuickBooks database. Total payments received are balanced with the total amount of checks or cash received, entered into QuickBooks, and reconciled daily. QuickBooks generates a printed deposit slip of the payments posted to individual accounts.

The deposit is taken to the bank/scanned by the Manager, or Office Manager other than the preparer/recorder of the deposit.

At the end of each month, the Office Manager reconciles each deposit with the bank statement and each bank receipt for deposits. The District Manager reviews all bank statements and will approve reconciliations.

Accounts Receivable/Cash Book

Money received for anything other than the annual O&M billing is recorded through QuickBooks. This includes such things as payments for private work, payments from other districts, and the sale of District surplus property.

When payment is received a receipt is printed through QuickBooks. The Office Manager/Office Asst. then reconciles receipts with payments and prepares a bank deposit slip. The deposit is then taken/scanned to the bank by the Manager or Office Manager.

O&M BILLING AND COLLECTIONS

Policies

Medford Irrigation District staff is responsible for billing annual assessments for Medford Irrigation District. The District has a distinct time frame dictating when bills and late notices are to be prepared and mailed. All collections of the assessments are handled by Medford Irrigations District's staff and recorded through Storm accounting software.

Procedures – Medford Irrigation District

Medford Irrigation District

The District's business year is on a calendar year basis. Each year the Office Manager and Office Assistant. will update ownership changes. Office Asst. will update partitions and easements. When all changes have been input an acreage verification report is run to verify the changes are accurate. An assessment roll and bill register are prepared based on the approved budget and, on the billing, rate set by the Board of Directors. On or about December 1 of each year the Office Manager/Office Asst. will prepare and mail the annual billing through Storm.

All bills are due on or before the last day in February.

- Any parcel not paid for in full by March 1st will begin to accrue interest at 1.333% interest per month until paid in full.
- After April 1st, any parcel with a balance of \$10 or more will receive a Delinquency notice via regular mail which will include the \$45 fee added to their account balance. Parcels with balances less than \$10 will not be re-billed. The account will continue to accrue interest until paid.
- After a 2nd year delinquent, for any parcel with an account balance of that year's minimum 1-acre charge or higher, a lien will be filed on that parcel and a \$300 lien fee will be added to that parcel's total. Notices will be mailed to the owner of the record via regular mail.
- After 5 years of delinquency, any parcel with an account balance will begin the foreclosure process according to Oregon Water Law.

DISBURSEMENTS

Policies

As a general policy, disbursements of funds will be by check drawn on a bank account, authorized by the Board, in the name of Medford Irrigation District (MID). There are to be no other accounts in MID's name except for those authorized by the Board.

The Manager shall review and review the invoices, and the receipts for purchases.

The District currently has one checking account and two (2) local government pool accounts. There shall be two authorized signatures required on each check. Authorized signers are any two of the following: Board of Directors, Manager, or Maintenance Foreman.

The Board has authorized the Manager/Secretary and the Office Manager to pay general operating expenses and payroll on an as-needed basis. Those purchases are reviewed each month, and the bank accounts are replenished by the Manager, or Office Manager, from the checking account, as needed. Transfers from Govt. The Pool Account will be completed by the Manager/Office Manager.

A list of authorized persons able to charge on an account is given to the vendor and signed by the Manager, Office Manager, or Maintenance Foreman.

Each vendor account will be paid in full and on time each month.

Procedures

Credit Card

The use of the company credit card is for MID-business-related expenses only. It is recognized that some disbursements will be made with MID's credit card such as travel costs or to purchase items from vendors where an account in MID's name is not practical. The Manager and the Office Manager are designated cardholders and have been authorized to use the company-sponsored credit cards. The Manager and/or Office Manager may authorize the office staff to use the credit card to make necessary purchases on an as-needed basis. A letter of authorization, signed by the cardholder, will accompany the card and the staff member. Any business related to entertainment expenses must include the names

of all guests and the business purpose of the expenditure. All original receipts for purchases must be turned in to the Office Manager. The credit limit will not exceed \$5,000 as set by the Board.

Once the monthly statement is received, all the original receipts for charges are attached. Then the statement is paid by using the same payment process as described above. The balance of the credit card will be paid in full each month, and a balance will not be carried past one month.

Fuel credit cards: The fuel credit cards will be assigned to staff. They are to be used for MID business only.

Once the monthly statement is received, all the original receipts for charges are attached. The balance of the credit card will be paid in full each month, and a balance will not be carried past one month.

Materials, Services & Supplies

Materials, Services, and Supplies are paid by the District's general expenses such as utilities, supplies, services, director fees, and contract work such as the attorney.

