

ROCKY MOUNTAIN WATER ENVIRONMENT ASSOCIATION



**FINANCIAL POLICIES AND PROCEDURES
GUIDANCE DOCUMENT**

September 2008

PREFACE

The Rocky Mountain Water Environment Association (RMWEA or Association) Financial Policies and Procedures Guidance Document will serve as a tool to assist the Treasurer and the Finance, Accounting, and Budget (FAB) Committee in fulfilling their duties. This document contains relevant information that should be reviewed annually by the current Treasurer and updated as needed.

Included in this document are sections that delineate the Treasurer's responsibilities, tax-exempt provisions, financial and budgetary schedules, financial investment and reserve fund policies, budget responsibilities for committees, credit card processing procedures, Association's general liability insurance, bank transaction procedures, records management, physical property controls, and various policies on conflict of interest, contracts, surplus property disposal, accessibility to Association records, travel expenses for officers, speaker fees, and meal expenses.

This document was prepared to provide RMWEA Treasurers, committee leaders, and Executive Committee members with a greater awareness and understanding of the Association's financial practices and to help promote consistency in the implementation of established policies and procedures.

All members and others acting on behalf of the Association (or agents of the Association) are bound by the policies herein, and any deviation from established policies or procedures without prior approval of the Executive Committee is prohibited.

Table of Contents

| | |
|---|----|
| Treasurer Responsibilities..... | 1 |
| Finance, Accounting, and Budget (FAB) Committee Responsibilities..... | 4 |
| Checklist to Assess Financial Activities in Nonprofit Organizations | 5 |
| Audit Process | 8 |
| Financial Schedule | 9 |
| Committees/Budget Responsibilities | 11 |
| Non-Profit and Tax-Exempt Provisions | 13 |
| Access to Association Records | 16 |
| Conflict of Interest | 17 |
| Contracts | 18 |
| Reserve Fund..... | 19 |
| Financial Investments | 20 |
| Petty Cash Fund | 21 |
| Physical Property Controls | 22 |
| Surplus Property Disposal..... | 23 |
| Surplus Property Declaration Form | 24 |
| Credit Card Processing | 25 |
| Association Business Credit Card..... | 26 |
| Association Business Plan | 27 |

Table of Contents
(Continued)

| | |
|---|----|
| General Liability Insurance..... | 28 |
| Bank Signatures | 29 |
| Speaker Fees | 30 |
| Records Management..... | 31 |
| Travel Expenses | 32 |
| Reimbursements..... | 34 |
| General Reimbursement or Check Request Form | 35 |
| Travel Reimbursement Request Form | 36 |
| Meal Expenses | 38 |

Treasurer Responsibilities

- The Treasurer shall prepare monthly financial reports to the Executive Committee and Committee Chairpersons. These reports shall include an Association balance sheet listing assets and liabilities, a profit/loss statement, and income/expense itemizations for each committee.
- The Treasurer shall include a quarterly report to the Executive Committee on the status of any investments.
- The Treasurer shall pay the annual COSTCO Executive Membership dues, usually during the month of May. Without this membership, the Association would lose its capability to process credit cards.
- The RMWEA Treasurer shall ensure that the organization is covered each year with a comprehensive general liability insurance policy.
- The Association's management partner (TEAMS) is the current holder of the RMWEA credit card processing equipment. The Treasurer shall work with TEAMS to replace such equipment if deemed necessary.
- The Treasurer shall remind RMWEA officers and conference/seminar coordinators to use the Association's tax exempt number(s) wherever applicable.
- New checks should be ordered by the Treasurer through the bank when necessary. The check passbook should always be kept in a secured location.
- RMWEA tax forms currently must be filed no later than May 15th of each year. The Treasurer is responsible for ensuring that the proper forms are filed in a timely manner.
- The Treasurer is responsible to pay all annual fees for 501(c)3 state reports by the required due dates. This includes such fees as may be payable to Colorado, New Mexico, and Wyoming.
- The Federal tax form has been the 990 form (long form) used during the odd years when RMWEA takes the lead in coordinating the Annual Conference; the 990-EZ form (short form) for the even years when RMWEA does not coordinate the Annual Conference.
- The Treasurer should complete W-9 forms, as necessary, for RMWEA sponsors or contributors when requested. This is in compliance with Federal tax regulations. It is very important to send these forms back to the vendors in a timely manner.
- A biennial report needs to be updated with the State of Colorado. This form basically provides updated information to the State on the Association. The current filing fee is \$25.

