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RESOLUTION 2003-18

**A RESOLUTION OF THE KEY LARGO
WASTEWATER TREATMENT DISTRICT
APPROVING A REVISED EXPENDITURE POLICY**

WHEREAS, Key Largo Wastewater Treatment District approved Resolution 2003-11 on February 5, 2003 to establish an Expenditure Policy;

WHEREAS, the approval of the District's capital projects for Key Largo Park and Key Largo Trailer Village and the need to provide appropriate grant accountability to five different grantor agencies changes the scope of Key Largo Wastewater District's expenditure procedures;

WHEREAS, the District General Manager has proposed a revised Expenditure Policy for the District to apply;

WHEREAS, the Board of Commissioners have reviewed the proposed revisions to the Expenditure Policy at the meeting held on July 30, 2003.

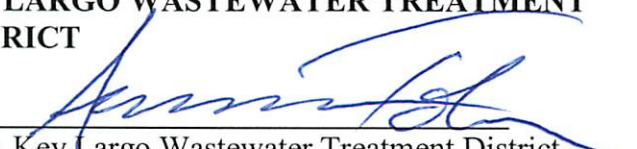
**NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF
COMMISSIONERS OF THE KEY LARGO WASTEWATER
TREATMENT DISTRICT:**

1. The Expenditure Policy as proposed by the District General Manager and attached hereto as Attachment A is hereby adopted as District Policy.
2. All expenditure by the District shall be made in accordance with the attached Expenditure Policy.

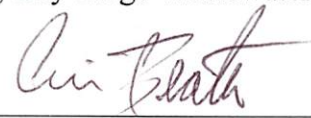
PASSED AND ADOPTED this 13th day of August, 2003.

FAILED this n/a day of August, 2003.

**KEY LARGO WASTEWATER TREATMENT
DISTRICT**



Chair, Key Largo Wastewater Treatment District



Secretary

EXHIBIT "A"

Key Largo Wastewater Treatment District Policy on Expenditure Approval and Disbursement of Funds

Prepared: August 5, 2003

Purpose: This policy provides Board of Commissioners approval of those internal controls necessary to provide for the proper encumbrance and disbursement of the Key Largo Wastewater Treatment District operations and capital project funds that have been appropriated for expenditure through the annual budget process.

Applicability: This policy pertains to all officials employed by or contracted by the Board of Commissioners for the purpose of providing management, procurement, budgeting and financial accounting and disbursing services to the Key Largo Wastewater Treatment District.

Definitions:

1. **Appropriation:** The legal authorization to spend the annual budget of the Key Largo Wastewater Treatment District, and any authorized amendments to the budget, duly passed by ordinance or resolution.
2. **Disbursement:** The act of paying properly approved bills, commitments and obligations of the Key Largo Wastewater Treatment District.
3. **Encumbrance:** The recording of liabilities to pay duly appropriated funds recorded in the accounting records of the Key Largo Wastewater Treatment District. The District requires the use of formal encumbrance accounting to assist in the management of available balances of appropriated operating and capital funds.
4. **General Manager:** The individual appointed by the Key Largo Wastewater District to act as the Chief Executive Officer to direct the execution of those programs approved by the Board of Commissioners.

Policy Direction:

The Board of Commissioners desires to insure that all funds made available to the Board are properly accounted for consistent with Florida Statutes and that all encumbrances and disbursements from these funds are approved as provided for in this policy.

The General Manager is charged with establishing an accounting system that fully complies with the governing statutes and rules established by the State of Florida for independent districts. Such accounting system shall be consistent with the Uniform Chart of Accounts of the State of Florida. Accounting procedures shall be consistent with those policies established by the Governmental Accounting Standards Board (GASB) as applies to governmental and proprietary funds.

The General Manager shall establish one Special Revenue Fund for the purpose of accounting for any grant proceeds received in advance of expenditure. Each grant shall be established as a separate account within this special revenue fund and accounted for separately. The cash deposited upon receipt from each grantee may be deposited in a

single bank account as long as adequate accounting records are maintained to separately account for each grant and each fund of the District.

The General Manager shall establish one Enterprise Fund to account for the revenue and expenditures necessary to construct, operate and maintain, and pay debt service needs of the District. The cash deposited for this fund may be deposited into a single bank account as long as adequate accounting records are maintained to separately account for each fund, debt service issue and capital project of the District.

The General Manager, Mr. Robert E. Sheets, and the Chief Financial Officer, Mr. David R. Miles, shall be authorized to approve the encumbrance or expenditure of amounts not to exceed Two Thousand Five Hundred Dollars (\$2,500.00) per transaction without prior approval of the Board of Commissioners. This approval is contingent on the General Manager or the Chief Financial Officer, insuring that the total amount encumbered or expended does not exceed the amount appropriated for that purpose. All encumbrances or expenditures in excess of Two Thousand Five Hundred Dollars (\$2,500.00) require prior approval by a majority vote of the Board of Commissioners. The General Manager shall provide on a monthly basis to the Board of Directors for ratification, a listing of all encumbrances and payments approved by him or the Chief Financial Officer.

