

RESOLUTION NO. 2022-06
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT
ESTABLISHING A CASH HANDLING POLICY

WHEREAS, the Phelan Piñon Hills Community Services District ("District") is a public agency organized and operating as a Community Services District pursuant to California Government Code Section 61000 et seq.; and

WHEREAS, the District desires to assure uniformity in the policies and procedures for the handling of cash; and

WHEREAS, the District is governed by a five-member Board of Directors ("Board") expressly authorized by Government Code Section 61040(a) to establish policies for the operation the District's functions and services; and

WHEREAS, a Cash Handling Policy has been presented to the Board of Directors of the Phelan Piñon Hills Community Services District in the form attached to this Resolution and marked "Cash Handling Policy."

NOW, THEREFORE, BE IT RESOLVED by the District's Board of Directors of the Phelan Pinon Hills Community Services District as follows:

Section 1.

The Cash Handling Policy, attached hereto and incorporated herein by this reference, is hereby adopted.

Section 2.

The Cash Handling Policy adopted by this Resolution supersedes Resolution No. 2016-06 adopted by the District's Board of Directors on April 20, 2016, and shall take effect immediately upon its adoption.

APPROVED, SIGNED, AND ADOPTED by the Board of Directors of the Phelan Piñon Hills Community Services District at a regular meeting held on the 16th day of February 2022, by the following vote:

AYES:	Hoffman, Johnson, Kujawa, Philips, Roberts
NOES:	NONE
ABSTENTIONS:	NONE
ABSENT:	NONE



President, Board of Directors
Phelan Piñon Hills Community Services District

ATTEST



Secretary,
Phelan Piñon Hills Community Services
District and of the Board of Directors

CASH HANDLING POLICY

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SECTION 2. PURPOSE

The purpose of this policy is to establish the District's basic policies and procedures for receiving cash, checks, money orders and credit cards on behalf of the District, and to have a series of cash controls and handling policies that are standardized throughout the District. This policy exists to ensure that all funds received are properly processed, thus minimizing shortage and/or overage errors.

SECTION 3. DEFINITIONS

- 3.01 **Beginning Cash** – Cash in the cashier's drawer at the start of the day or shift.
- 3.02 **Cash Box**– A box for securely storing the contents of the cash drawer.
- 3.03 **Cash Drawer** – Drawer used to store currency, coin, checks and payment stubs when completing transactions during the cashier's shift. Drawer should always be locked when the cashier is away for any reason.
- 3.04 **Deposit** – Placing money into a financial institution for credit to a bank account.
- 3.05 **Deposit Slip** – Document used to list the currency, coin, money orders and/or checks for deposit to the bank.
- 3.06 **Ending Cash** – Cash in the cashier's drawer at the end of the day or shift.
- 3.07 **Endorsement** – The signature or stamp that is placed on the back of a check or money order for the deposit of such into a financial institution.
- 3.08 **Identification** – Information piece, such as a valid driver's license, that guarantees that the person presenting it is who he or she claims to be.

3.09 **Money** – Officially issued coins and paper currency that serves as a medium of exchange and may be used as payment for goods and/or services and for settlement of debts.

3.10 **Overage** – The amount by which the actual revenue exceeds the reported revenue in the cash drawer.

3.11 **Petty Cash** – A small amount of cash that is kept in an office to pay for the purchase of incidental items.

3.12 **Postdated Check** – A check that is dated later than the actual date that the check is presented for payment.

3.13 **Return Item/NSF** (Non-Sufficient Funds) – A check that is returned unpaid by the payee's bank, usually due to funds not being available to cover the written amount on the check.

3.14 **Shortage** – The amount by which the reported revenue exceeds the actual revenue in the cash drawer.

3.15 **Stale Dated Check** – A check which is dated more than 180 days prior to the current date. Most banks do not honor checks that are dated 6 months or older than the current date.

3.16 **Transaction** – A business act whereby money is received by the District for services rendered or for fees imposed.

SECTION 4. RESPONSIBILITIES AND PROCEDURES

4.01 **General Cash Controls.** The number of employees with access to cash funds shall be limited to assure internal control. The General Manager, or designee, shall grant access authority.

- A. To the extent that staffing levels permit, there shall be a physical separation of duties maintained from the cashiering, custodian of cash, and the accounting and record keeping of the same.
- B. Where staffing levels do not permit separation of duties, compensating controls, such as strict individual accountability and thorough management review and supervision, shall exist. Authorized personnel not assigned the custodial responsibility shall periodically examine, count, or perform other reviews of cash funds.
- C. Physical protection of funds through the use of bank facilities and locked cash boxes or drawers shall be practiced at all times.

