DOCUMENTATION OF
INTERNAL FINANCIAL CONTROL STRUCTURE

AS OF MAY 21, 2010

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APPROVAL

This document consists of the Internal Control Structure of the Long Creek Watershed Management District, as of May 21, 2010.

Signed by President of
the Board of Directors _____

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I. OVERVIEW

The District's Internal Financial Control Structure is comprised of policies and procedures established to provide reasonable assurance that the District is able to record, process, summarize and report financial data consistent with the following financial statement representations.

A. Existence or Occurrence:

That assets or liabilities exist at a given date and recorded transactions have occurred during a given period.

B. Completeness:

That all accounts and transactions that should be presented in the financial statements are included.

C. Rights and Obligations:

That assets are the rights of the District and liabilities are the obligations of the District at a given date.

D. Valuation or Allocation:

That asset, liability, revenue and expense components are included in the financial statements at appropriate amounts.

E. Presentation and Disclosure:

That particular components of the financial statements are properly classified, described and disclosed.

The District's Control Structure contains these elements:

A. The Control Environment
B. The Accounting System
C. The Control Procedures

II. THE CONTROL ENVIRONMENT

DESCRIPTION

The District's control environment represents the collective effect of various factors on establishing, enhancing, or mitigating the effectiveness of specific policies and procedures. Such factors include the following:

- Management's philosophy and operating style.
- The District's organizational structure.
- The functioning of the District's Board of Directors.
- Methods of assigning authority and responsibility.
- Management's control methods for monitoring and following up on performance.
- Personnel policies and practices.
- External influences affecting the District's operations and practices.

This control environment reflects the overall attitude, awareness, and actions of the District Board of Directors, and other District officials concerning the importance of controls and their emphasis by the District.

A. MANAGEMENT'S ORGANIZATION, PHILOSOPHY AND OPERATING STYLE

The Corporation was formed by Interlocal Agreement among the City of Portland, the City of South Portland, the City of Westbrook and the Town of Scarborough pursuant to 30-A M.R.S.A. Sec. 2201 et seq. for the purpose of establishing a quasi-municipal special purpose district named the Long Creek Watershed Management District as a separate legal entity and as a body corporate and politic to implement the Long Creek Watershed Management Plan (the "Plan"). The Plan is intended to improve the Long Creek Watershed which encompasses portions of all of the four municipalities who are parties to the Interlocal Agreement. The Plan includes but is not limited to design, engineering, construction, reconstruction, installation, operation, modification, alteration, use, maintenance, repair, replacement, inspection and monitoring of public and private storm water management structures, facilities and improvements, including structural and non-structural Best Management Practices, in and along Long Creek and within the Long Creek Watershed; to monitor the effectiveness of the Plan and the condition of the Long Creek and the Long Creek Watershed; to make any changes to that Plan; to identify, apply for, accept and spend State, federal and other available funding sources from year-to-year; and to assess fees upon Participating Landowners for implementation of the Plan in order to comply with the "General Permit - Post Construction Discharge of Storm water in the Long Creek Watershed"

issued by the Maine Department of Environmental Protection ("DEP") on November 6, 2009 and its renewal, reissuance or replacement, as such may be modified from time-to-time (the "General Permit"). The Corporation shall be authorized to take all actions necessary to implement the Interlocal Agreement and the Plan.

The Corporation is organized exclusively for purposes described in Sections 170 and 501(c)(3) of the Internal Revenue Code and has no purpose or power which would disqualify the Corporation from tax exempt charitable status under Sections 170 and 501(c)(3) of the Internal Revenue Code and shall not carry on any activity which is prohibited by Sections 170 or 501(c)(3) of the Internal Revenue Code. The Articles of Organization and Bylaws are consistent with those of a Corporation qualified as an organization described in Sections 170(c), 501(c)(3), 2055(a) and 2522(a) of the Code which is exempt from taxation under Section 501(a) of the Code.

The District operates under a Board of Directors with up to 16 directors. Decision making is separated accordingly. Day to day management of the District is delegated to the contracted staff serving in the capacity of Executive Director. Major policies and budget adoption are functions of the Board.

Per the District's By-Laws, the Board annually develops Estimate of Expenditures and Anticipated Revenues for Participating Landowners. These estimates include Anticipated Revenues and Expenses, as well as Actual Expenses and Actual Revenues from the previous year. The District allocates operational costs to Participating Landowners per its By-Laws, for items such as capital expenses; operation and maintenance costs; monitoring costs; administrative costs; insurance; taxes; rentals; debt service and necessary reserves for contingencies as determined by the Board.

