



ROTARY INTERNATIONAL

DISTRICT 6780

**FINANCE COMMITTEE
MANUAL**

January 2007

Revisions:

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BUDGET DEVELOPMENT PROCEDURES AND TIMELINES

Section 3 of the *District 6780 Rules of Procedure* lays out the budget development process (underlining added for emphasis):

3.1 Budget Preparation. The finance committee, cooperating with the incoming district governor, shall prepare a proposed budget for the ensuing Rotary year. The budget shall conform to specifically-authorized provisions of the District Rules of Procedure where such provisions exist and shall be in consonance with the anticipated income for the year. Funds from district reserves may be used to balance the budget if projected expenditures exceed projected revenues. In other areas, the finance committee shall exercise its judgment in consideration of the program of the district governor, past practice of the district and their own experience and discretion.

3.1.1 Committee Budgets. Committees of Rotary District 6780 shall submit itemized budgets to the district finance committee no later than December 31 of the Rotary year. A full financial report shall be provided to the district treasurer no later than August 1 following the end of the Rotary year.

3.1.2 Budget Approval. The proposed budget shall be presented at the District Assembly for review. The final budget recommended by the finance committee shall be established by resolution at the annual District Conference by a majority of the electors present and voting. Once established, no item of the budget shall be exceeded without the written approval of the chair of the finance committee.

Budget Development Activity and Timeline

It is recommended that the budget development process generally following the following timeline.

Timeline	Activity
September-November	DGE appoints and meets with incoming committee chairs to discuss budget guidelines for the following Rotary year. Secures itemized written budget proposal for each district committee according to guidelines.
November 15	DGE prepares draft budget and reviews with Finance Committee Chair. Sends to Finance Committee in advance of meeting.
November (end) or early December	Finance Committee meets to review draft budget and recommend any changes. DGE revises budget accordingly.
January	Finance Committee meets to approve draft budget for presentation to COG. COG reviews draft budget. Any suggestions by COG must be approved by Finance Committee.
February	DGE mails or e-mails draft budget to all club presidents in preparation for review at District Assembly or PETS whenever the District Assembly occurs after the District Conference.
April	DGE presents budget at District Assembly and answers questions.
April or May	Finance Committee Chair formally presents the budget during the district business session at the District Conference. Electors vote on adoption of budget.

BUDGET AND FINANCIAL REPORTING GUIDELINES FOR DISTRICT COMMITTEES

These guidelines have been developed by the District Finance Committee in order to assist district committees and district officers to develop annual budgets and prepare financial reports as required in the *District Rules of Procedure*. These guidelines and procedures have been developed to insure good stewardship of district funds and accountability for those funds.

The guidelines and procedures apply to all district committees, the Governor-Elect's budgets for PETS, Assistant Governor Institute and District Assembly, and the District Governor's budget for the Mid-Year Leadership Retreat. The reimbursement procedures apply to everyone requesting reimbursement or payment from the district for any reason.

The *District Rules of Procedure* require that district committees submit budgets and financial reports. The following provides guidance to committees according to their sources of revenue and type of expenditures.

A. BUDGETS AND FINANCIAL REPORTS

1. All Committees

- a. Budget: All committees shall submit an itemized budget for the following Rotary year to the District Governor-Elect by November 15 to assist in the preparation of the budget for Finance Committee review early in December. The budget shall include:
 - i. An itemized list of revenue from all sources indicating the amount from each source with an explanation of how the amount is determined.
 - ii. The purposes for which district funds are requested shall be itemized and specified in the budget.
 - iii. The budget shall include an itemized list of expenditures in general categories (see example attached).
- b. Financial Report: The end-of-year report should follow a similar format as the budget with both revenue and expenditures itemized (see example attached). The end-of-year report must be submitted by August 1.
- c.