At this time the office staff is required to make purchase orders and is required to submit receipts for purchases. All other employees making purchases on behalf of the District must use purchase orders (PO) and submit receipts for purchases.

Employees hand in all invoices with the accompanying PO (signed by a supervisor verifying the purchase and the purchase price) to the office manager.

When a monthly vendor statement is received, the Office Manager reconciles the invoices and checks the accuracy of the math on the invoices and statements. The same process is used for purchases made through the office excluding the PO.

The Office Manager then prepares the check for payment. The Manager reviews and approves the purchases and signs the checks. The Manager then returns the checks to the Office Manager to obtain the second authorized signature on the check.

All payments for the prior month's purchases are mailed by the 10th and 25th of the current month. Toward the end of the month statements received after the 10th are prepared as above and mailed.

Funds are to be transferred into the checking account to cover all expenditures by the Manager, and Office Manager. All transfers will be reviewed and approved by the Manager or Office Manager.

All supporting documents and check copies are filed alphabetically and retained by year.

Travel Policies and Procedure Policies

When attending MID-business-related meetings, training sessions, conferences, etc. the District will pay all registration fees including meals (when included as a part of the registration fee), motel accommodations, plus a daily per diem rate of the federal GSA-approved per diem for meals and incidental expenses (M&IE) based on the location of travel.

Separate amounts for breakfast, lunch, and dinner can be found on the GSA per diem website should there be a need to deduct any of those meals from your per diem payment. For example, if the trip includes meals that are already paid for through a registration fee, those meal amounts will need to be deducted from your per diem payment to the employee.

Non-authorized persons will not travel in District vehicles unless approved by the Manager or the Board before departure.

When reasonably possible District-owned vehicles will be used for transportation for travel to and from business-related events.

The Board acknowledges that office staff may use privately owned vehicles when conducting business, such as banking. Those business-related expenses will be reimbursed in the same manner as travel expenses but every quarter.

When using privately owned vehicles related to MID business, mileage will be reimbursed at a rate of IRS-approved mileage rate and is subject to change by the Board of Directors. Any use of privately owned vehicles for District business must be preauthorized by the Manager.

All requests for reimbursement of authorized travel expenses must be made in writing and must include the original dates of travel, the destination, and purpose of the travel, the applicable miles, and original receipts for expenses.

Procedures

Before departure, the Office Manager will make reservations for lodging for employees traveling to District-related activities, as well as complete and pay for the registration for the meeting, conference, training session, etc.

The Office Manager may disburse the appropriate amount per diem before the travel. Upon receiving the required documentation, the Office Manager/Office Asst. will prepare and submit it to the Manager/ for approval and process the reimbursement for mileage and other approved travel expenses.

Payroll

The District pays its employees on a semi-monthly basis. The District's official pay dates are the 5th (for hours worked beginning the 16th day of the month through the end of the month) and the 20th day of the month (for hours worked from the 1st day of the month through the 15th day of the month). As a courtesy, the District will attempt to issue checks earlier.

At the end of each pay period, timecards are collected by the Foreman and verified against leave slips, hours worked, and rate of pay. Upon review, timecards are given to the Office Manager for processing.

Time is entered into QuickBooks software. Accrued leave, gross pay, and payroll deductions are verified.

Direct Deposit is completed. Payroll liabilities are prepared (such as Federal tax, State tax, medical premium, and retirement) and paid online.

The Manager reviews timesheets accrued leave records, printed checks, and direct deposit pay stubs. The Manager signs the checks and returns them to the Office Manager to obtain second signatures and complete the process.

The Office Manager prepares the payroll liabilities, files Federal and State payroll taxes, and retirement contributions electronically, and mails all other payroll liabilities (i.e.: medical insurance premiums, the employee requested payroll deductions).

Quarterly payroll reports are prepared by the Office Manager through the accounting software and mailed or filed electronically to the Federal or State agency by the end of the following months: April, July, October, and January.

Checking Account

Before the monthly Board meeting, the Office Manager reviews the statements for large disbursements. The Board acknowledges that some payments may be required from the checking account before a regular Board meeting. On these occasions, the Manager has been authorized to make disbursements from the checking account, if the purchase or the charges were previously accepted by the Board.

Examples of this may be to pay for a previously accepted bid purchase, payment of regular monthly occurring bills that are a large dollar amount (such as power bills) or to pay annually-approved organization dues, or insurance premiums.

BANK RECONCILIATION

Procedures

- Bank Statements are to be *opened, reconciled, and initialed* by the Office Manager.
- The Office Manager will then provide the reconciled bank statement and detailed report to the Manager/ for approval.
- Any required entries are posted each month for items on the bank statements that are not already recorded in QuickBooks. These reconciling items may include interest earned, service charges, NSF checks, direct deposits, and other debit or credit adjustments.
- Bank statements are reconciled monthly, by the Office Manager, before the next scheduled monthly Board meeting.