After initial assessments are made, the District issues annual assessments to each Participating Landowner on or by July 15 and January 15 of each year and each Participating Landowner is required to pay its annual assessments no later than the following August 15th and February 15. The District may charge interest on any unpaid assessments, as well as on the balance of partially paid assessments.

The Board may impose other charges as it deems appropriate to fund special accounts.

Board members are not entitled to receive net earnings from the district either through its operations or upon its dissolution.

Per the District's By-Laws, the Treasurer of the Board has charge and custody of all funds and is ultimately responsible for them along with the District's securities, as well as receiving, depositing and disbursing funds, keeping regular account books and submitting them together with all other records to the Board of Directors for their examination and approval as often as the Board requires. The Treasurer may also perform other duties as assigned by the board.

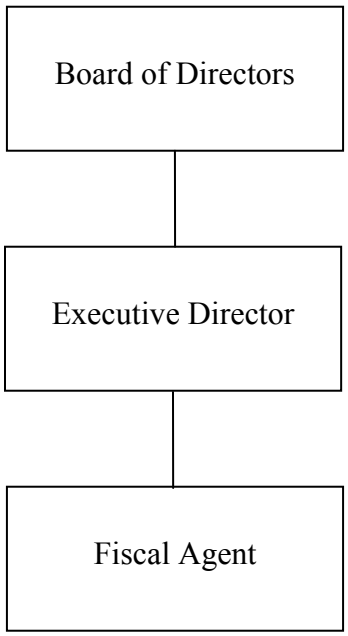
The District attempts to adopt clear policies delineating authority at each staff level. For instance, purchasing policies dictate whether competitive price solicitation or sealed bids will be required for specific purchases.

To the extent possible, the District attempts to schedule revenues and expenses to provide a stable cash flow throughout the year. Idle funds are invested to the maximum possible, through the use of a savings account. The District has strict savings policies. In savings accounts, the District places security of funds as its first priority, with rate of return as a secondary concern.

The District considers prompt, accurate financial information to be necessary in making appropriate decisions. Through the use of the computer, this information is reviewed with the Treasurer by the 15th of each month and distributed to the Board. Financial statements providing year to date information are reviewed by the board at their regular meetings.

The District endeavors to provide quality services to its communities and landowners in a professional and businesslike manner. It is our intent to encourage this philosophy among the levels of staff, whether they are employees or contracted through outside organizations. In carrying out District business, it is the District's intent to stress professionalism in all cases. Training will be conducted both in-house and through outside seminars. Although duties are assigned to specific individuals within contracted organizations to encourage accountability, cross training is conducted. This allows flexibility during absence or turnover.

B. ORGANIZATIONAL CHART



C. ACCOUNTING STRUCTURE

The primary roles having responsibility for the implementation of procedures and adherence to the policies outlined in this document are:

Board of Directors

Board Treasurer

Executive Director

Fiscal Agent

INDIVIDUALS AT EACH LEVEL OF THE DISTRICT - MAY, 2010

BOARD OF DIRECTORS:

Dan Bacon, Town Planner, Scarborough municipal representative
Curtis Bohlen, Casco Bay Estuary Partnership Executive Director, Portland nonprofit representative
Mary Costigan, Portland staff attorney, Portland municipal representative
Jim Hughes, City Councilor, South Portland municipal representative
Brian Goldberg, Bramlie Development Corporation, South Portland private landowner representative
Craig Gorris, Senior General Manager of The Maine Mall, South Portland private landowner representative
Gerald (Jerry) Jalbert, South Portland Land Trust, South Portland nonprofit representative
John O'Hara, City Councilor, Westbrook municipal representative
Ed Palmer, Marriott General Manager, South Portland private landowner representative
Tom Raymond, Landfill/Ashfill Manager ecomaine, Scarborough public landowner representative
David Russell, Fairchild Semiconductor, South Portland private landowner representative
David Thomes, Collection Systems Manager, South Portland municipal representative

TREASURER:	Curtis Bohlen
EXECUTIVE DIRECTOR:	Tamara Lee Pinard Cumberland County Soil & Water Conservation District
FISCAL AGENT:	Betty McInnes Cumberland County Soil & Water Conservation District

D. THE FUNCTION OF THE BOARD OF DIRECTORS

The Directors serve as governing officials of the District, and their duties are described in detail in the District's By-Laws. Some of the primary responsibilities of the Directors include:

1. Exercising all executive powers of the District.

2. Oversight and approval of all District Investments.

3. Delegation, with oversight, of establishment of all new District Investments and Bank Depository Account (s) to the Executive Director.