- The RMWEA Treasurer shall be the Finance Chairperson and assist in the registration process (during the odd-numbered years) for the Annual Conference, if requested by the Conference Coordinator.
- The RMWEA Treasurer shall be responsible for all Annual Conference bills (odd-numbered years) ensuring prompt payment to the respective vendors.
- The Treasurer shall present a financial summary report each calendar year during the RMWEA business luncheon at the Annual Conference.
- After each Annual Conference, the RMWEA Treasurer shall work with the RMSAWWA Secretary/Treasurer to determine each organization's proceeds from the Conference based on the ratio of each organization's membership as of October 1st of the preceding 12 months. The Joint Governing Board agreement should be accessed for the calculation formula.
- The Joint Governing Board shall direct the RMSAWWA Chairperson, RMWEA President, RMSAWWA Secretary/Treasurer, RMWEA Treasurer, and the RMWEA Secretary to negotiate and have contracts for paid staff by the first of the year.
- The current Treasurer shall meet and discuss with the new incoming Treasurer all responsibilities of the position. This transfer of responsibility will occur immediately after the Annual Conference.
- Loans to members under all circumstances shall be prohibited.
- All checks received by the Treasurer shall be endorsed with a stamp stating "Deposit Only" for RMWEA.
- Checks and cash will be deposited on at least a weekly basis.
- The Treasurer shall be authorized to sign checks of up to \$5,000. Checks over \$5,000 require approval of the President or President-Elect. Annual Conference expenses shall be paid upon the approval of the Conference Coordinator.
- The Treasurer shall ensure that approved invoices or expense vouchers are received prior to any check disbursements. (See Section on Reimbursements.)
- The Treasurer is responsible to review all bank statements and to reconcile all accounts each month.
- The cash basis of accounting shall be utilized. This accounting method recognizes revenues when they are received and expenses when they are paid.

- It is the policy of the RMWEA to invoice for services immediately following completion of service. If payment is not received according to schedule, the Treasurer (with approval from the President) may authorize the use of a collection agency. Attempts to collect payments will be noted and kept on file.
- All income for the RMWEA shall be payable in U.S. funds.
- RMWEA members may not send replacements/alternates to Association seminars or workshops at the member registration rate unless the replacements/alternates are also members.
- All items purchased by the Association must be approved as a part of the annual budget. If an item is not in the approved budget, then it must be presented to the Treasurer and Executive Committee for approval. If this item will impact the approved budget, then the Executive Committee must approved an adjustment to the budget.
- No refunds will be allowed for dues.
- Full refunds for RMWEA sponsored conferences/seminars/workshops may be granted if the customer or member requests the refund in writing prior to the stated deadline. If appropriate, an administrative fee may be charged, and this decision will be made by the conference or seminar coordinator based on the published refund policy for that particular conference or seminar.
- The Treasurer shall serve on the RMSAWWA/RMWEA Joint Governing Board.
- The Treasurer will monitor the assets of the RMWEA as outlined in the Section titled Physical Property Controls.
- The Treasurer will meet with the RMWEA paid accounting staff and have that staff conduct as independent audit of the RMWEA books in years that end in “3”, “6”, and “9”.

Finance, Accounting, and Budget (FAB) Committee Responsibilities

- The Finance, Accounting, and Budget (FAB) Committee is responsible for assisting and providing guidance to the Treasurer.
- The FAB Committee shall consist of the Treasurer, Vice President, Secretary, and at least one Past President or Delegate.
- The FAB Committee shall assist the Executive Committee during the preparation and review of the annual fiscal budget.
- The FAB Committee shall assist the Association President and Treasurer in finalizing an approved finance, budget, and accounting schedule every year.
- The FAB Committee shall be responsible to perform an annual financial audit. This audit shall occur as soon as practicable after all the bills for the calendar year being audited have been paid. The audit shall consist of a brief written report that summarizes the Committee's findings and recommendations. The report shall be presented to the Executive Committee at its next available board meeting following the completion of the audit.
- The FAB Committee shall follow at a minimum, the Checklist to Assess Financial Activities in Nonprofit Organizations (see below) for their annual audit.
- The FAB Committee shall review all investment opportunities on an annual basis.
- The FAB Committee, in consultation with the Executive Committee, will select a CPA experienced in working with not-for-profit organizations. The CPA shall prepare all required tax forms for the Association, assist with audits (if requested), and provide guidance on investment options.

Checklist to Assess Financial Activities in Nonprofit Organizations

1. The organization follows accounting practices which conform to accepted standards.
2. The organization has systems in place to provide the appropriate information needed by staff and board to make sound financial decisions and to fulfill Internal Revenue Service requirements.
3. The organization prepared timely financial statements including the Balance Sheet (or statement of financial position) and Statement of Revenue and Expenses (or statement of financial activities) which are clearly stated and useful for the board and staff.
4. The organization prepares financial statements on a budget versus actual and/or comparative basis to achieve a better understanding of their finances.
5. The organization develops an annual comprehensive operating budget which includes costs for all programs, management and fundraising and all sources of funding. This budget is reviewed and approved by the Executive Committee.
6. The organization monitors unit costs of programs and services through the documentation of staff time and direct expenses and use of a process for allocation of management and general and fundraising expenses.
7. The organization prepared cash flow projections.
8. The organization periodically forecasts year-end revenues and expenses to assist in making sound management decisions during the year.
9. The organization reconciles all cash accounts monthly.
10. The organization has a review process to monitor that they are receiving appropriate and accurate financial information whether from a contracted service or internal processing.
11. If the organization has billable contracts or other service income, procedures are established for the periodic billing, follow-up and collection of all accounts, including the documentation that substantiates all billings.
12. Government contracts, purchase of service agreements and grant agreements are in writing and are reviewed by the organization to monitor compliance with all stated conditions. All contracts should be agreed to in writing and not based solely on verbal agreements.
13. Payroll is prepared following appropriate State and Federal regulations and organizational policy.