GRANT ACCOUNTING

Policy

The funder's grant solicitation or request for proposal (RFP) and grant award document will spell out the type of award established.

All projects being proposed by MID must receive the District Manager and Board of Directors' approval. MID will review the terms, periods, award amounts, and expected expenditures associated with all federal or state awards. On federal awards, the CFDA (*Catalog of Federal Domestic Assistance*) number will be noted, and all reporting requirements under the contract or award summarized.

Establishing a Budget and Expenditure Plan

MID grant projects are encouraged to propose methods to earn income to defray program costs where appropriate. If the grant is expected to generate program income, all relevant rules of **2 CFR 200.307** must be adhered to.

It is the responsibility of MID management and staff to identify and understand these conditions before a federal or similar government grant application is submitted.

The expenditure plan's schedule, tasks, and cost elements tell a complete story of how staff plans to execute the work. By the time the grant application is ready for submission, the three expenditure elements - schedule, tasks, and task cost elements - should all be complete and accurate.

Allowable Expenses

- Reimbursement of Services: Costs incurred for services provided in support of the grant or contract.
- Supplies: Supplies purchased in support of grant activities such as office supplies, postage, etc. These purchases may be made through MID's established purchasing procedures.
- Equipment Inventory and Limitations: All equipment purchased with grant funds shall be considered property of MID unless otherwise dictated in the funder's grant guidelines.
- Fixed-asset inventory: Maintained equipment over \$5,000, which shall detail a description of the property, along with an assigned inventory number for tracking purposes of fixed assets. Equipment is inventoried annually, and records are maintained in MID's office on the item's

location and assignment. Additionally, equipment will be treated by federal equipment requirements for insurance, maintenance, and other issues.

All items purchased by MID in support of a grant must meet further guidelines. Failure to clearly understand, communicate, and comply with all provisions in a grant can lead to cost disallowances, a negative reputation for both staff and MID and the possibility of missed grant opportunities in the future.

After the Award Acceptance - Procedures

The regulation governing federal funds received by MID is the OMB Uniform Guidance 2 CFR 200. The regulation does not prescribe specific procedures but sets standards for recipients to follow. Recipients of federal funds are expected to create and/or follow their internal financial controls that complement federal regulations.

Charging of Costs to Grant Awards

All grant programs will be set up by the federal or other government grant application submitted to and approved by the grant funder. When MID receives grant funds, the Office Manager establishes a general ledger account in the name of the grant project. A grantor's share of the funds for the project will be provided ASAP to MID.

Only reasonable, allowable, and allocable costs will be charged against grant awards. All unallowable costs will be appropriately segregated from allowable costs in MID's general ledger to ensure that unallowable costs are not charged against a grant award.

Any incurred expense will be accompanied by a purchase order with a detailed explanation as to the source (i.e. whether part of MID's cost share or if from BOR grant funds, etc.) and use of the funding. Invoices, expense reports, purchase orders, etc., must be coded with the appropriate account number reflecting which program received direct benefit from the expenditure. Equipment purchased for exclusive use on a federal award and reimbursed by a federal agency will be accounted for as a direct cost of that award. Expenditures must be reviewed and approved according to established MID procedures.

Timesheets or personnel activity reports will also be submitted regularly reflecting employees' work and which programs directly benefited from their effort. Timesheets will serve as the basis for charging salaries directly to grants (cost-share, federal share). MID employees who charge their time to grants must record actual hours worked on the grant at the end of each work period.

Staff must carefully track the matching resources invested by MID and project partners into the grant program. Funders view matching program resources as another form of cash and demand that matching resources be tracked as closely and accurately as cash. A separate project account will be set up to track the matching spending.

All matching resources will be tracked as carefully and accurately as cash and personnel resources. Non-personnel matching resources (such as office space, program income, or office supplies) also need to be tracked at the individual dollar level and in terms of a current fair market valuation.

Billing and Financial Reporting

MID will prepare and submit financial reports as specified by the financial reporting clause of each grant or award document. Preparation of these reports will be the responsibility of staff and is subject to review and approval by the appropriate authority. These reports called Financial Reports (FFR) are reported on a standard FFR form (SF 425) on the basis identified in the Agreement. This is normally quarterly or semi-annually. The report will include periodic and cumulative expenditures, a project budget, and a balance remaining column. The Manager/ is responsible for preparing this report. It must be signed by the key MID official noted on the Agreement (usually the District Manager).