4. Establishment and monitoring of all District administrative and fiscal policies and procedures.

E. METHODS OF ASSIGNING AUTHORITY AND RESPONSIBILITY

The Board of Directors executes contracts for administrative and fiscal services. The Executive Director is the chief official in the day to day operations of the District.

F. MANAGEMENT'S CONTROL METHODS FOR MONITORING AND FOLLOWING UP ON PERFORMANCE

The District Board monitors and follows up on performance through the following methods:

1. Daily contact between Executive Director and Board Chair/President, as necessary.
2. Written and verbal performance evaluations.
3. Regular meetings between the Executive Director and the Board of Directors.

G. PERSONNEL POLICIES AND PRACTICES

Personnel policies are adopted, amended and referenced as a separate document.

H. EXTERNAL INFLUENCES

External influences consist of any outside sources which have a direct bearing on certain District decisions necessary to keep the District running smoothly and efficiently in both the operations and practices of the District. They include monitoring and compliance requirements imposed by legislative and regulatory bodies. External influences are ordinarily outside an entity's authority. Some examples are:

1) United States Government
2) State of Maine - Department of Environmental Protection
3) The following municipalities
   a) Scarborough, Maine
   b) Westbrook, Maine
   c) Portland, Maine
   d) South Portland, Maine
4) County of Cumberland
5) Interlocal Agreement August 28, 2009

III. THE ACCOUNTING SYSTEM

DESCRIPTION

The District's accounting system consists of the methods and records established to identify, assemble, analyze, classify, record, and report the District's transactions and to maintain accountability for the related assets and liabilities. This effective accounting system gives appropriate consideration to establishing methods and records that will:

- Identify and record all valid transactions.
- Describe on a timely basis the transactions in sufficient detail to permit proper classification of transactions for financial reporting.
- Measure the value of transactions in a manner that permits recording their proper monetary value in the financial statements.
- Determine the time period in which transactions occurred to permit recording of transactions in the proper accounting period.
- Present properly the transactions and related disclosures in the financial statements.

The accounts of the District are organized on the basis of grants, and landowner contracts, identified with unique numbers, each of which is considered a separate accounting entity. The District will utilize site base management and budgeting. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. District resources are allocated to and accounted for in an individual fund based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements into generic fund types and broad fund categories, as follows:

The Corporation displays net assets in each of the following three classes:

1) Unrestricted Net Assets

2) Temporarily Restricted Net Assets

3) Permanently Restricted Net Assets

As of May 1, 2010 the District funds consisted only of Unrestricted Funds & Temporarily Restricted Funds.

All funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they become earned as current net assets.

Expenses are recognized under the accrual basis of accounting when the related fund liability is incurred.

Budgets and Budgetary Accounting

A. Estimate of Expenditures and Anticipated Revenues. On or before February 1 of each year, starting with the year following the District's start-up, the Board prepares and submits to the Participating Landowners an itemized estimate of the expenditures and the anticipated

revenues for the following Fiscal Year, which shall be from July 1st through June 30th of each year. Such estimates shall include the following:

1. Anticipated Revenues. An itemized estimate of anticipated revenues during the ensuing fiscal year from each source.
2. Estimate of Expenditures. An itemized estimate of expenditures for each classification for the ensuing fiscal year.
3. Actual Receipts. After the first year of operation, an itemized statement of all actual receipts from all sources to and including July 31st of the previous fiscal year, with estimated receipts from such sources shown for the balance of such year.
4. Actual Expenditures. After the first year of operation, an itemized statement of all actual expenditures to and including July 31st of the previous fiscal year, with estimated expenditures shown for the balance of such year.

B. Budget. As per the District's By-Laws, on or before July first of each year, the Board adopts a final budget for the ensuing Fiscal Year which is itemized in the same manner as the estimate of expenditures and revenues. Once adopted, the budget is submitted to the Participating Landowners and includes assessments determined by the Board and allocated among Participating Landowners.

