

HIGHLAND HILLS MAINTENANCE COMMISSION
BOARD OF TRUSTEES

BOARD POLICY NO. 2-2

Dated: 1 September, 1993
Last Revised: 19 November, 2006

(Notice: This Policy supersedes all previous HHMC Board Actions related to this subject.)

TITLE: FISCAL POLICIES & PROCEDURES

PRIMARY RESPONSIBILITY: Treasurer

REFERENCES: 1.) HHMC By-Laws, Article VI, Section 9
2.) HHMC By-Laws, Article VIII, Section 4 and Article X

PURPOSE:

This policy establishes operating procedures and guidelines for use by HHMC's Board and Treasurer to insure HHMC fiscal matters are conducted in a business-like manner and in accordance with the referenced By-laws.

1. Banking and Brokerage Accounts:

- a) HHMC's Board shall from time to time designate a bank or banks in which monies of the Commission shall be deposited.
- b) HHMC's Board may also from time to time designate a brokerage firm or firms in which monies of the Commission shall be deposited.
- c) HHMC's executive officers shall be designated as signatories on all banking and brokerage accounts maintained by the Commission.
- d) With the exception of a transfer of funds from a Commission account to another Commission account at the same institution, or to a Commission account at a different institution through a check payable solely to HHMC, withdrawals from and checks drawn on Commission bank or brokerage accounts shall be made only with the signature of two of the four executive officers. In order to maintain the control derived from requiring two signatures, checks should not be pre-signed.

2. Checking Account:

- a) A checking account shall be maintained by the Treasurer for HHMC expenditures.

b) The balance in the checking account shall be maintained at a level estimated by the Treasurer to be sufficient to cover near-term expenditures and, to the extent consistent with overall return on Commission funds, to minimize service charges on the account. The balance in the account shall be adjusted from time to time by transfers from or to other Commission accounts.

3. Investments:

Action by the Board shall be required for the investment of HHMC funds. The Board shall act with reasonable prudence in the investment of HHMC funds, with particular attention to preservation of principal. In no event shall HHMC funds be invested in equity securities.

4. Reconciliation and Reports:

a) On a monthly basis, Commission bank and brokerage firm statement(s) shall be provided to a person (other than an HHMC executive officer) designated by the Board, for the reconciliation of account transactions with accounting records of HHMC.

b) At each regular monthly Board meeting, the Treasurer shall provide the Board with reports showing HHMC's expenditures during the then-current year through the end of the preceding month, as well as a comparison of such expenditures to amounts budgeted for the then-current year.

5. Limits on Authority to Obligate HHMC and on Reimbursement of Expenditures:

a) Without prior Board approval, no person may obligate HHMC to make any expenditure expected to exceed \$500, whether contractually or otherwise.

For purposes of which:

Expenditures for a series of related products or services shall be considered a single expenditure.

Board approval of an annual budget for HHMC shall not constitute the required prior Board approval.

Board approval of an annual budget for an HHMC committee shall not constitute the required prior Board approval unless the committee is a single-project committee such as the Annual Meeting Committee or the Annual Picnic Committee.

Board approval of an annual categorical sub-budget for an HHMC committee (for example, the annual snow removal sub-budget for the Roads and Drainage Committee) shall not constitute the required prior BOT approval.

However, the requirement for prior Board approval shall not apply to the following:

obligations undertaken by any HHMC executive officer, or by the Editor of The Highlander, for routine HHMC office or administrative expenses; or

obligations undertaken by HHMC's President or Vice President to pay fees and expenses of counsel for legal advice related to any matter affecting HHMC on which, in the good faith judgment of such officer, legal advice cannot prudently be deferred until after the next monthly Board meeting; or

obligations on behalf of HHMC undertaken with the prior approval of (i) HHMC's President or Vice President and (ii) one additional executive officer of HHMC, related to any emergency; provided that any such obligation shall be reported to the Board at its next regular meeting.

b) Reimbursement of any expenditure made on behalf of HHMC shall be dealt with in a manner similar to that described in a) above. If obligating HHMC to make the expenditure would have required prior Board approval, HHMC shall not reimburse the expenditure unless the making of it received prior Board approval.

c) Reimbursement of an expenditure shall require proof of purchase or a certification of the expenditure and, if the expenditure was made in connection with the activity of a committee, written approval by the Chair-of the committee including a statement of the budget category to which the expenditure is to be charged.

d) If the estimated amount of an obligation, or the amount of an expenditure for which reimbursement will be sought, is less than the balance in the appropriate budget account, and if any necessary approval(s) of the obligation or expenditure have been obtained, the obligation may be undertaken or the expenditure made upon confirmation by the Treasurer that funds are available.

6. Retention of Outside Parties:

a) Any request to the Board for approval of the retention of an outside party (other than retention on a fixed cost basis) shall be accompanied by a cost estimate from the outside party. The accuracy of the outside party's estimate shall be taken into account in considering subsequent retentions of outside parties.

b) Road overlay work and the annual mowing of vacant lots at their owners' expense shall each be awarded through an equitable bid procedure directed to those bidders who are deemed qualified by the Chair of the committee to which the activity relates, as shall any other project or activity the Board so designates (which the Board may do in an annual budget for HHMC or otherwise). Priority shall be given to the lowest responsible qualified bidder.

c) Road overlay work and the annual mowing of vacant lots at their owners' expense shall each be undertaken through a written contract in a format approved by the Board, as shall any other project or activity the Board so designates (which the Board may do in an annual budget for HHMC or otherwise). The contract shall be signed on behalf of HHMC by HHMC's President or Vice President or by any other person the Board may authorize for the purpose. The signer shall deliver the original (or a duplicate original) of the contract to HHMC's Treasurer. In the case of each contract for road overlay work, the Chair of HHMC's Roads and Drainage Committee shall advise each of the members of the Board, reasonably in advance of soliciting bids for the contract, of the principal terms proposed to be included in it.

d) Payment of an invoice from an outside party that relates to the activity of a committee shall require written approval by the Chair of the committee including a statement of the budget category to which each invoiced amount is to be charged.

7. Budgeting:

a) The annual budget adopted by the Board shall reflect the following:

Total budgeted annual operating expenses may not exceed total budgeted annual operating revenues, except to the extent funds from reserves are to be used for operating expenses.

Total budgeted annual operating revenues may exceed total budgeted annual operating expense to allow for the establishment of reserves or additions to existing reserves. Such reserves may include, for example, a road replacement reserve and a general contingency reserve.

For purposes of the foregoing, receipts and expenditures related to HHMC's role in the intermediary arrangement for the mowing of undeveloped lots (see Board Policy 11-1) shall not be considered operating revenues or operating expenditures.

b) Board approval shall be required for the diversion of funds budgeted for a particular purpose to use for a different purpose and for any increase or decrease in the amount of a reserve not contemplated in an approved budget.

c) If, due to unforeseen circumstances beyond the control of the Board, actual total annual operating expenses exceed actual total annual revenues plus funds for operations budgeted to come from or available from appropriate reserves, the deficit will be budgeted for recovery in a subsequent year.