- D. Cash on the premises will be held to an absolute minimum to ensure safety of the staff.

4.02 **Cash Handling**

A. Receiving currency and coin from customers

1. After receiving the currency/coin from the customers, it should be re-counted in the presence of the customer for verification of the amount given.
 - a. Separate the currency from the coin.
 - b. Separate the bills into same denominations with all bills facing up.
 - c. All denominations of \$20 or greater must be verified through the electronic counterfeit bill detector.
 - d. Starting with the largest denomination, count the bills onto the counter one bill at a time.
 - e. Separate the coin by denomination and count the coin on the counter also.
 - f. If customer gives rolled coin, it must be opened and counted then rewrapped.
 - g. If the total amount received does not agree with the customer, repeat the count.
 - h. If the total still does not agree, have the customer recount the money.
 - i. Keep the money within the customer's sight until the transaction is completed.

B. Giving change back to customers

1. There are two ways to give change back to the customer.
 - a. Using the cash register to automatically calculate the dollar amount to be returned to the customer.
 - b. Counting from the amount of the transaction to the amount tendered.

2. Change should be counted at least two times: once when the cashier counts it out of the cash drawer, and a second time when the cashier counts it back to the customer.

C. Handling mutilated money

1. Bills that are mutilated (torn, written on, missing a portion, or otherwise damaged) should be removed from circulation.
2. Coins are mutilated whenever they are bent, worn, broken, or otherwise damaged.
3. Upon receipt of mutilated money, set it aside in the cash drawer so that it can be returned to the bank. The bank will return the money to the Federal Reserve Bank for redemption.

D. Counterfeit currency

1. Whenever cash is received, the individual accepting cash should verify all denominations of currency that are \$20 and above. This is accomplished by using a counterfeit bill detector.
2. If the counterfeit bill detector determines a bill is counterfeit, the bill should be tested again. If the bill is still showing as counterfeit, the bill should immediately be placed into a plastic sheet protector; do NOT return the counterfeit bill to the customer. Ask the customer for identification and note identification information on a sheet to be placed alongside counterfeit bill. Notify the customer of the delay and let them know the District will be holding the counterfeit bill for further investigation. Notify the customer that if the bill is verified by the bank to be counterfeit, the account will not be credited; if the bill is determined not to be counterfeit, the account will be credited accordingly. Thank the customer for their assistance and patience. If the customer becomes angry, notify law enforcement. Do not attempt to detain a customer.

- E. The cashier should remove any excessive currency and coins from their cash drawer to have the Finance department hold in the fire-proof file cabinet until the cash drawer is balanced. The cashier should document the amount that was removed.

4.03 Acceptance of Checks

- A. Checks are used to transfer funds from one party to another. The following are the types of checks that are acceptable for payment to the District:

1. Personal Checks

2. Company Checks
3. Cashier's Checks
4. Personal Money Orders

B. Confirmation of the validity of the check

1. Current date (no postdated or stale dated checks)
2. If the check is not imprinted with the customer's name and address, it should be written in the upper left corner of the check.
3. Payee should be: Phelan Piñon Hills Community Services District, PPHCSD, Phelan Piñon Hills CSD, or any other derivative of the District name so long as it is clear that the payee is the District.
4. Amount must appear twice: numerical and written. If there is a difference in the written amount versus the numerical amount, the written amount is considered the legal amount.
5. Any alterations to the writing on the check should be initialed by the person that wrote the check.
6. The bank name and routing information should be imprinted on the check.
7. Check should have the proper signature.

C. Cash will not be given to the customer when any form of check is used for payment. If the check is written for an amount above what is due, the customer will receive a credit on their account. If the customer requests that the credit be refunded to them, they must submit a written request which will be reviewed by the billing department. If the request is approved, the customer will receive a District-issued check within two weeks from the date of request.

D. A deposited check may not clear the bank due to one or more of the following reasons: non-sufficient funds, closed account, stopped payment, stolen check, etc. In these cases, the District reserves the right to charge the customer account with a Returned Check fee. The customer will be notified, and must pay the amount of the returned check plus the returned check fee in cash or a money order. The account will be flagged as "cash-only" for a period of six (6) months. Customers with three (3) or more returned checks will be placed on a permanent "cash-only" status.

4.04 **Acceptance of Credit Cards**

- A. MasterCard, Visa, and Discover are the only credit cards that are accepted. Credit cards are only accepted in person, over the phone through the automated phone payment system, or online through the District's bill payment system. There is no minimum transaction amount, however a Board approved credit card convenience fee shall be added for each credit card payment. Refunds for purchases made by credit card must be made by crediting the card, not by cash back or check. Personal identification is required to be presented at the time of the transaction and compared to the credit card for fraud prevention.