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet.

Fixed Assets

The District includes all fixed assets in its balance sheet. This practice is in conformity with Generally Accepted Accounting Principles. All purchases of general fixed assets greater than an amount which will be established every five years by the Board are capitalized and depreciated over their estimated useful lives.

Transactions

Transactions must be clearly identifiable in journals or original entry and must be accumulated throughout the system using references and identifying codes so that all elements of financial statements and reports can be followed to source transactions. A summary of the levels of accumulation follows:

FINANCIAL STATEMENTS	JOURNALS
TRIAL BALANCE	SOURCE DOCUMENTS
LEDGERS	

A. THE FINANCIAL STATEMENTS

Monthly financial statements of the District are computer generated and provided to the Executive Director, and the Board of Directors within 15 days of every month-end by the fiscal agent.

These financial statements consist of:

1) Balance Sheet
2) Budget vs. Actual Report - Revenue and Expenses - By Grant/Project
3) Investment Summary

A yearly audit is performed on the general purpose financial statements of the District. These financial statements, which are the responsibility of the District's management, are then provided to governing and funding agencies of the District, as required, and presented to the Board of Directors for review.

B. THE TRIAL BALANCE

Monthly Detailed Trial Balances are run off of the computer and are filed in a trial balance file. Each month's trial balance must balance. Total debits must equal total credits.

The trial balance is generated from a standard District Chart of Accounts, which is programmed into the District's computer.

(a) The chart of accounts is a list of accounts that is arranged in sequence by assets, liabilities, net assets, revenue, and expenditures. It conforms with generally accepted accounting principles. It is a uniform and systematic way to record the information necessary to produce the balance sheet, statement of revenues, expenditures, and changes in net assets for all District funds, and other records, which make up necessary financial information provided to governing agencies.

C. THE LEDGERS

The ledgers represent stored information about a particular asset, liability, revenue or expense broken down by cost center. The District's ledger system is comprised of the following:

1. Detailed Trial Balance - A computer generated ledger. A detailed trial balance shows current month activity, and year to date totals on every account. A ledger is run for each month and reconciled by the 15th of the following month by the Fiscal Agent.

2. Accounts Receivable Aging - A computer generated ledger. This ledger shows every debtor with an unpaid balance for District business. A Report is run for each month and reconciled by the 15th of the following month by the Fiscal Agent.

3. Accounts Payable Aging - A computer generated ledger. This ledger shows every vendor with an outstanding balance. A Report is run for each month and reconciled by the 15th of the following month by the Fiscal Agent.

D. THE JOURNALS

The journals are a detailed listing of transactions and events of the District which are organized chronologically. The journalizing process produces a summary of items of debits and credits to all ledger accounts. The District's journals are comprised of the following:

1. Deposit Detail. This report consists of a detailed listing of all deposits made.

2. Check Detail - This report lists all checks written by check number sequence.

3. Unpaid Bills Detail - This report lists all invoices entered into the system, in alphabetical order.
4. General Journal Entry Report - Used to record all transactions and events that do not involve regular activity processed in other special journals, such as adjusting, reversing, and correcting entries.
5. Journal Report - This journal lists all transactions created within the system. The journal report is created at the end of every day in which any transaction occurs and lists transactions accordingly.

E. THE SOURCE DOCUMENTS

- Purchase Order - This is comprised of a pre-numbered purchase order.
- Invoices to Participating Landowners – This is comprised of invoices of annual assessments and other items as necessary.
- Impervious Surface Calculations – This is comprised of reports from a database detailing the amount of impervious surface attributable to each permittee. This will be used to determine each annual assessment.
- Vouchers – All purchases require a voucher for payment processing.
- Contracts and Grants – A file with details of all contracts for work to be performed and grants received.

IV. THE CONTROL PROCEDURES

DESCRIPTION

The District's control procedures are those policies and procedures in addition to the control environment and accounting system that management has established to provide reasonable assurance that specific entity objectives will be achieved. Control procedures have various objectives and are applied at various organizational and data processing levels. They may also be integrated into specific components of the control environment and the accounting system. Generally, they may be categorized as procedures that pertain to:

- Proper authorization of transactions and activities.
- Segregation of duties that reduce the opportunities to allow any person to be in a position to both perpetrate and conceal errors or irregularities in the normal course of his/her duties - assigning different people the responsibilities and authorizing transactions, recording transactions, and maintaining custody of assets.
- Design and use of adequate documents and records to help ensure the proper recording of transactions and events, such as monitoring the use of pre-numbered purchase orders.
- Adequate safeguards over access to and use of assets and records, such as secured facilities and authorization for access to the computer programs and data files.
- Independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliations, comparison of assets with recorded accountability, computer-

programmed controls, management review of reports that summarize the detail of account balances (for example, an aged trial balance of accounts receivable), and user review of computer-generated reports.