14. Persons employed on a contract basis meet all Federal requirements for this form of employment. Disbursement records are kept so 1099's can be issued at year end.
15. Organizations that purchase and sell merchandise take periodic inventories to monitor the inventory against theft, to reconcile general ledger inventory information and to maintain an adequate inventory level.
16. The organization has a written fiscal policy and procedures manual and follows it.
17. The organization has documented a set of internal controls, including the handling of cash and deposits, approval over spending and disbursements.
18. The organization has a policy identifying authorized check signers and the number of signatures required on checks in excess of specified dollar amounts.
19. All expenses of the organization are approved by a designated person before payment is made.
20. The organization has a written policy related to investments.
21. Capital needs are reviewed at least annually and priorities established.
22. The organization has established a plan identifying actions to take in the event of a reduction or loss of funding.
23. The organization has established, or is actively trying to develop, a reserve of funds to cover at least three months of operating expenses.
24. The organization has suitable insurance coverage which is periodically reviewed to ensure the appropriate levels and types of coverage are in place.
25. Employees, board members and volunteers who handle cash and investments are bonded to help assure the safeguarding of assets.
26. The organization files IRS form 990's on a timely basis within prescribed time lines.
27. The organization reviews income annually to determine and report unrelated business income to the IRS.
28. The organization has an annual, independent audit of their financial statements, prepared by a certified public accountant.
29. In addition to the audit, the CPA prepares a management letter containing recommendations for improvements in the financial operations of the organization.

30. The FAB Committee is responsible for soliciting bids, interviewing auditors and hiring an auditor for the organization.
31. The Executive Committee, or an appropriate committee, reviews and approves the audit report and management letter and with staff input and support, institutes any necessary changes.
32. The audit, or an organization prepared annual report which includes financial statements, is made available to service recipients, volunteers, contributors, funders and other interested parties.
33. Training is made available for Executive Board members on relevant accounting topics and all appropriate persons are encouraged to participate in various training opportunities.

Audit Process

The FAB Committee must perform the following tasks for each month of the year, during the Audit:

- Go monthly and sequentially beginning in January.
- Ensure that the entries from the bank statement for “interest earned” and “service charges” (combine all the service charges into a single monthly service charge for the month) have been correctly entered into Quick books.
- Any financial entry over \$1,000.00 must be reviewed.
- Take 3 additional random monthly entries and review those. One of the three random entries must be a deposit. One must be a payment or withdrawal. The last can be either.
- Any checkmark that does not exist in the column for reconciliation must be investigated.

Financial Schedule

| <u>January</u> |
|--|
| <ul style="list-style-type: none"> • The Treasurer and Secretary shall meet during the first two weeks of January to archive and destroy Association files per prescribed guidelines. |
| <ul style="list-style-type: none"> • Association's CPA to provide 1099 tax forms to Treasurer and Web Site Chair for salary and funded in-kind services. |
| <ul style="list-style-type: none"> • Corporation report for Colorado to be filed by January 30th. |
| <ul style="list-style-type: none"> • New budget for the year is distributed to all committee chairpersons and officers. |
| <ul style="list-style-type: none"> • RMWEA annual audit to be completed by January 31 (if possible), after the Association's bills have been paid, receivables have been collected, and financial records have been reconciled for past year. |
| <ul style="list-style-type: none"> • All contracts for paid staff are formally approved by the Joint Governing Board. |
| <u>February</u> |
| <ul style="list-style-type: none"> • Winter board meeting. RMWEA/RMSAWWA joint committee budgets are formally approved. Annual Conference budget is approved by the Joint Governing Board. |
| <u>March</u> |
| <ul style="list-style-type: none"> • Corporation report for Wyoming by March 31. |
| <ul style="list-style-type: none"> • Treasurer to meet with Association's CPA to prepare taxes. |
| <u>April</u> |
| <u>May</u> |
| <ul style="list-style-type: none"> • Association's taxes are due to the IRS no later than May 15. |
| <u>June</u> |
| <ul style="list-style-type: none"> • Summer planning meeting. President-elect presents and discusses proposed goals for coming year. |
| <u>July</u> |
| <ul style="list-style-type: none"> • If requested by the President-Elect, the Treasurer will estimate large-expenditure line items for the coming year's budget. |
| <ul style="list-style-type: none"> • Treasurer to pay annual COSTCO Executive Membership dues in order to maintain the Association's credit card program. |
| <u>August</u> |

| |
|--|
| <u>September</u> |
| <ul style="list-style-type: none"> • Committees begin working on their budgets for the coming year. • Treasurer presents a financial summary report during the RMWEA business luncheon at the Annual Conference. |
| <u>October</u> |
| <ul style="list-style-type: none"> • Committee chairpersons to provide milestones, goals & objectives for the Business Plan. • Committees complete their budget preparation. |
| <u>November</u> |
| <ul style="list-style-type: none"> • Committee chairpersons submit budget requests to President and Treasurer no later than November 15. President and Treasurer will meet to discuss all committee budgets. |
| <u>December</u> |
| <ul style="list-style-type: none"> • Executive Committee reviews RMWEA budget. Final budget to be approved by December 31. • President checks with Treasurer on due dates for all state corporation update reports. • The Fiscal Year of the Association shall be from January 1 to December 31. • The Executive Committee shall establish an annual schedule for budget preparation and approval, budget review, fiscal year audit, submittal of committee budgets, and other appropriate financial reports. This schedule shall be included in this document. • The Association budget shall be a one-year budget to provide financial planning stability and historical information. • The Financial schedule shall provide direction for all Executive Committee members and committee chairpersons. |