2. Committees with their own checking accounts.

- a. Budget: Follow #1 above.
- b. Financial Report: Follow #1 above.
- c. Additional requirements:
 - i. Submit a summary financial statement showing
 - 1) beginning checking account balance (July 1),
 - 2) total of all revenues in,
 - 3) total of all expenditure out,
 - 4) ending balance on June. 30.
 - ii. Bank statements for each month
 - iii. Copy of check register
 - iv. Copy of receipts/bills for checks written

B. PAYMENT OR REIMBURSEMENT FROM THE DISTRICT BUDGET

Request for payment or reimbursement from the district budget should be submitted by the Committee Chair to the District Treasurer and must be substantiated by bills (if to be paid directly by the district) and/or receipts. Send written request including the name of budget to be charged and bills or receipts via mail or fax to:

Jerry Adams
District Treasurer
Suite 1100 Tallan Bldg, Two Union Square
Chattanooga, TN 37402
jerryadams@decosimo.com
423-756-7100 (W)
423-756-2939 (F)

The District Governor will approve committee expenditures prior to payment or reimbursement. The District will only reimburse up to the amount of the approved budget. Requests to reimburse over that amount must be approved by the chair of the Finance Committee after consultation with the District Governor.

In general, the following items are not reimbursable from the district budget:

- In-district mileage except for that incurred by Assistant Governors in performance of their duties
- Registration for meetings or conferences in-district

All requests for reimbursement should be submitted by the end of the fiscal year on June 30.

Requests of payment of bills from vendors for materials/supplies or services incurred prior to the end of the fiscal year (June 30) should be submitted to the district Treasurer by July 15.

Approved by District Finance Committee, 1/3/06

ROTARY INTERNATIONAL DISTRICT 6780

SAMPLE REVENUE AND EXPENDITURE BUDGET OR END OF YEAR FINANCIAL REPORT

Please include items as appropriate and pertinent.

Applies to district committees, PETS, Assistant Governor Institute, District Assembly and Mid-Year Leadership Retreat

Revenue

District 6780	Amount, purpose	
Registration fee for meeting or event	Number of participants @ fee=total	
Sponsorships	Number @ amount=total	
Program participation fee	Number @ amount=total	
Meal charges	Number @ amount=total	
Rotary Foundation	Amount, purpose	(For GSE orientation, language subsidy, GSE at district conference)
Rotary International	Amount, purpose	(For Assistant Governor training)
Other	Specify	

TOTAL REVENUE

Expenditures (typical categories)

Publications/printing/photocopying	
Postage	
Meals/food	
Supplies (itemize in general categories)	
Transportation	No mileage paid for in-district travel to meetings per ROP.
Facilities/hotel	
Meeting registration	
Awards/recognition	
Other	Specify

TOTAL EXPENDITURES

EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURE

FOR DISTRICT COMMITTEES WITH THEIR OWN CHECKING ACCOUNTS

- 1 Revenue and expense statement as above
- 2 Summary statement to include
 - Beginning checking account balance
 - Revenue in
 - Expenditures out
 - Ending checking account balance
- 3 Monthly bank statements
- 4 Receipts/bills for all expenditures

BUDGET MONITORING

The responsibility for monitoring the budget on a day to day basis rests with the District Treasurer. From time to time the Treasurer will prepare a budget status report for the District Governor and the Finance Committee.

As stated elsewhere in this document, all requests for reimbursement made by district committees must be approved by the District Governor.

If any request for reimbursement causes an account to exceed the budgeted amount, the Treasurer will contact the Chair of the Finance Committee and the District Governor to secure approval or denial for the request.

INDEPENDENT ACCOUNTANT'S REVIEW

The *District 6780 Rules of Procedure* require an independent accountant's review of district funds at the end of each year. (Underlining added for emphasis.)

3.7 Independent Review. At the end of the Rotary year, the funds shall be independently reviewed by a qualified accountant. A report of the review of the fund shall be made to each member of the finance committee. The governor shall appoint a Finance Review Committee composed of three past district governors and two members-at-large to work with the treasurer to review the independent accountant's review.

This review is to include all district funds including but not limited to:

1. The District Fund
2. Interact
3. Youth Exchange
4. District Conference
5. Credit Card Account (checking and merchant account) at Home Federal
6. District Governor

In order to conduct the review in a timely fashion, it is important that all committees and parties involved submit the year-end report by August 1 as prescribed in the district rules. It is recommended that the outgoing district governor remind the appropriate persons of this in June and that the incoming district governor send an additional reminder in July.

APPENDIX I

DISTRICT 6780 RULES OF PROCEDURES PROVISIONS REGARDING DISTRICT FINANCE

2.9 Finance Committee. A committee of three Rotarians appointed by the college of governors from among their members in the manner prescribed below and for the purpose noted. (See Section 3)

2.9.1 Election. The college of governors, at its annual meeting at the district conference, shall elect one member to serve for three years and shall fill any unexpired terms. Any vacancy shall be filled at a meeting of the college of governors which follows the occurrence of the vacancy. The senior member in terms of years served in the member's current term on the committee shall be the chair.