A. CONTROLS OVER CASH

CHECKING AND SAVINGS

The general fund will have one checking account and one interest bearing savings account. Descriptions are as follows:

1. General Checking - Used to pay all invoices of the District. The general fund checking account will be reconciled every month.

A reconciliation will take place within 15 days of the end of the month and be performed by the Fiscal Agent and reviewed by the Treasurer.

2. Savings Account - Used to hold all excess District cash. A monthly reconciliation will take place within 15 days of the month and be performed by the Fiscal Agent.

The Executive Director will receive the Bank Statement unopened for review. After review, the Executive Director will then give the bank statement to the Fiscal Agent for reconciliation.

All unreconciled monthly variances over $50.00 on bank accounts will be given to the Executive Director with explanations for review.

CONTROLS ON INVESTMENTS

Funds can be put in CD and money market accounts to best utilize funds and ensure safety as a top priority.

PETTY CASH

The District business office will not maintain a petty cash fund.

CASH RECEIPTS

GENERAL

Mail Receipts

All mail, including cash receipts mail, is opened by the Fiscal Agent who records all checks received and then sends bills to the Executive Director for approval. The cash receipts are then given to the Fiscal Agent who will then directly enter them into the computer system. Any money received directly or through the mail is so noted when posted. All cash receipts are entered into the computer system and maintained in the Fiscal Agent's drawer.

Over The Counter Receipts

All over the counter receipts such as donations, educational fees etc. are collected by the appropriate person. The money is recorded into the computer by the Fiscal Agent.

The cash in the drawer must be equal to the total of the amount in Undeposited Funds.

The Fiscal Agent makes daily deposits when amounts exceed $500. The reconciliation process is standard for all cash receipts.

CASH DISBURSEMENTS

GENERAL

All cash disbursements are approved by the Executive Director, and then paid by check only.

All computer checks are prenumbered.

All manual checks are prenumbered.

All checks will maintain on their face void after 90 days

Signing checks in advance is prohibited.

The District forbids making checks payable to:

a) Cash
b) Bearer

OFFICE

Checks are signed by the Executive Director and if over $1,500 for non budgeted items, the Board President or Treasurer, as needed.

B. CONTROLS OVER CHARGE ACCOUNTS AND CREDIT/DEBIT CARDS

The following officials may maintain credit/debit cards at the District:

Executive Director: Debit and/or credit

The Executive Director is the only individual who may possess a credit/debit card at the District.

1. Authorization – The Board President or Treasurer must provide written authorization prior to the use of a charge account or issuance or use of a District credit/debit card to the Executive Director. All credit/debit cards will be maintained by the Fiscal Agent at the District office.

2. Use Agreement – The Executive Director and Fiscal Agent must sign an agreement acknowledging that he has read and understands the policies and procedures governing the use of District credit/debit card or other charge account.

3. Restricted Use – The use of a District credit card, debit card or other charge account is subject to the following restrictions:

a. No personal or private expenditure shall be charged to a District account.
b. No regular operating expense (e.g. monthly telephone bills, inter-net agreement, etc.) shall be charged to a District account.
c. Each expense charged must be accompanied by the actual itemized receipt and brief explanation. (For example, if the expense is for meals or food, note on the receipt if it was for a luncheon meeting and how many meals were included on the bill). In other words, each expense should have the same type of documentation that you would include on a request for reimbursement.

d. An expense in excess of $100 should be pre-approved. Capital purchases should never be charged to a credit/debit card.
e. Travel expenses (e.g. airfare, hotel rooms, conference registrations) should be submitted for payment via a purchase order whenever possible. In the exceptional case when a credit/debit card is used for such expenses, the conference and travel expense should be pre-approved by the appropriate authority.
f. Documentation of each expense shall be submitted to the fiscal agent when incurred.
g. Each purchase must be included as a budgeted item.
h. No cash advances will be permitted on a District credit/debit card.
i. Each credit card issued will have a maximum monthly balance of $5,000.