Committees/Budget Responsibilities

- The RMWEA operating budget is subject to approval at the December meeting of the Executive Committee. In order that total revenues and expenditures may be adequately evaluated, each committee is asked to prepare a budget demonstrating that the committee has evaluated its program(s) and activities and considered anticipated income and costs of their activities.
- It is important that committees plan for end of year balances where revenues exceed expenditures. Committees must develop realistic budgets without padding, but providing for necessary program funding. An honest budgetary appraisal from each committee allows the Executive Committee to make informed decisions.
- It is expected that committee budgets be developed which foresee most incomes and costs. Include, but do not limit oneself to the following items:
 - Income/expenses related to seminars or other activities.
 - Committee meeting and event expenses.
 - Committee mailings (including cost of item (such as flyer) to be printed and cost of mailing or distributing it).
 - Printed materials to be distributed to committee members and method of distribution.
- The Executive Committee will review all budgets in November and December. The final budget shall be prepared by the end of December and distributed to committee chairs in early January of each year.
- RMWEA committees must remain fiscally sound and stay within their approved budgetary constraints. Expenditures of RMWEA funds shall not be made without first having determined that funds have been budgeted and are available to cover expected expenditures.
- Requests for amendments to RMWEA Committee budgets shall be made to the Executive Committee. If a Committee budget shortfall is foreseen and/or an unplanned activity is proposed, the request shall be prepared and submitted to the Executive Committee for review and consideration. Requests may be submitted in writing to the Treasurer or in person to the Executive Committee.
- Committees shall only expend funds for those items and in those amounts that are included in its approved budget. The specific prior approval of the Executive Committee is required in order to expend funds for unbudgeted items or in excess of the approved budget.
- Joint Committees shall follow budgetary guidelines and prepare and submit budgets in accordance with the RMSAWWA/RMWEA Joint Policy & Procedures Manual.

- It is the policy of the RMWEA Executive Committee that committee finances shall be handled through the Association account and budget.
- Separate accounts including checking accounts are not authorized for committees.
- Committees are required to follow and enforce the financial policies and procedures of the Association.
- The RMWEA Executive Committee reserves the right to request documentation and backup information from the committee as it determines necessary to assure financial responsibility.
- If a committee is dissolved, all remaining funds may be transferred by the Treasurer to an RMWEA asset or another account as directed by the Executive Committee.
- Committees may develop standing rules that require approval of the Executive Committee.
- Each year, committees shall submit an annual budget with specific goals & objectives.
- Questions pertaining to the Association's budget should be directed to the RMWEA Treasurer.

Non-Profit and Tax-Exempt Provisions

- RMWEA has been incorporated under state law as an organization prohibited from distributing net income (income above expenses) to individuals who control the organization.
- RMWEA is prohibited from allowing private parties to obtain equity in, or personal financial benefit from the Association.
- RMWEA must provide programs that will serve to benefit the members of the organization and the public rather than private individuals.
- Earnings received by the RMWEA must be dedicated to furthering the mission and goals of the organization.
- All earnings (income over expenses) are “reinvested” in the program of work of the Association to fulfill the organization’s mission and goals.
- A New Mexico CRS-1 Combined Report Form does not need to be filled out and submitted for each six-month report period (i.e., January-June; July-December) as long as the main purpose of our meetings in New Mexico are business related (i.e., providing members education). Therefore, we do not need to report conference income or pay gross receipts on the income made.
- If RMWEA ever had employees in New Mexico, then the organization would need to fill out the CRS-1 form every six months.
- As a 501c3 organization, RMWEA does not need to pay taxes on purchases of tangibles (i.e., food, prizes for fundraisers, etc.), but we do need to pay taxes on purchases of services (i.e., room rental). The Type 9 NTTC (nontaxable transaction certificate) forms do need to be filled out in order not to pay taxes. The on-line process (simplest) procedure is to first receive the ID # from the business or vendor we are purchasing food or other items from and then fill out the NTTC form on-line. There is no limit to the number of businesses one can register on-line. The website is: <http://www.state.nm.us/tax>. The password is RMWEA. The link to fill out the NTTC can be found here.
- The Treasurer or Secretary may also receive a corporate income and franchise tax (CIT) form each year from the State of New Mexico. This form only needs to be completed if there has been any unrelated business income (UBI) generated by the Association.
- The RMWEA registration number is 02-410037-00-4 and was issued on November 01, 1999. Kay Storr is the current New Mexico Tax Auditor (ph. 505-827-0944) and was contacted on July 12, 2006, to get clarification on the NM tax rules for 501c3 organizations.

- The Wyoming Department of Revenue issued a tax-exempt certificate and letter to the RMWEA on November 9, 1999. The revenue number is 140524. Always keep the ETS Form 101 and approval letter in the appropriate file. Keep duplicates of both to supply the Association's use requirements. Contact the department every year to renew it so that all current information may be updated. An annual non-profit corporation report is filed with the State of Wyoming. This form is generally mailed to the Secretary or the Treasurer.
- The RMWEA Colorado Tax ID # is 98-18406-0000.
- The RMWEA Federal Tax ID # is 84-0777358.

