

North Santa Clara Resource Conservation District (GCRCD)

Financial Policy

I. GENERAL PROVISIONS

Governance. The Board of Directors (“Board”) for the North Santa Clara Resource Conservation District (“District”) consists of five members of the Board (“Director”). As the governing body of the District, the Board reviews and approves District policies. ~~The Board has chosen to delegate responsibility for policy administration to the District’s executive director (“ED”), including but not limited to the development of procedures and internal controls to implement the policy.~~ The Board has delegated to the District Manager (“DM”) the authority to conduct the District’s day-to-day business. Acting under this delegation, the DM is responsible for establishing administrative and operating procedures, ensuring that the District functions efficiently and effectively, and implementing the policies and direction set by the Board.

Commented [SM1]: Amended to match the updated standard language used in the recently adopted District Director Policy.

Purpose of Policy. The financial policy was developed and adopted to ensure District compliance with applicable laws and regulations, and to provide transparency and accountability to the constituents of the District. The policy applies to all activities conducted by the District during the course of its fiscal year, which runs from July 1 through June 30. All financial matters handled by Directors, employees and contractors must conform to the highest ethical standards and the District’s approved Conflict-of-Interest policy. No financial transaction or hiring decision may result in personal financial gain for a Director or employee, or their spouse or close relative. Failure to comply with these standards will constitute grounds for removal from office, employment, or contract.

Policy Revisions. The Board reviews ~~the financial policy at least annually.~~ District policies for compliance with applicable laws and regulations, as recommended by the DM. Any Director or the ~~ED~~ DM may make recommendations for changes to the financial policy at any time, but all policy changes require approval by the Board.

Commented [SM2]: Amended to match the updated standard language used in the recently adopted District Director Policy.

Risk Management. The District shall maintain its private bank accounts in an institution insured by the Federal Deposit Insurance Corporation (FDIC), and shall not maintain a balance that exceeds the maximum insurance level in any one bank. Whenever the District has fewer than two (2) employees, ~~it will~~ the Board may choose to retain the services of an outside bookkeeper or accountant (“Bookkeeper”) to facilitate implementation of the financial policy, process payroll, and maintain appropriate internal controls for financial transactions.

Statement of Non-Discrimination. The District conducts its business on a non-discriminatory basis, without regard to race, creed, color, national origin, caste, ancestry, sexual orientation, political affiliation or beliefs, sex, age, physical handicap, medical condition, marital status or pregnancy (as those terms are defined by the

California Fair Employment and Housing Act -- Government Code Section 12900-12996).
~~Additionally, the Board has adopted a Statement of Diversity and Inclusion to ensure diversity and environmental justice are key components of the District's strategic planning and programmatic work.~~

Commented [SM3]: Amended to match the updated standard language used in the recently adopted District Director Policy.

II. DISTRICT BUDGET

Budget Adoption. The ~~ED~~DM prepares the annual fiscal year budget for Board review and approval. After adoption, subsequent grant amendments and awards automatically become part of the budget based upon Board approval. The most current version of the approved budget will be posted on the District's website.

Chart of Accounts. The District's Chart of Accounts conforms to generally accepted accounting principles. An account number, class code, or other identification system is assigned to each account category to provide a specific identification of every financial transaction.

Commented [SM4]: Updated to reflect audit consultant recommendation for categorization of transactions.

Budget Reports. The ~~ED~~DM is responsible for ensuring District expenses are in conformity with the budget, and providing quarterly reports to the Board. The budget may be reviewed and revised on an as-needed basis during the course of the fiscal year.

III. DISTRICT FUNDS

Cash Receipts. District funds are kept on deposit ~~with two separate entities, as follows:~~ property tax receipts are held by the County of Santa Clara until needed, and operating funds are maintained in ~~a private bank, one or more checking, savings, and/or investment accounts with private banks or investment firms.~~ The ~~ED~~DM is authorized to transfer funds from the County fund to the private bank account on an as-needed basis to pay authorized expenditures.

Commented [SM5]: Updated to reflect current operations.

Electronic Banking Authority. The DM is authorized to initiate electronic funds transfers, ACH transactions, wire transfers, online bill payments, and other electronic banking transactions necessary to conduct District business, subject to adopted budget authority and reporting requirements.

Commented [SM6]: It is recommended authority be codified for audit purposes.