4. Card Payments - All statements shall be submitted with required documentation in a timely manner. No late fees or interest payments shall be honored by the District for payment and shall be the responsibility of the cardholder. Expenses without proper documentation shall be the responsibility of the cardholder.

5. Violations of the District's credit policy shall result in disciplinary action, including termination of employment or prosecution.

C. CONTROLS OVER ACCOUNTS RECEIVABLE

The District issues annual assessments to each Participating Landowner on or by July 15 and January 15 of each fiscal year and each Participating Landowner must pay its annual assessments no later than the following August 15th and February 15th, respectively.

The Board may from time to time impose other charges, such as surcharges or other fees, as it deems appropriate, to fund special accounts. The district may also receive grants or enter into other contracts with the State of Maine, the Federal Government, or other entity.

These receivables are generated and reviewed monthly by the Fiscal Agent. A list is given to the Board of Directors monthly.

All payments will be made to Long Creek Watershed Management District.

The Fiscal Agent is in charge of handling all mail receipts. At the time of receipt, it will be stamped and logged in a cash receipts book, then it will be entered into the computer.

It is the responsibility of the Fiscal Agent to reconcile the Accounts Receivable Aging to the trial balance within the first 15 days of the new month. These two totals must agree.

A report will be furnished by the 15th of the following month to the Board of Directors for their review.

D. CONTROLS OVER UNCOLLECTIBLES

Each month, the Executive Director will review the outstanding accounts receivable listing and prepare a list of accounts doubtful for collection. The accounts doubtful for collection will be handled in accordance with the Participating Landowner Agreement, Section 9. Upon resolution, the account balances will be written off. The Fiscal Agent will make the necessary entry into the computer from a standard District's General Journal Entry Form.

E. CONTROLS OVER ACCOUNTS PAYABLE

The Fiscal Agent receives and sorts all mail. The sorted mail is then sent to the Executive Director. All invoices for services to the District by outside vendors are mailed to the Fiscal Agent.

STEPS TO ENTERING ACCOUNTS PAYABLE INTO THE SYSTEM

Invoices must include a paper voucher or voucher stamp. The voucher documents that proper processes and controls were observed, and should include the following information:

a) The invoice was matched with the proper purchase order
b) The invoice was reviewed
c) Voucher date
d) Code for debit account posting
e) Approval for payment
f) Initial by data entry

PAYMENTS ON ACCOUNTS PAYABLE

It is the policy of the District to pay as many invoices as possible through the District's accounts payable cash disbursement system. Payments are made for payables according to invoice due dates.

All invoices received will be approved by the Executive Director and then input by the Fiscal Agent in the District accounts payable system.

All payments are made with computer generated accounts payable checks only.

It is the District's policy to take advantage of all vendor discounts.

Payments are from approved vouchers only. Payments from vendor statements without the voucher are forbidden.

Checks are printed by the Fiscal Agent and signed by the Executive Director or Treasurer.

MONTH END

At month end, an accounts payable register is to be run. An accounts payable report of unpaid vendors with amounts will be provided to the Executive Director by the 15th of the following month.

It is the responsibility of the Fiscal Agent to reconcile the subsidiary ledgers to the trial balance within the first 15 days of the new month. These two totals must agree.

PERIODICALLY

Periodically, vendor statements are compared with the recorded liability. A file of these reconciliations is to be maintained.

F. CONTROLS OVER NET ASSETS

Each separate Net Assets account will remain untouched throughout the entire year. No adjustments or transfers will be made to this account. The Board of Directors has authority for the utilization of unrestricted funds through articles voted at monthly or special meetings. The Executive Director will be responsible in carrying out the actions approved by the Board of Directors.

G. CONTROLS OVER GRANTS BY OUTSIDE AGENCIES

The District will receive grants from outside agencies, such as:

1. The United States Government
2. The State of Maine
3. Private Foundations

Grant funds shall be deposited into the appropriate accounts and applied to unique budget line items labeled in revenues. These funds are designated to be spent according to the correspondence agreement between the outside agency and the District. It is the responsibility of the Fiscal Agent to see that these procedures are carried out.