Tax-exempt status means that:

- Members have the assurance that dollars are being used for the purpose they are being collected, and gain the full benefit of those dollars, without seeing a portion of them being drained away as taxes.
- RMWEA is exempt from paying corporate federal income tax on income that is derived from programs or activities that are "substantially related" to the purpose or mission for which the organization was formed. A fundraiser or other event to raise money for Operations Challenge or the Stockholm Junior Water Prize is related to our business so long as we expend the funds on our mission-related educational programs.
- RMWEA is required to pay corporate federal income tax at the standard rate, on any income that is unrelated to its tax-exempt purpose. Such income is called "Unrelated Business Income" or (UBI), and that tax is due and payable on such income as UBIT. Form 990-T is used for filing UBI.
- RMWEA is also subject to many other kinds of taxes such as Federal payroll tax; Social Security; Medicare; unemployment; real estate tax; personal property tax; sales tax; use tax; franchise tax; and taxes on lobbying activities.
- Section 501(c)(3) organizations are restricted in how much political and legislative (lobbying) activities they may conduct. IRC 501(c)(3) permits organizations to lobby so long as they do not devote a "substantial part" of their activities to attempting to influence legislation. Whether an organization's attempts to influence legislation, i.e., *lobbying*, constitute a substantial part of its overall activities is determined on the basis of all the pertinent facts and circumstances in each case. The IRS considers a variety of factors, including the time devoted (by both compensated and volunteer workers) and the expenditures devoted by the organization to the activity, when determining whether the lobbying activity is substantial.

- An organization will be regarded as attempting to influence legislation if it contacts, or urges the public to contact, members or employees of a legislative body for the purpose of proposing, supporting, or opposing legislation, or if the organization advocated the adoption or rejection of legislation. Organizations may involve themselves in issues of public policy without the activity being considered as lobbying. For example, RMWEA can conduct educational meetings, prepare and distribute educational materials, or otherwise consider public policy issues in an educational manner without jeopardizing their tax-exempt status.
- Political activities (such as those concerned with the nomination, campaigning on election of specific candidates or political party activities) are not allowed under IRS Section 501(c)3.
- Lobbying restrictions do not apply to the U.S. Executive Branch, only the Legislative Branch.
- RMWEA is subject to penalties under the Colorado Corporation Code of Regulations which includes loss of non-profit and/or tax-exempt status for failure to comply.
- Officers and Delegates are personally subject to liability and penalty for failure to comply.
- Accountability is the price to be paid for the exemption from tax on mission-related income.

Access to Association Records

- In accordance with federal law, it is the policy of the RMWEA to make available copies of the following records of the Association to any person: most recently filed IRS Form 990; not-for-profit tax-exempt status letter from IRS; financial statement including balance sheet and income statement for the most recent month.
- If requested by mail, copies shall be provided within 30 days of the request.
- Copies of documents will be made available at no charge to RMWEA members and at a current rate of \$1.25 for the first page and \$0.10 per page for additional pages for non-members. These copies will be mailed to members at no charge; however, non-members will be required to pay postage at the current rate.

Conflict of Interest

- It is the policy of the RMWEA to avoid conflicts of interest that may result by contracting for services for the Association or its committees.
- No Officer or Delegate of the Association may contract to provide services for the Association or its committees.
- No committee officer may contract with the same committee for services.
- A member of the Association may contract for services provided that the member is not part of the decision-making process for selecting the contractor.
- Any work, process, or innovative technology that has been developed or purchased exclusively for the RMWEA may not be used by any other person, group or organization without the expressed permission and approval of the Association's Executive Committee. A majority vote of the Executive Committee would be required for approval.
- Distribution lists or directories comprised of RMWEA member's names and organizations (both Associate and WEF) may not be released and used by any person, group or organization for marketing purposes without the expressed permission and approval of the Association's Executive Committee. A majority vote (i.e., greater than 50%) of the Executive Committee would be required for approval.

Contracts

- The RMWEA Treasurer shall ensure that individuals qualifying as *independent contractors* will sign a contract and be issued IRS Form 1099-Miscellaneous, if compensation is \$600 or more during the fiscal year. A completed copy of the 1099-Misc. form will need to be sent to paid staff by February 1 of each year along with a copy to the IRS about a month later, around March 1. The IRS tax booklet should be checked for the specific due date as these dates will change a little from year to year. A 1096 form will need to be filed with the IRS as well. Tax forms are sent to the Association from the IRS office located in Ogden, UT 84201.

- Any contract for services shall include written competitive proposals with price and scope of work delineated.

- Contracts for Joint Committee activities shall be handled according to the RMSAWWA/RMWEA Joint Policy & Procedures Manual.

- Contract reviews and approvals shall be conducted according to the following schedule:
 - Contracts with expenses less than \$2,000 – The contract shall be reviewed by one of the following: RMWEA President, Treasurer, or a member of the FAB Committee. After review and approval, the contract may be signed by the RMWEA President, Treasurer, or Committee Chair.

 - Contracts with expenses \$2,000 or greater – The contract shall be reviewed by a minimum of two of the following: RMWEA President, Treasurer, FAB Committee Member, and/or paid staff. After review and approval, the contract shall be signed by the RMWEA President or Treasurer.