Signature Authority. The DM and the Board President shall be designated as authorized signers on the County property tax fund and District bank and investment accounts, and the Board Vice President may be an authorized signer. Transfer authority from the County fund to District bank accounts shall be as follows:

Commented [SM7]: New section added to conform to new County policy requiring disclosure of signature limits on County fund signature card.

- DM: No transfer limit.
- Board President: Maximum transfer authority of \$100,000 per transaction.
- Vice President: Maximum transfer authority of \$100,000 per transaction.

The Board President and Board Vice President are designated as backup signatories for continuity of operations when the DM is unavailable or when circumstances otherwise require their action.

The DM shall provide contemporaneous notice to the Board President of all requests to transfer funds from the County fund. Any transfer initiated by the Board President or Board Vice President shall be contemporaneously noticed to the District Counsel, and shall be reported to the Board of Directors at the next regular meeting.

Transfers between District-owned accounts are administrative cash management actions and do not constitute authorization of an expenditure. All expenditures remain subject to the approval authorities and budget limitations established by District policies.

Deposits. The County collects the property taxes and deposits them to a fund designated for the District. All other deposits from grants, contracts, fees, refunds, fundraising, or other sources are deposited to the District's checking account.

Expenditures. ~~The ED and the President shall be authorized signers on the District's bank accounts and for the County Fund, and the Vice President also may be added to the signature card.~~ The **EDDM** is authorized to make payments for expenditures and agreements approved through the budget process or other Board action. In addition, the **EDDM** is authorized to make expenditures and sign agreements up to a maximum of \$3,000.00 on his/her own authority, and up to \$7,500.00 upon approval of the Board President, provided sufficient funding has been allocated in the budget. Expenditures over \$7,500.00 require approval of the Board through the budget process or other Board action.

Commented [SM8]: Moved to new signature authority section.

Petty Cash. The Board may choose to establish a petty cash fund not to exceed \$100.00 for District purchases only. If a petty cash fund is established, the fund is to be maintained by the **EDDM**, and no other use of the fund is authorized without approval of the Board. The fund shall be kept in a locked file cabinet or desk at all times, and all expenditures will be logged with copies of receipts. The Board President is authorized to sign a check for the **EDDM** to cash when the fund requires replenishment.

District Credit Card. A credit card provides District personnel with the ability to effectively and efficiently make purchases in conformance with the approved District budget. Guidelines for application and use of credit cards are as follows:

- The Board of Directors must authorize the issuance of all District credit cards prior to application.
- Credit cards will be issued in the name of the authorized employee or board officer.
- The credit card will have a credit limit not exceeding \$3,000.
- The card shall only be used for the purchase of goods or services for official business of the District.
- All purchases shall be for expenditures authorized by the approved District budget.

- The person issued the credit card is responsible for its protection and custody, and shall immediately notify the credit card company and [EDDM](#) if it is lost or stolen.
- The person issued the card must immediately surrender the card when affiliation with the District has ended.
- The person using a credit card for purchases that cannot be substantiated as a necessary purchase for official business may be subject to disciplinary action.
- Credit card statements, along with receipts for all items to be paid by the District, will be reconciled on a monthly basis by the Executive Director.

Monthly credit card statements will be reviewed at least quarterly by the Board President for accuracy.

Gift Cards: The Board of Directors hereby makes a finding that the purchase and distribution of gift cards in circumstances which further the District’s mission serves a legitimate public purpose.

The Executive Director or their designee are authorized to purchase and distribute gift cards in circumstances such as the following:

- In connection with programs for members of disadvantaged communities where there is a public good associated with making sure that someone participates in a program. For example, for people experiencing homelessness or who have limited proficiency in the English language who participate in a survey.
- As a thank-you for volunteers, focus group participants, presentation speakers, and other meeting, program, or project participants who have volunteered their time to participate in a program, project, or activity that advances the mission of the District. For example, for a pro-bono speaker at a workshop.
- For District hosted or co-sponsored events where gift cards are not made out to a specific individual. For example, for a door prize.
- For prizes and awards as tokens of appreciation for District employees to recognize and reward their extraordinary efforts and contributions to the workplace beyond expectations for their position. For example, for an employee who wins a Team Player award to recognize their eagerness to help others, collaborate with employees throughout the organization, positively impacts morale in the workplace, and work toward the “good of the group” as part of a District-authorized personnel program.

Gift cards may not be purchased under the following circumstances:

- For specifically identified District employees. For example, a gift card may not be given to an employee for meeting expectations for their position.
- As a way to avoid following transparent procurement policies. For example, gift cards may not be given in lieu of payment to suppliers, consultants or other vendors for goods and/or services provided.