H. CONTROLS OVER MISCELLANEOUS REVENUES

The Fiscal Agent receives money from other departments that are outside of the accounting department. They are:

1. Donations
2. Other Fundraising Activities

All monies received by the above mentioned programs will be turned over the same, or if necessary next, business day to the Fiscal Agent's business office.

I. CONTROLS OVER GENERAL JOURNAL ENTRIES

All general journal entries are to be manually documented on the standard District's Journal Entry Form.

Appropriate documentation supporting the journal entry is to be attached to the Journal Entry Form.

The Fiscal Agent must approve and initial such Journal Entry Form prior to its input into the computer system.

It is then the responsibility of the Fiscal Agent to input these entries into the computer system.

J. CONTROLS OVER BUDGET JOURNAL ENTRIES

After the budget has been approved at District meetings, the Fiscal Agent will enter into the computer the entries needed for each corresponding line item to each fund. These entries will be entered into the computer within fifteen days of the approved budget, and will remain untouched throughout the course of the year unless approval by the Board of Directors allows the Executive Director to adjust a specific line item accordingly. Upon approval, the Fiscal Agent will enter the necessary adjustment.

K. CONTROLS OVER ELECTRONIC TRANSFER OF FUNDS

All electronic transfers of funds are to be handled only by the Treasurer. The President of the Board must sign off on all transfers being made by the Treasurer.

These transfers are to be documented on the standard District's electronic fund transfer sheet.

L. CONTROLS OVER ELECTRONIC DATA PROCESSING

The District's Fiscal Agent utilizes a multi-user computer system to perform electronic data processing. It has incorporated the QuickBooks Premier Non-Profit Edition software to record and process all of the necessary financial information within its accounting system.

A password system is used as a control procedure to ensure that only authorized personnel are able to access the accounting records.

The only people having access to the computer accounting records are the Fiscal Agent and Executive Director. The Executive Director and Treasurer have limited access to view accounts and transactions only. All three individuals have a specific password to access certain applications.

The breakdown of applications of the multi-user system which requires passwords are as follows:

Application	**Authorized Users**
General Ledger/ Main Menu	Fiscal Agent, Executive Director, Treasurer
Accounts Payable/ Main Menu	Fiscal Agent, Executive Director, Treasurer
Payroll/ Main Menu	Fiscal Agent, Executive Director, Treasurer
Accounts Receivable/ Main Menu	Fiscal Agent, Executive Director, Treasurer
Cash Receipts/ Main Menu	Fiscal Agent, Executive Director, Treasurer

M. CONTROLS OVER PURCHASE ORDERS

Purchase orders for non-contract expenses (such as office supplies) will be initiated by the Executive Director or Fiscal Agent, printed, and submitted to the Treasurer for approval.

Upon receipt of the invoice by the business office, verification that the goods were received by the Executive Director will be submitted to the Fiscal Agent and recorded.

The Fiscal Agent will then enter and schedule invoices for payment into the District's software utilizing all available discounts to the District.

The Fiscal Agent will pay these invoices as scheduled.

All outstanding purchase orders will be reviewed monthly by the Fiscal Agent. If a purchase order is outstanding for more than 30 days, a follow up call will be made by the Fiscal Agent to the Executive Director. This call will be noted on the face of the purchase order with any applicable notes.

N. CONTROLS OVER OFFSITE BACKUP

It is the policy of the District to make weekly backups of the accounting information and store it offsite. It is preferred that the Fiscal Agent will take this backup copy home for storage.

O. CONTROLS OVER BUDGETING

The Executive Director, with cooperation from the Fiscal Agent prepares all individual program budgets. These budgets are prepared and issued in draft form on or around November of each year. It is the responsibility of the Treasurer to review all individual program budgets.

After review and approval of the budgets by the Treasurer, they are then submitted to the Board of Directors for final approval. This happens on or before February 1 of each year.

A copy of the approved budget is then given to the Fiscal Agent for input into the District's accounting software for reporting purposes.

All budget amendments, if necessary, are also approved by the Board of Directors before submission to the funding source.

P. CONTROLS OVER THE SAFE

A fire proof safe or fire proof filing cabinet is used primarily for storage of accounting journals, ledgers, and all other valuable documents making up the accounting system. Un-deposited money is also stored in the safe along with other financial documents, to ensure their safety.
The Fiscal Agent is the responsible person in seeing that the safe is properly maintained every day. Some of the primary responsibilities are:

1) Unlocking and opening the safe daily.
2) Establishing proper procedures on entering the safe and removing any documents of record from it.
3) Returning all documents and records removed from the safe that day along with any un-deposited money.
4) Closing and locking the safe at the end of every business day.