Reserve Fund

- The creation and maintenance of an adequate reserve fund is a fundamental tenet of sound financial management.
- Reserves are the accumulated net surpluses of the organization or the net amount the organization would expect to receive were it to sell all of its unrestricted assets and pay all of its unrestricted liabilities at a given point in time.
- The RMWEA shall establish a “reserve fund” to maintain appropriate funds to ensure the organization’s financial health while providing member value.
- The reserve fund policy is intended to establish reserves to cover organizational objectives that include both unanticipated circumstances and one time or episodic situations.
- The reserve fund is used to sustain basic operations and core member services during a short-term (i.e., 12-18 months) economic downturn.
- The reserve funds shall sustain essential member services during a transition to a long-term (i.e., a downturn anticipated to last beyond 12-18 months and that is seen as being more of a permanent nature than a short-term economic slump) economic downturn.
- The reserve fund shall provide (if necessary) a source of capital for the research and development of new services (or products) that have the potential to significantly benefit the members of the organization.
- The reserve fund shall be adjusted periodically to reflect inflation based on the consumer price index. The Executive Committee shall review this policy annually to ensure that the total reserve fund objectives are being met.
- The reserve fund shall be established with the goal of achieving an amount equivalent to a minimum of 30% of the Association’s annual operating budget.
- The reserve fund shall be used for purposes as defined by the Executive Committee.
- A majority vote (50% or greater) of the Executive Committee members is required to initiate policy changes pertaining to the reserve fund or to authorize any withdrawals.

Financial Investments

- The Association will pursue procedures that enhance the opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities.
- The Association Treasurer shall be responsible to manage all Association funds; to protect, preserve, and maintain cash and investments placed in his/her trust on behalf of the members of the Association.
- An adequate percentage of Association funds shall be maintained in liquid short-term funds which can be withdrawn if necessary to meet the disbursement requirements. Investments shall be in FDIC-issued certificates of deposit and money market savings accounts.
- No common stock, preferred stock or real estate will be purchased.
- Any and all interest income earned from investments may be used as current fiscal year operating funds. The budget will reflect such anticipated revenues.
- Upon the approval of the Executive Committee, any investment portfolio shall be diversified to avoid incurring unreasonable and avoidable risk.
- The Executive Committee shall seek the advice of its Certified Public Accountant or a qualified financial planner before any non-traditional investments (e.g., stock portfolios; real estate) are considered.
- Reserve monies shall be invested to maximize interest returns without jeopardizing principal.
- Due to FDIC limitations, monies greater than \$100,000 (if applicable) invested in one financial institution shall be reviewed by the Treasurer.

Petty Cash Fund

- The Executive Committee shall determine if a petty cash fund is deemed necessary or not.
- If a petty cash fund is authorized by the Executive Committee, then, the fund shall be used only when it is inconvenient or impractical to use the checking account.
- The maximum value of the Fund shall be determined by the Executive Committee.
- Upon approval of the use of a petty cash fund, the Association Treasurer shall be responsible to collect documentation for the use of petty cash funds.

Physical Property Controls

- Physical property shall include such items as computers, software, printers, cameras, projectors, camcorders, clothes, banners, display boards, etc. purchased by the Association or donated to the Association for the purpose of conducting the activities of the Association.
- The Executive Committee shall approve the use, location, and person responsible for each physical property item.
- All physical property purchased shall be paid in full and not in partial payments with interest charges.
- The Treasurer will maintain an inventory of all Association property.
- During the annual audit of the Association's finances by the FAB Committee, the Treasurer will submit an updated inventory for review.
- Disposition of property shall be determined by the Treasurer with the approval of the President. Every effort shall be made to attain a reasonable return on all property.
- Requests for new physical property shall be discussed and approved by the Executive Committee.

Surplus Property Disposal

- It is the policy of the Association to dispose of surplus equipment in a manner most advantageous to RMWEA. Such items can be sold, disposed of through a fee-required take back program (i.e., a fee is required for an organization to dispose of an item such as a used computer), or simply junked if the Executive Committee believes that is the proper means of disposal.
- Surplus equipment is defined as: RMWEA-owned equipment, materials, and supplies that are no longer needed; equipment that have reached the end of its useful life, and whose continued use is not economical due to excessive repair or operation costs; property that has become obsolete due to changes in technology.
- The Treasurer shall be responsible for carrying out this policy.
- The Executive Committee shall review and authorize disposal.
- *A Declaration of Surplus Property* shall be prepared by the Treasurer (see below).

RMWEA
Surplus Property Declaration Form

Date: _____

To: FAB Committee

From: RMWEA Treasurer

Request Authorization to Declare the Following Property Surplus:

Justification for Declaration that Property is Surplus:

Estimated Value of Surplus Property:

Method Used to Determine Estimated Value:

Authorized by:

FAB Committee Chairperson

Date

Implemented by:

RMWEA Treasurer

Date

Credit Card Processing

- Elavon is the Association's current credit card processor for Visa and Mastercard. Elavon's phone number is 1-800-725-1243. One needs to have the Association's merchant account number available when placing a call to Elavon.
- RMWEA has an Executive Membership through COSTCO Wholesale. Annual dues are payable in July. The organization must be a COSTCO Executive Member in order to participate in the credit card processing program with Elavon.
- Specific questions pertaining to the electronic credit card equipment can be referred to a COSTCO customer service center at 1-877-807-6239.
- The merchant account number with Elavon is #38520000009848. This account is for the card swipes, telephone and mail orders.
- The merchant account #38520000020303 was set up in June 2000 for Internet credit card processing only.
- The RMWEA currently does not accept Discover Card or American Express.
- TEAMS is currently responsible for the credit card processing equipment purchased by the Association back in June 2000. The equipment will accept MC, VISA, AMEX, and Discover credit cards. We can also process credit cards through the RMWEA website as well. Additional equipment can be purchased by calling 1-888-545-2234.
- Information to obtain when processing credit cards includes: cardholder's name, card type, card number, expiration date, transaction amount, mailing address & zip code, phone number. A receipt should always be made available for all transactions.