Once an encumbrance or expenditure is approved by the General Manager, Chief Financial Officer, or the Board of Commissioners, pursuant to this policy, the disbursement of funds of the District by the General Manager, or Chief Financial Officer, shall not require further approval. All checks under Two Thousand Five Hundred Dollars (\$2,500.00) for the Key Largo Wastewater Treatment District shall be signed by one of the authorized signatories on the District's bank account(s). All checks for Two Thousand Five Hundred Dollars (\$2,500.00) or more, shall be signed by two authorized signatories on the District's bank account(s). The authorized signatories are as follows:

- Mr. Andrew Tobin, Chairman of the Board of Commissioners
- Mr. Cris Beaty, Secretary
- Mr. Robert E. Sheets, General Manager
- Mr. David R. Miles, Chief Financial Officer

To insure adequate protection of District assets is maintained, the General Manager is directed to obtain Fidelity Bonds from the District's insurer, in the amount of \$150,000 for each authorized signatory on the District's bank account(s). In addition, the General Manager shall name the Key Largo Wastewater Treatment District as an additional insured on the Employee Dishonesty Coverage in the liability policy maintained by the General Manager.



KEY LARGO WASTEWATER TREATMENT DISTRICT
POST OFFICE BOX 491; KEY LARGO, FLORIDA 33037
(305) 451-5105

TO: Key Largo Wastewater Treatment District Board Members

CC: Robert E. Sheets, General Manager
Faith Doyle, Clerk to the Board
Charles Sweat, Director of Operations
Terry Lewis, Board Attorney
Amy Dukes, Board Attorney

FROM: David R. Miles, Chief Financial Officer

DATE: August 5, 2003

RE: Key Largo Wastewater Treatment District Disbursement & Accounting Procedures

Dear Commissioners:

On February 5, 2003, the Key Largo Wastewater Treatment District Board of Commissioners approved Resolution 2003-11, which established Expenditure Approval and Disbursement of Funds procedures for the Key Largo Wastewater Treatment District. This policy was designed to establish an excellent set of internal controls to ensure that the district's funds are properly accounted for and disbursed in a manner consistent with the best interests of the constituents of the district.

At the July 30, 2003 meeting a discussion concerning changes necessary to Resolution 2003-11 was conducted by the Board of Commissioners. Several decisions concerning this policy were made and the General Manager was directed to bring a revised policy back to the Board of Commissioners for approval. Attached at Exhibit A is proposed resolution 2003-18, which incorporates the changes requested by the Board of Commissioners at the July 30, 2003 meeting.

The following major revisions to the existing policy (Resolution 2003-11) are incorporated in the draft resolution:

1. The General Manager the Chief Financial Officer could approve disbursements up to \$2,500 without prior approval of the Board of Commissioners, as long as the amount was budgeted. The General Manager will provide a list of all such expenditures on a monthly basis to the Board of Commissioners for ratification.
2. All expenditures above \$2,500 (in place of \$1,000) require advance Board of Commissioners approval prior to disbursement.

Board of Commissioners: Chairman Andrew Tobin, Gary Bauman, Cris Beaty, Charles Brooks, Jerry Wilkinson

3. All checks below \$2,500 are to be signed by one of the following named persons:
 - Andrew Tobin, Chairman of the Board of Commissioners
 - Cris Beaty, Board Secretary
 - Robert E. Sheets, General Manager
 - David R. Miles, Chief Financial Officer
4. All checks of \$2,500 or above require a dual signature by two of the above named signatories.
5. A list of checks above \$2,500 will be provided to the Board of Commissioners for approval prior to disbursement.
6. A fidelity bond in the amount of \$150,000 per signatory will be obtained for each of the above named signatories. Cost of these fidelity bonds are \$789 per person, or \$3,156 per year for all four signatories. It is recommended that these bonds be made effective October 1, 2003 to coincide with our budgetary year.
7. The reliance on Monroe County loan and grant fund availability to fund basic operations costs in FY 2003 has contributed to cash flow issues since the inception of the District. During the construction phase, the cash flow issues will increase significantly. To address these issues, the establishment of a Special Revenue Fund to account for any grant proceeds that may be received prior to related encumbrances and expenditures in the District's Enterprise Fund is provided for.

RECOMMENDATION:

Staff recommends the Board of Commissioners approve the proposed policy at Exhibit A, resolution 2003-18.