

Resolution Adopting a Financial Management Policy

Resolution No. 01-2011

A Resolution Adopting a Financial Management Policy

WHEREAS: good financial management is necessary for the success of Rivercliff Estates Homeowner Association.

WHEREAS: sound accounting practices and policies are necessary for ensuring the integrity of financial records and Association funds.

WHEREAS: the Association is subject to ORS 100.480 section (5) requiring annual financial review.

THEREFORE, be it resolved that the Board of Directors of Rivercliff Estates Homeowners Association Hereby adopt its Financial Management Policy dated this 2nd Day of November, 2011.

Diane Fallon, President

ATTEST:

Ann Masunaga, Secretary

FINANCIAL MANAGEMENT POLICY

OBJECTIVES

The objectives of this financial management policy are to:

- Provide for open and transparent financial management practices.
- Ensure that all financial systems, functions, and controls meet generally accepted accounting principles.
- To preserve capital through prudent banking and cash management activities.
- Achieve the most productive use of cash, minimize operating costs, and to control receipts and disbursements.
- Maintain good working relationships with financial institutions.
- Provide clear and concise budget, expense, and financial information to all homeowners on a regular basis.
- Make financial information available to all homeowners on their request.
- Make certain that all homeowners pay dues according the share assigned in the Declaration to their respective units.
- Ensure that Capital Maintenance Reserve Funds are accumulated and accounted for separately according to the board-approved Capital Maintenance & Reserve Plan.

BANKING SERVICES

- Banking services shall be solicited at least every five years on a competitive basis, and banks submitting proposals must meet the following minimum criteria:
 1. Be insured by the Federal Deposit Insurance Corporation
 2. Provide on-line banking services.
 3. Disclosure of all service charges and fees.
 4. Provide an assigned Personal Banker.

RECEIPT OF MONTHLY DUES

- The treasurer will prepare and monitor an accounts receivable age schedule to ascertain amounts due the HOA.
- Monthly Dues are due and payable on the first of each month.
- Delinquencies will be assessed \$50 for each 30 days of delinquency.
- A lien will be recorded against the unit owner's property when the monthly dues are two months delinquent.

ACCOUNTS PAYABLE

- The treasurer will maintain a system to age accounts payable.
- Invoices will be analyzed and paid to take advantage of any discounts available.
- All obligations paid by the HOA will be reviewed prior to payment to ensure proper documentation is attached and that all requirements are met

BUDGET FORECASTING

- Each fiscal year, the treasurer will prepare an annual operational fund budget for the HOA for approval by the board of directors on or before the November board meeting.
- The Chart of Accounts shall be in sufficient detail to reconcile individual expenditures in the Budget. Contingency Budgets shall be recorded separately within their respective Budget Accounts.
- Capital Maintenance Budget shall be included and shown in a separate section of the Budget as it is detailed in the Capital Maintenance Plan.
- On or before the last day of each month the budget statement will be adjusted to reflect the current month's actual cash flow and revise the remaining estimated cash flow schedule.
- Capital Maintenance Reserves shall be accounted for separately in the approved Budget.
- Capital Maintenance homeowner dues receipts shall be accounted for separately from Operational Maintenance dues receipts and reconciled to their separate line item budgets.
- Capital Maintenance expenditures shall be accounted for separately from Operational Maintenance expenditures and reconciled to their individual line item budgets.
- Detailed Annual Budgets shall be distributed individually to all homeowners within ten (10) days of approval.
- ORS 100.412 requires:
 1. *The board of directors at least annually shall adopt a budget for the association of unit owners.*
 2. *The budget shall include moneys required to be allocated to the reserve account under ORS 100.175.*
 3. *Within 30 days after adopting the annual budget for the association, the board of directors shall provide a summary of the budget to all owners.*
 4. *If the board of directors fails to adopt an annual budget, the last adopted budget shall continue in effect.*

INTERNAL CONTROLS

- Duties shall be assigned to individuals in such a manner that no one individual can control all phases of collecting cash, recording cash, and processing transactions in a way that permits errors or omissions to go undetected.
- Deposits shall be reviewed by a person other than the depositor of the funds to make sure that funds are placed in the proper HOA accounts.

- All accounting computer records shall be kept in a location deemed secure by the board. More than one person should be trained on the system. Accounting records shall be backed-up on a regular basis and the backup stored in a separate secure location.
- The monthly reconciliation of HOA accounts shall be done by the bookkeeper and treasurer and jointly signed. The books shall be reviewed regularly by the board of directors.
- A procedure shall be developed for writing off bad debt. The policy shall specify person(s) responsible for writing off the bad debt and their title. Authorization to write off bad debt must be granted by a majority vote of the board of directors and recorded in the meeting minutes.

PURCHASING

- All purchases exceeding \$2,000 shall require a minimum of three (3) competitive bids or proposals, and shall be reviewed and selected by a majority vote of the board of directors, and recorded by the board secretary in the minutes.
- All purchases over \$100 shall be authorized by a majority vote of the board of directors and recorded by the board Secretary in the minutes.
- For all purchases \$100 or less, the HOA president shall authorize the purchase by signature and be recorded by the board treasurer in the purchase order log.
- Emergency purchases in excess of \$100, requiring immediate authorization, before a regular scheduled board meeting, shall require approval of a majority of board member via digital or written document. The authorizing documents shall be included in the minutes of the next scheduled board meeting.
- All HOA purchases shall be made using a purchase order in a form approved by the board.
- Receipts shall be verified by the treasurer for accuracy and completeness and so marked prior to paying an invoice. Procedures shall be developed for checking receipts, packing slips or contracts to determine that merchandise or services have been received as stated before payment.
- All invoices shall be marked "Paid in Full" with the date and amount of the check noted.
- Petty cash funds require full documentation, including the purpose of the expenditure and who received the petty cash funds.

AUTHORIZED PERSONNEL/SECURITY

- The HOA president or treasurer is authorized to open deposit accounts as required.
- Three board member signatures shall be on file at the bank as authorized check signers. All checks shall require two manual signatures.
- The HOA treasurer is responsible for maintaining a current signature card with the bank.
- Checkbooks and any held petty cash shall be in a secure locked cabinet at all times.
- No checks shall be signed in advance.
- Cash transactions shall require at least two directors to ensure that cash is properly recorded and deposited.

AUDITS/REVIEWS

- When an activity occurs that does not conform to this policy, the bookkeeper and treasurer shall immediately notify the board in writing.
- When a petition signed by a majority of unit owners (51% of assigned percentages) is received by the board of directors requesting an independent review of all financial records, it shall be ordered immediately.
- In accordance with ORS 100.480 section (5)

Subject to section 26, chapter 803, Oregon Laws 2003, the association of unit owners of a condominium that has annual assessments exceeding \$75,000 shall cause the financial statement required under subsection (4) of this section to be reviewed within 180 days after the end of the fiscal year by an independent certified public accountant licensed in the State of Oregon in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

- Annually a financial review shall be conducted.