2.9.2 Quorum. Those present at a meeting of the college of governors shall constitute a quorum for the election of a member of the finance committee.

2.9.3 Re-election. A member of the finance committee may be re-elected after the lapse of one year following completion of a term of service.

2.9.4 Vacancy. The district governor shall appoint from the college of governors a person to fill any vacancy which occurs between meetings of the college, such persons to serve only to the next meeting of the college of governors.

2.9.5 Ex-officio Members. The district governor, the district governor-elect and the district treasurer are *ex-officio* members of the finance committee.

3. DISTRICT FINANCES

3.1 Budget Preparation. The finance committee, cooperating with the incoming district governor, shall prepare a proposed budget for the ensuing Rotary year. The budget shall conform to specifically-authorized provisions of the District Rules of Procedure where such provisions exist and shall be in consonance with the anticipated income for the year. Funds from district reserves may be used to balance the budget if projected expenditures exceed projected revenues. In other areas, the finance committee shall exercise its judgment in consideration of the program of the district governor, past practice of the district and their own experience and discretion.

3.1.1 Committee Budgets. Committees of Rotary District 6780 shall submit itemized budgets to the district finance committee no later than December 31 of the Rotary year. A full financial report shall be provided to the district treasurer no later than August 1 following the end of the Rotary year.

3.1.2 Budget Approval. The proposed budget shall be presented at the District Assembly, or PETS whenever the District Assembly occurs following the District Conference, for review. The final budget recommended by the finance committee shall be established by resolution at the annual District Conference by a majority of the electors present and voting. Once established, no item of the budget shall be exceeded without the written approval of the chair of the finance committee.

3.1.3 Budget Distribution. The finance committee shall furnish a copy of the approved budget to the incoming district governor, the district governor-elect and the district treasurer by June 1.

3.2 Annual Club Dues to the General Fund. Each club is to pay a per capita levy to the district general fund for each active member on the roll of the club as of the last meeting in November of each year. Per capita levies to the district general fund shall be determined by the district conference by a majority of the electors present and voting. (*Bylaws of Rotary International*, Article XV, Section 15.060.2)

3.3 Authorized Use of Fund. The general fund shall be used to:

- a. fund expenses of the district conference as determined by the finance committee budget. There may be a registration fee charged to attend the district conference, not to exceed \$25, upon approval of the finance committee.
- b. cover expenses of the district assembly, district institute, district leadership academy or other similar Rotary International authorized district-wide meetings aside from a district conference. Such covered expenses shall not include the attendees travel expenses to and from the meeting site.
- c. purchase a past district governor's two-tenth's carat diamond pin for the outgoing district governor and a gift from the clubs of the district, the gift not to exceed 500.
- d. defray convention attendance expenses as authorized by Section 4 of these Rules.
- e. meet the expenses of district committees and officers as authorized.
- f. funds expenses of memorials as defined in Section 3.12.
- g. otherwise finance the development of Rotary within the district as determined by the governor.

3.4 Deposit of funds. District funds shall be deposited in a bank account which clearly indicates that the fund is the property of the district and not the personal property of any Rotarian thus protecting the district in the event of the death of such Rotarian. The account shall be known as "The Rotary International District 6780 Fund."

3.5 Disbursement of Funds. Unless specifically authorized by these rules such as 3.3.c, 3.3.d, 3.9, 6.2, 6.5.2, etc. or by conference resolution, the district treasurer shall disburse funds only upon proper authorization.

3.6 Accounting. The district treasurer shall make a report on the status of the fund each year to the district conference.

The district treasurer shall make a report on the status of the Bomar Interact Foundation fund at the annual meeting.

3.7 Independent Review. At the end of the Rotary year, the funds shall be independently reviewed by a qualified accountant. A report of the review of the fund shall be made to each member of the finance committee. The governor shall appoint a Finance Review Committee composed of three past district governors and two members-at-large to work with the treasurer to review the independent accountant's review.