Holders of the combination to the safe are the Executive Director, Treasurer, and Fiscal Agent.

Q. CONTROLS OVER FUNDS

All individual funds for programs outside the General Permit shall not be created without the approval from the Board of Directors. When the Executive Director determines a new fund is necessary to allocate certain District revenue and expenditures, approval by the Board of Directors is mandatory.

R. CONTROLS OVER CARRY FORWARDS

The Fiscal Agent shall submit a request to carry forward unexpended funds to the Executive Director. All designated carry forwards must be approved by the Executive Director prior to recording. It is the responsibility of the Fiscal Agent to record the necessary entries to process this upon written approval by the Executive Director. An example of a carry forward would be an unspent budgeted line item for the current year, to which the transaction did not occur until the following fiscal year. It is at the discretion of the Executive Director to allow this transaction to occur. A list of all carry forwards subsequent to year end shall be furnished to the Board of Directors for review within 45 days of year end.

S. CONTROLS OVER INTER-FUND TRANSFERS

All inter-fund transfers will require prior approval by the Board of Director's. It is the responsibility of the Executive Director to carry out all transfers upon approval of the Board of Directors.

T. AREAS OF UNDERSTANDING

1) Due to prior commitments made in the Long Creek Watershed Management Plan original contracts with municipalities, Cumberland County Soil and Water Conservation District will provide Fiscal and Administrative contracted services at the discretion of the Governing Board.

2) After the expiration of the original general permit, is the intention of the District to continue to contract for these services with an outside organization to maintain the day to day and operational affairs of the District.

3) The District may enter into contracts with an agency or agencies that will provide the services of Fiscal Agent and Executive Director. Any reference in this document to a Fiscal Agent or Executive Director refers to two separate individuals. If both services are provided by one organization, these functions will be performed by two different individuals. At no time will the function of both positions be filled by the same individual.

4) In the event these positions are contracted through an outside organization, the term of that contract will be for a period up to five years.

APPENDIX

ACKNOWLEDGEMENT OF CHARGE ACCOUNT POLICY

The undersigned acknowledges that (s)he has read and understands the Charge Account Policy of the Long Creek Watershed Management District and agrees to abide by this policy:

3. Restricted Use – The use of a District credit card, debit card or other charge account is subject to the following restrictions:

1) No personal or private expenditure shall be to be charged to a District account.
2) No regular operating expense (e.g. monthly telephone bills, inter-net agreement, etc.) shall be charged to a District account.
3) Each expense charged must be accompanied by the actual itemized receipt and brief explanation. (For example, if the expense is for meals or food, note on the receipt if it was for a luncheon meeting and how many meals were included on the bill). In other words, each expense should have the same type of documentation that you would include on a request for reimbursement.
4) An expense in excess of $100 should be pre-approved. Capital purchases should never be charged to a credit/debit card.
5) Travel expenses (e.g. airfare, hotel rooms, conference registrations) should be submitted for payment via a purchase order whenever possible. In the exceptional case when a credit/debit card is used for such expenses, the conference and travel expense should be pre-approved by the appropriate authority.
6) Documentation of each expense shall be submitted to the fiscal agent when incurred.
7) Each purchase must be included as a budgeted item.
8) No cash advances will be permitted on a District credit/debit card.
9) Each credit card issued will have a maximum monthly balance of $5,000.

Signature _____

Printed Name: Date:

GENERAL JOURNAL ENTRY FORM
PERIOD #

Prepared By:_____1
Date:

Approved By:_____2
Date:

Entered By:_____3
Date:

ACCOUNT #				NAME OF ACCOUNT & EXPLANATION*	DEBIT		CREDIT	

*NOTE: All journal entries must be accompanied by supporting documentation.

ELECTRONIC FUNDS TRANSFER FORM

DATE:

AMOUNT:

TRANSFERRED FROM: ☐ Savings ☐ Checking ☐ Other_____

TRANSFERRED TO: ☐ Savings ☐ Checking ☐ Other_____

Name of Account and Explanation:

Transferred by:_____(Treasurer)_____Date

Approved by: _____(Board President)_____Date

Entered by_____(Fiscal Agent) _____ Date