4.05 **Receipting of Transactions**

- A. Register receipts should be issued to the customer after the transaction is completed. In the event of a power outage or computer failure, a receipt book is available so that the customer can be given a hand-written receipt. The receipt book should be turned in to the Finance department upon completion of the last receipt, and another book will be issued.
- B. Exception: If someone other than the account holder requests to pay on an account but does not have a bill, they will be given a hand-written receipt instead of a register receipt. The hand-written receipt will include the payer's name, the address of the property they are making payment on, and the amount that they are paying. No account holder information is to be on the hand-written receipts, such as: the account holder's name, the account number, or the amount due on the account.

4.06 **Cash Drawer Responsibilities**

- A. Opening procedure
 - 1. Cashiers should balance the contents of their cash drawers in the morning, unless there are special circumstances that require balancing the previous day. In the event a cashier is unexpectedly absent, and therefore cannot balance the contents of their cash drawer, a designated finance staff member will access the absent employee's cash box and remove the contents of their cash drawer. The designated finance staff member will supervise while another cashier balances the absent employee's cash drawer.
 - 2. Drawers should have a beginning cash balance of \$200 cash, using a combination of coins and bills to achieve the amount.
 - a. In order to have the desired combination of coins and bills, the Finance department can exchange money from the "Change Fund" box.

3. Checks, credit card receipts, and the remaining balance of the cash should be individually tallied on calculator tape or spreadsheet form and given to the finance staff, along with the Journal Report for that cash drawer.
4. Overages or shortages to the cash drawer should be immediately reported to finance staff.
 - a. An overage or shortage is an unintentional collection mistake, such as a change-making error. This differs from a "loss", which would be a deficiency of money due to negligence or an unlawful act.
 - b. If there is an overage, the amount exceeding the starting balance will be deposited into the petty cash box for reconciliation.
 - c. If there is a shortage, the amount less than the starting balance will be replenished from the "Petty Cash" box to the cash drawer in order to bring the total of the cash drawer to the correct starting balance.
 - d. It is the responsibility of finance staff to report the overage/shortage to the General Manager, or designee, regardless of the amount.

B. Daily monitoring of cash drawers

1. Keep cash drawer orderly.
2. Never leave the cash drawer unattended or unlocked.
3. Only authorized staff are allowed access to the cash drawer.

C. End of day procedure

1. When all customers have left the facility at the close of the business day, the cashiers should place the contents of their cash drawers (ending cash) and all associated receipts into their assigned cash box. The cash box should be locked and placed in the lockable fire-proof file cabinet in the Finance department. The file cabinet should be locked after the last cashier has put their cash box away.
2. If a cashier will not be present the following work day, they should balance their cash drawer before leaving that day.

4.07 **Deposits**

- A. Deposits of money received by the District are completed each work day morning by finance staff.
1. Confirm cash drawer amounts to the corresponding Journal Report.
 2. Proceed with the Cashiering-End of Day process in the accounting system.
 3. Total all cash drawer amounts and confirm with End of Day report.
 4. Prepare deposit bags, deposit slip and Customer Consignment Log (provided by the Armored Service).
 5. An authorized staff member will verify the amount of cash to be deposited into the bank before bags are sealed.
 6. Completed deposit bags are to be placed in the lockable fire-proof file cabinet.
- B. Armored Service will pick up the deposit, based on a predetermined schedule, and deliver cash, when requested, to replenish the Change Fund box as requested by finance staff.

4.08 **Guidelines in the Event of a Robbery.** In the event of a robbery, stay calm. Make mental notes of the robber's appearance, weapon, and accomplices. Comply with whatever the robber instructs you to do, no more and no less. Move in a calm and deliberate manner. Do NOT argue or resist and do NOT use a weapon against the robber. Activate an alarm only if you can do so safely. Offer to lie down after you have turned over the cash. After the robber has left, call the police and lock the doors. Employees should fill out a suspect description form and remain segregated from one another until police have had a chance to interview each employee individually.

SECTION 5. INTERNAL CONTROL PROCEDURES

The General Manager, or designee, is the administrator of this policy and shall be responsible for overseeing that the processes described herein are adhered to properly. This policy should be reviewed periodically by the General Manager and the Board of Directors.

SECTION 6. SUMMARY

These guidelines cannot cover every issue, exception or contingency that may arise in the policies, procedures, and processes involved in cash handling. Accordingly, the basic standard that should always prevail is to use common sense and good judgment in the collection and stewardship of District financial assets and receipts.