A report of the independent accountant's review of the Bomar Interact Foundation shall be made to each member of the board of directors of the foundation. At the end of the calendar year, the district treasurer shall advise the board of directors of the Bomar Interact Foundation the amount of monies available for scholarship awards. (See 10.4)

3.8 Annual Financial Statement. The district governor shall supply the reviewed annual statement of the district finances, together with a report of the district finance committee, to each club in the district within three months of the completion of the governor's year of service. This reviewed annual statement and the report of the district finance committee shall also be presented, discussed (if need be) and formally adopted at the following district conference. (See 3.6)

3.9 Bonding. The district treasurer shall be bonded at the expense of the district at a level to cover the maximum expected size of the fund.

3.10 Disposition of Assets. Should, at any time, the organization known as District 6780 ever be dissolved, the remaining assets of every kind shall be transferred to and become the property of the Rotary Foundation of Rotary International.

3.11 Control of Funds. All district funds shall be under the control of two signatories as authorized by the district finance committee.

In addition, **Section 2.5.1** states that the **District Secretary** “ **Records** the proceedings of finance committee meetings, meetings of the college of governors and the district assembly.”

APPENDIX II

ROTARY INTERNATIONAL RULES REGARDING DISTRICT FINANCE

Rotary International By-Laws Article 15

15.060. District Finances.

15.060.1. District Fund.

Each district may establish a fund to be called "The District Fund" for financing district-sponsored projects and the administration and development of Rotary in the district. The District Fund shall be established by resolution of the district conference.

15.060.2. Approval of Levy.

The District Fund shall be financed by all clubs in the district by way of a per capita levy on the members of those clubs. The amount of the levy shall be decided either by

- (a) the district assembly after the approval of three-fourths of incoming club presidents present, provided that where a president-elect is excused from attending the district assembly by the governor-elect in accordance with article 9, section 5(c) of the standard club constitution, the designated representative of the president-elect shall be entitled to vote in the president-elect's place, or, at the option of the district,
- (b) the district conference by a majority of the electors present and voting.

15.060.3. Per Capita Levy.

The per capita levy is mandatory on all clubs of a district. The governor shall certify to the board the name of any club that has failed for more than six months to pay such levy. The board shall suspend the services of RI to the delinquent club while the levy remains unpaid.

15.060.4. Annual Statement and Report of District Finances.

The governor must provide an annual statement and report of the district finances that has been independently reviewed by a qualified accountant to each club in the district within three months of the completion of the governor's year in office. This annual statement and report shall include but not be limited to details of:

- (a) all sources of the district's funds (RI, The Rotary Foundation, district and club);
- (b) all funds received by or on behalf of the district from fundraising activities;
- (c) grants received from The Rotary Foundation or funds of The Rotary Foundation designated by the district for use;
- (d) all financial transactions of district committees;
- (e) all financial transactions of the governor by or on behalf of the district;
- (f) all expenditures of the district's funds; and
- (g) all funds received by the governor from RI.

The annual statement and report shall be presented for discussion and adoption at the next district meeting to which all clubs are entitled to send a representative and for which 30 days notice has been given that the statement and report of district finances will be presented. If no such district meeting is held, the statement and report shall be presented for discussion and adoption at the next district conference.

Manual of Procedure 2004, Part One-Administration, pp. 38-40

FINANCES

Expenses of Governor

Basic Expenses Reimbursed by RI

.....(full list omitted)

Additional Expenses Reimbursed from the District Fund

Districts are urged to financially support (in addition to expenses which may be covered by RI) the governor and governor-elect in performing the responsibilities of their offices, as required by the district for district activities. (RCP 17.050.2.)

Establishment of a District Fund

Section 15.060.1. of the RI bylaws provides a means by which a district fund may be established for the administration and development of Rotary. Care must be taken to ensure that

- 1) Per capita levy approval is sought at the district assembly or the district conference following presentation of a budget
- 2) The funds are not under the control of a single individual
- 3) An audited financial statement of income and expenditure is presented to the next district conference as well as to the clubs (RCP 17.050.)

Operation of a District Fund

A district finance committee shall safeguard the assets of the district fund by reviewing and studying the amount of the per capita levy and necessary expenses of district administration, and prepare an annual report on the status of the district's finances for the district assembly. Cooperating with the governor, this committee shall prepare a budget of district expenditures that will be submitted to the clubs at least four weeks prior to the district assembly and approved at a meeting of the incoming club presidents at the district assembly. (RCP 17.050.)

The amount of any per capita levy on clubs for a district fund should be decided by the district assembly after the approval of three-fourths of the incoming presidents present, or by the district conference by a majority of the electors present and voting. Where a president-elect is excused from attending the district assembly in accordance with article 9, section 5 of the standard Rotary club constitution, the designated representative of the president-elect shall be entitled to vote in place of the president-elect. (RIB 15.060.2.)