According to IRS rules, cash and cash equivalents, such as gift cards provided by the District, are considered taxable income to the recipient. Gift card distribution shall be documented and reported as follows:

- For District employees receiving gift cards as prizes or awards, the value of gift cards shall be considered compensation regardless of the face amount of the gift card, and is subject to federal, state and employment tax withholding, and reported on the employee's Form W-2.
- For non-employees, gift cards will be tracked to individuals they reasonably expect to receive more than the IRS reporting floor (currently \$600) from all District sources during a calendar year. For such individuals, the department will be responsible for obtaining a completed Form W-9 signed by the recipient and informing them of the District's tax obligation in reporting these amounts on a Form 1099-MISC. Conversely, if the District reasonably expects that the individual getting the gift card will not receive more than \$600 from all District sources during that calendar year, then the department does not need to obtain a Form W-9 from the recipient.
- Gift cards provided to undocumented residents are subject to federal income tax withholding regardless of the dollar amount provided. For purposes of general gift card giveaways to the public for reasons listed above, the District's policy is to not ask for immigration status and will assume for administrative purposes, that all recipients are documented unless specifically informed that status is other than documented. For programs where the District is purposely and deliberately designing programs to benefit non-documented individuals, the Department will assume that all individuals are undocumented and pay the income tax on behalf of the non-documented individuals. Departments must maintain a listing of the individual's name and dollar amount of the gift card to be awarded. To comply with IRS guidelines, 30 percent (30 %) federal tax withholding will apply, and the District will be responsible for the tax and tax gross-up since tax cannot be withheld from a gift card.

Reconciliation of Accounts. The [EDDM](#) shall reconcile the reports generated from the accounting software to the budget, and if an outside bookkeeper is used for internal control purposes, the bookkeeper shall be responsible for reconciling the checking account and payroll account. The President shall be given online access to view the financial transactions in the accounting software program and the checking account for internal control purposes. Any financial discrepancies noted by the Bookkeeper or the [EDDM](#) that may result in audit finding or allegation of fraud shall be immediately reported to the Board President, and to the full Board by the [EDDM](#) or Board President at the next regular meeting.

Classification of Fund Balance: The District's fund balance is classified by the County.

Audit. A biennial audit will be prepared for the District by the County or an outside auditor ("Auditor"), with the cost borne by the District. The Board and [EDDM](#) shall

cooperate with the Auditor to provide the organizational background, financial statements, and documents necessary to complete the review. The completed audit will be posted on the District's website, and copies provided to the County of Santa Clara's Auditor and the State Controller.

Financial Records. The ~~EDM~~ is responsible for verifying the financial records for the District are maintained in compliance with applicable federal, state and local laws.

IV. RESERVE POLICY

General Fund – Minimum Fund Balance. The District shall establish and maintain a minimum unrestricted fund balance in the general fund equal to six months of annual property tax revenue (calculated using ~~current fiscal year projections~~ prior year receipts). The minimum unrestricted fund balance may be recognized within the Committed, Assigned, or Unassigned classifications.

Commented [SM9]: Updated to reflect current Board budgeting procedure.

V. TRAVEL POLICY

Authorized Travel. All travel expenses shall comply with the financial policy and any procedures developed to implement the policy. Travel expenses eligible for reimbursement include but are not limited to those related to meetings of the District or official duties of its employees or contractors; meetings associated with District grants, partnerships, or contracts; meetings related to the implementation of the District's annual work plan or strategic plan; meetings with federal, state or local elected officials or agency representatives; and statewide or regional meetings of the California Association of Resource Conservation Districts or the National Association of Resource Conservation Districts.

Travel Approval. Directors and the ~~EDM~~ are authorized to travel within the Bay-Delta and Central Coast regional areas for meetings and workshops without prior approval of the Board, provided that sufficient travel funding is budgeted and costs for lodging will not be borne by the District; Directors shall consult with the ~~EDM~~ in advance of the travel to ensure the budget requirement is met. The ~~EDM~~ may approve travel for any employee, Associate Director or other volunteer, or a contractor under the same guidelines. Board approval will be required for travel that includes:

- District-borne lodging costs;
- District-borne costs in excess of \$300.00;
- Travel to a location greater than 180 miles from the District office.

Travel Advances. Authorized travelers may request a travel advance when authorized travel includes lodging or airfare expenses. All travel advances must be approved by the Board. Contractors are not eligible for travel advances.