The following policies apply to the preparation and submission of billings under awards made to MID:

1. It is MID's practice to request reimbursement after expenditures have been incurred, unless an award specifies another method, such as partial advances to offset projected expenditures.
2. Requests for reimbursement of award expenditures will use the actual amounts as posted to MID's general ledger as the source for all invoice amounts.
3. All financial reports required by each award will be prepared and filed on a timely basis. To the extent MID's year-end audit results in adjustments to previously reported amounts, revised reports will be prepared and filed by the terms of each award.

Closeout of Federal Awards

The goal of closing out a grant is the complete allocation and expenditure of all funds, the accurate completion and submission of all reports, and the appropriate distribution of all project equipment. MID will follow the close-out procedures in the grant agreements as specified by the granting agency. MID and all sub-recipients will fulfill all obligations incurred under the grant or contract within 90 days of the end of the grant or contract agreement. The process of closeout involves financial reconciliation, performance reporting, and property disposition.

At the end of the grant period, MID must refund to the funder any unobligated balances of funds unless authorized to retain them. The grant is financially closed out when all financial balances are drawn down to zero either through expenditure on the project, refunded to the funder, or transferred to another project (if MID is authorized to retain the balance). All final financial reports must be submitted within 90 days of completion of the grant.

END-OF-MONTH ACCOUNTING

Policies and Procedures

Since Receivables are recorded through Storm/QuickBooks, monthly totals are entered into the financial accounting system.

Upon completion of the monthly bank reconciliations, the Office Manager will post the monthly journal entries. Entries include recording interest income, NSF checks, and bank charges and adjustments.

The Office Manager will prepare the monthly financial statements (i.e. Trial Balance, Profit and Loss, Balance Sheet, Budget vs. Actuals) in preparation for the regular monthly Board of Director meeting. These reports are reviewed by the Manager/ and will be provided to the Board each month for review.

The Manager/Office Manager shall be available at the board meeting to discuss and answer questions concerning MID financial activity.

INTERNAL CONTROLS AND FINANCIAL AUDIT

Policies

There shall be a yearly audit of the financial transactions of MID conforming to the requirements of the State of Oregon and the requirements of a public entity.

The Auditing firm is selected by the Board of Directors through a request for proposals process, to be solicited at least once every five (5) years.

Any changes to internal controls and/or financial procedures suggested by the auditing firm will be considered and discussed with the Board.

All audits will be reviewed and approved by the Board of Directors.

Whenever there is a change in administrative personnel or the operating structure of the organization, the President of the Board of Directors and the District Manager will meet to determine that the internal control system continues to meet the needs of MID. If appropriate, the changes will be reflected in this accounting procedures manual.

Procedures

Currently, the State of Oregon requires that year-end audits be completed and filed with them within six months of the last day of MID's business year. MID's business year is a calendar year.

The goal is to always have the audit completed and filed with the State in the allowed six-month period. MID staff will make every effort to facilitate this goal, keeping in mind that District staff cannot control the timing of the process performed by the accounting firm performing the audit.

Before April 16th, the Office Manager contacts the accounting firm, and requests the required documents, to begin the audit. These documents include the audit engagement letter, bank confirmation requests, insurance confirmation requests, and the attorney letter regarding any pending legal issues and potential litigation.

Adequate space is provided for the accountants to conduct their audit work in the MID office. This may include one or more large tables, space to keep MID records provided to the accountants, and light electrical and computer outlets.

The Office Manager will organize and make available information that may include but is not limited to, the complete general ledger for the year, a chart of accounts, all bank statements, all paid invoices, all deposits, all payroll records, including payroll summaries for each pay period, and quarterly payroll reports, board minutes for the year under audit through the most recent minutes available, grant and contract files, lease agreements, insurance policies, and documentations for fixed assets capitalized.

The Office Manager will be available at all times throughout the audit to facilitate the work and the timeliness of the accountants. The Manager and the Office Manager will schedule a time to meet with the accountants as needed during the audit.

Audited Financial Statements

The Office Manager will review the reports before filing them to ensure that they are accurate and do not indicate any potential problems with the tax status of MID.

The Manager and the Office Manager will meet with the accountants after the audit to discuss any issues raised, review the audit journal entries, evaluate the audit process, and plan improvements for the following year.

The independent accounting firm will present the audit to the Board each year. The Board will review and approve the financial audit.

COMPUTER BACKUP

Policies & Procedures

MID operates under a network system and is password protected (updated in January and July each year). A backup of the accounting software, MID's QuickBooks, and all other applications will be done every month or more frequently as work dictates. The backup will occur immediately following the reconciliation of the monthly bank statements. The two most recent backups are to be stored off-site in the custody of Tek Management and older copies are to be stored in the vault and locked up each evening.