Association Business Credit Card

- The Executive Committee shall approve any request to secure a business credit card for the Association.
- The RMWEA Treasurer currently maintains an Association credit card and is the sole person responsible to use the card.
- Dissolution of continued use of a business card shall be approved with a majority vote of the Executive Committee members.

Association Business Plan

- The RMWEA business plan provides members with a comprehensive look at the Association' history, its vision, mission, goals and objectives. The plan also includes committee descriptions, and current marketing, management and financial plans.
- The RMWEA Treasurer shall assist the RMWEA Secretary in updating the Association's Business Plan at least twice annually after affording any changes to the President for review. The updates shall include current organizational objectives and milestone dates along with the most recent budget projections. Updates to the Business Plan shall be posted on the RMWEA website.
- The Financial Policy and Procedures Manual shall be incorporated into the Association's Business Plan by reference.

General Liability Insurance

- RMWEA shall obtain General Liability Insurance. Andersen Insurance Group (AIG) currently offers the RMWEA general liability insurance coverage along with a variety of plans designed to protect individuals and groups against many situations that may occur.
- AIG offers additional coverage options such as: directors & officers liability coverage; fidelity bond (protection for loss due to an embezzlement of Association funds); convention cancellation insurance; umbrella policy, etc.
- AIG can be reached at 1-703-988-0600. The current contact person is John Toepfer.
- General liability insurance provides for coverage for bodily injury and property damage for which you are deemed to be responsible. This policy provides for defense costs as well as for damages.

Bank Signatures

- The Association shall follow each financial institution's requirements for completing a bank signature card. Usually, up to 4 or more signatures can be placed on this card.
- At a minimum, the officers whose names should appear on a signature card file include: President, President-Elect, Vice-President and Treasurer. The Secretary's name may be added as well.
- The Association President shall decide which officer's names will be on the bank signature cards.
- The current Association President shall ensure that signature cards are updated on an annual basis.
- Withdrawals from the liquid CD (savings) will require two signatures of the board members who have the proper authorization. If there is ever a need to withdraw funds from the CD in a hurry, it is best to have already prepared and signed by one of the authorized signers a letter to the bank requesting a withdrawal. Letters with original signatures can be kept on file and then when needed, only the date needs to be typed in. Such correspondence should always be on original Association letterhead.
- To update the "signers" with the bank, a new form called "Addendum to Certificate of Authority" will need to be completed. This form can be used to add or delete a signer's name.
- An updated list of the Association's officers needs to be given to each financial institution and to WEF on an annual basis so that they can update their records.

Speaker Fees

- This written document describes how the Executive Committee shall conduct business as it pertains to the reimbursement of expenses incurred by persons who are invited as speakers to participate in RMWEA-only sponsored seminars, conferences, workshops, meetings or training programs.
- Transportation and lodging expenses of invited speakers are not to be paid by RMWEA if the speaker is an RMWEA member who is attending the seminar as a participant in addition to making a presentation. Special speakers, who are invited by the organizing committee, may be reimbursed for travel expenses based on the decision of the conference or seminar coordinator, provided such costs are included in the budget for the event.
- The conference or seminar coordinator shall determine if registration and meal costs for speakers will be provided by the RMWEA. However, it is the general rule that speakers should register and pay fees if they are there to attend the seminar. If not, no registration should be needed for persons making presentations. RMWEA should pay for a speaker's meal only if the speaker is on the program connected with the meal (breakfast, lunch, or dinner sessions).
- Honorariums or speakers' fees are generally not paid, unless these expenses have been budgeted by the conference or seminar coordinator and approved in advance by the Executive Committee.
- Exceptions to this guidance document shall only be permitted in special and unique circumstances, only with the advance approval of the Executive Committee, and only if the funds have been budgeted by the seminar coordinator.

Records Management

- The Association Treasurer, Secretary and Historian shall work collaboratively to archive and destroy files each year. A Certificate of Destruction (COD) shall be prepared and maintained.
- The Treasurer shall assist the RMWEA Secretary in matters pertaining to file management, record retention, and the preservation of Association documents.
- The Association's existing *Records Management Policy* shall remain in effect for three years, after which it will be reviewed by the FAB Committee to determine whether revisions are appropriate. If deemed necessary, recommendations for approval shall be presented to the Executive Committee for approval.