Reimbursement Rates. The District shall use the lodging and per diem rates set forth by the U.S. General Services Administration, and the mileage rates set annually by the Internal Revenue Service. If an authorized traveler chooses to stay in lodging with a rate

exceeding the maximum reimbursable under this policy, he/she/they may claim reimbursement, but only for the portion of the expense that does not exceed the amount for which reimbursement is permitted.

Travel Reimbursements. The [EDDM](#) may create forms for Directors, employees and contractors to use to request travel authorization, to request travel advances, and to request travel reimbursements. The forms shall be signed by the person requesting reimbursement, and require approval by the [EDDM](#), the President, or the Board, based upon the approval levels set forth in this policy. Expenses may not be approved by the same person submitting the request for reimbursement. Travel expense reports submitted to substantiate a travel advance are due within 30 days of the completion of travel. Travel expense reports for which a travel advance was not secured are due within 60 days of the completion of travel. Receipts are required except for per diem expenses.

Reports. Directors, Associate Directors and the [EDDM](#) will be expected to provide brief reports on meetings, workshops, or conferences attended at District expense at the next regular Board meeting they attend. Employees, other volunteers and contractors will be expected to provide reports to the [EDDM](#) in a form determined by the [EDDM](#).

VI. OTHER EMPLOYEE EXPENSES

Authorized Expenses. The [EDDM](#) is authorized to expend personal funds and claim reimbursement for authorized and budgeted District expenditures in cases where a District check or credit card is not available or accepted. Occasionally, Directors or other employees also may find it necessary to make unplanned minor (less than \$100.00) District purchases from their own funds, such as the purchase of copies for distribution at a meeting, or for water to distribute to attendees on a field trip. In such cases, however, they are advised there is no guarantee of reimbursement if it is determined that the expense was unnecessary, inappropriate, or in violation of the financial policy or procedures.

Meals. In addition to meals authorized as part of travel expenses, the Directors or [EDDM](#) are authorized to expend District funds or request reimbursement for a meal or light refreshments in the following situations:

- To provide a meal for Directors and guests attending the monthly evening Board meeting.
- To provide a meal or refreshments for Directors and guests attending a District-convened meeting at the office or in the field.
- To reimburse employees for costs incurred for meals or refreshments while attending District meetings.
- To provide a meal or refreshments for attendees at a District-hosted or co-sponsored event.

District funds may not be used to pay for alcoholic beverages. In the event that a receipt is submitted that contains an alcoholic beverage, the amount specific to the beverage, including tax, will be excluded from the reimbursement.

Clothing/Safety Equipment. The District does not provide clothing, or reimbursement for clothing or cleaning costs to its employees. Safety and/or personal protective equipment shall be provided for employees when required or considered prudent given their job duties, or when an emergency has been declared and personal protective equipment is required for them to continue to do their jobs. Employees shall seek and obtain approval prior to purchasing safety or personal protective equipment to ensure they will be eligible for reimbursement.

Expense Reimbursements. The ~~EDDM~~ is responsible for creating forms for Directors, Associate Directors, employees, volunteers and contractors to use to request expense reimbursements. The forms shall be signed by the person requesting reimbursement, and require approval by the ~~EDDM~~, the President, or the Board, based upon the approval levels set forth in this policy. Expenses may not be approved by the person submitting the request for reimbursement. Expense reports are due within 60 days of the end of the month in which the expense was incurred. Receipts are required.

VII. DISTRICT PROPERTY

Inventory. The ~~EDDM~~ is responsible for maintaining an up-to-date inventory of all district property and shall notify the Board of all cases of loss, damage, or destruction of equipment or other property. If appropriate, replacement schedules for district tools and equipment will be specified on the inventory.

Surplus Property. The District may arrange for disposal of equipment or property no longer needed, working or useful to the District in compliance with applicable state codes if a separate policy has not been adopted.

VIII. ~~Policy Changes~~Log:

~~Log. Initial adoption and subsequent amendments to the policy are recorded in the following log to provide public transparency and accountability.~~

Date	Action
05/11/2015	Board adopted policy.
11/19/2020	Board amended policy.
12/14/2020	Board amended policy.
06/06/2024	Board amended policy.
<u>06/11/2026</u>	<u>Board amended policy to update standard language; update language to reflect current District operations; codify electronic banking authority; and implement signature limits for County fund transfers to reflect new County policy for signature cards.</u>

Commented [SM10]: Amended to match the standard language used in the recently adopted District Director Policy.