RECORDS ACCESS

Policies

MID is a public tax-exempt organization and will comply with and conduct its business by all applicable laws and regulations. Oregon Public Record Law (ORS 192) states that every person has a right to inspect any public record of a public body in this state except those exempt from disclosure under 192.340, 192.345, 192.355, and other Oregon laws.

According to ORS 192.311(5)(a), a public record includes any writing that:

- Contains information that relates to conducting the public's business including pictures, maps, and e-mails. If a record does not relate to conducting the public's business and is contained on a privately owned computer, then it is not a public record as defined in the law.
- Is prepared, owned, used, or maintained by a public body.

Exceptions to the above include:

- Personnel records that contain personal information, such as date of birth, social security number, home address, telephone number, or medical records.
- Payroll tax forms.
- Records that pertain to current or impending legal action.
- Records about contract or agreement negotiations.
- Other exceptions allowed by law.

MID is only required to produce records of which it is the custodian, meaning any records that it is directly or indirectly mandated to create, maintain, care for, or control.

Procedures

Any person wishing to inspect or copy District records shall fill out a public records request form and submit it to the Manager or the Office Manager.

MID will acknowledge receipt of the records request form within five business days unless the request is fulfilled before then. The acknowledgment must notify the requester whether or not MID is the custodian of the requested records, or that the public body is uncertain if it is the custodian. Requests for copies of Bureau of Reclamation (BOR) documents or contracts are deferred to the BOR. BOR documents must be requested by completing a Request for Information through the Freedom of Information Act at the BOR office.

The law establishes a baseline expectation that public bodies will complete their responses no later than 15 business days after receiving the request. For requests that will take longer, MID must demonstrate why an exception to the deadline applies and complete its response as soon as practicable and without unreasonable delay.

The Manager shall, before releasing any records, review the request to determine that the records are not exempt from public disclosure as provided by law and collective bargaining agreements. In making such a review, the Manager may request an opinion as to the status of the request from District legal counsel.

Fees

A processing fee of \$5 shall be charged and collected at the time the request for records is received.

If the person inspecting the records desires copies of the records and if that person has paid the processing fee, that person shall be entitled to 10 copies free of charge. For copies over 10, a \$.25 fee per page shall be collected before making copies. If the fee estimate for a request exceeds \$25, MID will first provide a written estimate to the requester and receive confirmation that the requester is willing to pay.

“Reasonably calculated” fees to reimburse MID for its actual cost in making records available may be collected. Actual costs may include a charge for time spent by staff locating the requested records, reviewing the records to delete exempt material, supervising the person’s inspection of the original documents, copying records, certifying documents, or sending records.

A person requesting a record may petition the Manager to waive or reduce the fee by completing the Fee Waiver Request form.

The public will not be allowed to borrow or otherwise remove an original document from the MID office. If MID cannot make a copy of the requested document, MID staff will make arrangements to have the document copied, and said cost including staff time must be paid in advance.

RECORD RETENTION

Policies

As a general rule, the Board of Directors has agreed to retain all records for a minimum of 10 years. MID will follow the minimum record retention schedule according to Oregon Administrative Rules 166. (Attached to this document as Exhibit A)

Procedures

Before discarding records, the permission of the Manager/Office Manager and Office Assistant. are required to ensure that they have no reason that an exception should be made to the policy. All discarded documents are to be shredded or burned.

Records should be maintained only as long as they serve a business purpose or until all legal requirements are met. Unfortunately, there are no specific standards that will cover all situations. The following are some of the factors that should be considered:

- Federal, state, and local statutes and regulations
- Industry requirements or standards
- Potential claims or litigation
- Contract requirements
- Historical importance

MAINTENANCE OF MANUAL

Policies

The Accounting & Financial Policies and Procedures manual is critical to the accounting function of MID. The Office Manager is responsible for maintaining the manual. The policies and procedure manual will be noted in the footnote with the date of each approved revision.

Procedures

Each year the Office Manager reviews the manual for any required changes. This review will be completed no later than December of each year. All proposed changes must be approved in writing by the Board of Directors and the Manager. If the Office Manager has no proposed changes, a memo to that effect must be provided to the Manager.

Whenever changes to the accounting procedures are made, a review of this accounting policies and procedures manual will be made by the Office Manager to determine if a revision is required. Any minor revisions to the manual that are not reflected in the manual immediately should be kept on file to incorporate into the formal annual update.

Revised manuals will be distributed to the Office Manager, Office Asst., Manager, and the Board of Directors.