Travel Expenses

- The purpose of this travel policy is to assist certain Association officers to attend meetings approved by the Executive Committee and to control expenses for the Association. This policy will clarify who from the Executive Committee shall be financially supported to attend WEFTEC and what expenses are approved. The RMWEA Executive Committee may review and revise this guidance on an annual basis.
- The RMWEA elects their officers at the RMWEA Annual Conference in September, and the Delegates do not officially take office until WEF approves them at WEFTEC in October or November.
- At WEFTEC, the House of Delegates currently meets on the Saturday prior to the opening of WEFTEC and on Wednesday of WEFTEC. The voting Delegates are required to attend these meeting. For Saturday's meeting, the voting Delegates from RMWEA are the two Delegates who were in office the previous year (not the Delegates elected at the RMWEA Annual Conference in September). In addition, WEF highly encourages any Delegate Elect to attend the meeting to share ideas and to get prepared for their upcoming term in office. The RMWEA will financially support sending the two voting Delegates and Delegate Elect (in years when a Delegate Elect has been elected) to WEFTEC.
- As the costs of attending WEFTEC continue to increase, the RMWEA will establish guidance on reasonable expenses that shall be covered by each representative. A travel and expense budget will be established annually to meet the financial needs of the officers attending WEFTEC.
- Conference Registration: The purpose of the Delegates' attendance at WEFTEC is to participate in the House of Delegates meetings, network with WEF and other MAs, and perform such other duties as may be assigned, such as reviewing exhibits on the exhibit floor. The RMWEA shall pay the Member Super Saver Expo Only – Full Week registration fee for their representatives. If the representative chooses to register as a PWO Member or Full Conference and Expo, the representative is responsible for the additional registration cost. In addition, the representative is responsible for any additional cost associated with registering after the Super Saver deadline.
- The RMWEA will also reimburse the following costs:
 - Airfare (economy fair purchased at least 21-days in advance)
 - Ground transportation (to and from the airport and hotel, plus parking at the departure airport).
 - Hotel (single occupancy priced room at WEFTEC anchor hotel)
 - Meals (not to exceed the current federal government per diem rate for the City in which WEFTEC is being held).

- If a WEFTEC attendee desires to use a personal vehicle in lieu of airfare and taxi, the member may do so and be reimbursed at the current IRS per mile rate for private automobile, provided that the total cost of the private automobile does not exceed that cost which would have been incurred by using the plane and taxi. Receipts are required.

Reimbursements

- For reimbursement, all receipts and reimbursement forms (see below) must be submitted to the RMWEA Treasurer. The RMWEA will not reimburse costs without adequate justification.
- All receipts shall be submitted to the Treasurer no later than 30 days after the expenditure occurs, or by December 31, or the year in which the expense occurred, whichever is sooner. Receipts not submitted in a timely manner, may not be reimbursed.
- The RMWEA will not reimburse costs associated with:
 - i. Facility tours at WEFTEC or other conferences.
 - ii. Golf tournaments.
 - iii. Spouse or guest of the representative (including any additional costs for double occupancy rooms).

RMWEA
General Reimbursement or Check Request Form

NAME: _____

COMMITTEE: _____

EVENT: _____

DATE OF EXPENSE: _____

EXPENSE DESCRIPTION: _____

Make check payable to: _____

Mail check to: _____

Attach Receipts:

Office Use:

Request Received: _____ Approved by: _____

Check #: _____ Check Date: _____

TOTAL REIMBURSEMENT:

| CATEGORY | SUBTOTAL OF CATEGORY |
|------------------------|----------------------|
| MEALS | |
| LODGING | |
| TRAVEL | |
| REGISTRATION | |
| TOTAL TO BE REIMBURSED | |

Make check payable to: _____

Mail check to: _____

Office Use:

Request Received: _____ Approved by: _____

Check #: _____ Check Date: _____

Meal Expenses

- The purpose of this policy is to provide recommended guidance for RMWEA officers, committee members, and invited guests who attend Association meals. This document is to ensure the proper management and use of Association funds as it may pertain to the purchase of meals and alcoholic beverages.
- RMWEA only breakfast meetings have occurred during past winter board and summer planning meetings. The RMWEA will continue to pay for these meal expenses.
- Throughout the year, lunch may be provided at some of the RMWEA Executive Committee meetings, but this is at the discretion of the President. The RMWEA will continue to pay for these meal expenses.
- Also, during the year there may be a number of joint meetings where meals are served. The expenses for joint breakfast, lunch, or dinner meals with RMSAWWA are typically paid for by both Associations. These expenses would include the costs for meals served during regular joint business meetings or the winter and summer planning meetings. For these meals, the RMWEA Treasurer and the RMSAWWA Secretary/Treasurer work out the details on the cost sharing of expenses.
- One dinner is typically provided at the Annual Conference on Sunday evening for RMWEA Executive Committee members and their spouses (or one guest per Executive Committee member), and the Water Environment Federation representative and his/her spouse or guest. The RMWEA Senior Delegate or a chosen designee is responsible for making the RMWEA Annual Conference meal arrangements. A restaurant and meal menu selection shall be made at least 45 days prior to the Annual Conference dinner. The Delegate or designee will notify the President of all planned arrangements and expected restaurant costs. The President will agree or not agree to the dinner arrangements.
- The Association may pay for up to two (2) alcoholic beverages for attendees at any Association meal. This can be managed on a drink ticket basis or by other means as determined by the President. Dinner attendees are responsible to pay for any additional alcoholic beverages. If possible, a cash bar should be made available for dinner attendees.
- Paying for any alcoholic beverages at joint Association dinners will be left to the discretion of the RMWEA President and RMSAWWA Chair.
- Attendees at Association meal functions are expected to act responsibly and not engage in conduct that is likely to be detrimental to the reputation of the Association.
- This guidance document may be amended at anytime with a majority vote of approval from the RMWEA Executive Committee members.