The district treasurer shall serve as an ex officio member of the committee and keep proper records of income and expenditure of the fund. The funds shall be held in a bank account in the name of the district and drawn upon by the governor jointly with another member of the finance committee, preferably the treasurer. The governor must supply an annual statement and report of the district finances that has been independently reviewed by a qualified accountant, together with a report of the district finance committee, to each club in the district within three months of completion of the governor's year of service. This annual statement and report shall include but not be limited to details of

- a) All sources of the district's funds (RI, The Rotary Foundation, district, and club)
- b) All funds received by or on behalf of the district from fundraising activities
- c) Grants received from The Rotary Foundation or funds of The Rotary Foundation designated by the district for use
- d) All financial transactions of district committees
- e) All financial transactions of the governor by or on behalf of the district
- f) All expenditures of the district's funds
- g) All funds received by the governor from RI

The annual statement and report shall be presented for discussion and adoption at the next district meeting to which all clubs are entitled to send a representative and for which 30 days notice has been given that the statement and report of district finances will be presented for discussion and adoption. If no such district meeting is held, the statement and report shall be presented for discussion and adoption at the next district conference. (RIB 15.060.4.)

The district (by majority of votes at the district conference or through ballot-by-mail) may implement the operation of the district fund in another manner, provided it meets the requirements noted above in Establishment of a District Fund. In the absence of any decision of the district, the manner of operation of the district fund as mentioned above will apply. (RCP 17.050.)

Where funds are raised for a specific purpose, such as a joint district youth exchange, a budget of expenditure shall be prepared and submitted to the governor and the finance committee for approval. This will be included in the statement submitted to the district assembly or conference by the finance committee. It may be advisable to maintain a separate bank account for such funds and have the chair of the joint Youth Exchange committee, or such other committee as may be involved, as one of the signatories. (RCP 17.050.)

Payment of the per capita levy, when established and determined similar to the manner suggested above, is mandatory for all clubs in the district. The RI Board shall, upon receipt of certification from the governor that a club has failed for more than six months to pay such levy, suspend the services of RI to the club while the levy remains unpaid, provided that the district fund has been operated as herein provided. (RIB 15.060.3.) The membership in RI of any club which fails to pay its approved contributions to the district fund may be terminated by the RI Board. (RIB 3.030.1.)

APPENDIX III

POLICY AND PROCEDURE DECISIONS OF THE FINANCE COMMITTEE

1. April 1998. A motion was passed allowing the collection of a registration fee at a district conference.
2. January 2000. A motion was passed to request summary budget information from the committee responsible for any activity supported with district funds to be attached to the district statements of receipts and disbursements.
3. April 2000. A motion was passed requiring that any district committee having its own bank account require two signatures on checks of \$500 or more.
4. May 2001. A motion was passed that would permit up to 35% of the corpus of the Bomar Interact Scholarship Foundation to be invested in low risk investments.
5. January 2002. A motion was passed to allow the DGE to be reimbursed for expenses incurred in advance of his/her Rotary Year so long as he/she remains within the budget for his/her year.
6. May 2003. A motion was passed to change the club dues billing procedure to include the fee for the PE and to add an option to pay the fee for the president-nominee.
7. Motions were made at different meetings establishing specific registration fees for specific district conferences. The amounts varied.
8. January 2004. (1) A motion was passed to specify \$200 as the memorial gift for a present or past district officer and \$100 for certain relatives of present or past district officers. Relatives to be included are the spouses, children and parents of present or past district officers. (I believe this action was later amended to specify that those memorials are to be in the form of gifts to The Rotary Foundation or the Bomar Interact Scholarship Foundation, but the minutes do not reflect the nature of the memorial.) (2) A motion was passed endorsing the concept of the district owning a credit card machine and authorizing DG Hinch to negotiate the best possible rate and report to the Finance Committee for final action.
9. December 2004. A motion was passed to modify the district Rules of Procedure to require all district committees that have checking accounts to report annually to the District Treasurer information on those accounts that would be included in the review of district finances.
10. January 2005. A motion was passed to change the ROP to make the Fred Brown Award of Merit a scholarship of at least \$1000 and an award to the recipient's Interact Club of at least \$500.