

PROPERTY OWNERS' ASSOCIATION OF LAKE HAYWARD EXPENSE ACCOUNTING POLICY

INTRODUCTION

This policy covers the procedures to account for, provide proper documentation for the reimbursement of POALH expenses and the procedures to request payment from the Treasurer. Each year the Budget Committee working through the Committee structure prepares the annual budget for the review and approval of the Board of Governors. The Board reviews the proposed Annual Budget, makes changes with the concurrence of the Budget Committee and submits the entire Budget Committee report to the members at the Annual Association meeting in August. The Association votes on the Annual Budget and, if approved, the budget becomes the focal point for the expenditure of Association funds.

BUDGET PROCESS

Expenses are broken down by committee or function. Some expenses are routine and the bills are mailed directly to the Treasurer (i.e. utilities, waste removal, cable, etc.). Others are Committee driven and are the responsibility of the Chair of each committee or a person delegated by the Chair of the Committee to approve expenditures for payment. All expenditures must have a direct benefit to the Association.

COMMITTEE AND/OR PERSON RESPONSIBLE FOR BUDGET LINE ITEMS

Most of the larger Committee expenses are spelled out in the Annual Budget. If an expenditure is not specifically stated in the Annual Budget, the Committee Chair or person responsible needs to determine that the expenditure directly benefits the Association and it was the intention of the Committee to incur the expenditure for a similar purpose. If there is any question about an expenditure, the Committee Chair or responsible person needs to consult with the President and Treasurer regarding its purpose. Each Committee and/or person responsible for budget line items may not expend an amount that exceeds the budget for that line item. Only the Board has the authority to approve expenditures over the authorized budget. The over expenditure must

be presented to the Board and the Board will reallocate budget line item funding if they approve the additional expenditure.

LARGE PROJECTS/EXPENDITURES

Large expenditures such as the Solitude (lake herbicide treatment program), grounds and beach contract maintenance, major construction contracts, and waste removal require written contracts. All contracts should be signed by the President and the original signed contract is to be maintained in the POALH's file by the Treasurer. The Treasurer is responsible for returning a signed copy to the vendor.

Each contractor is required to submit 2 copies of each invoice—one to the Treasurer and one to the Committee Chair. The Committee Chair is responsible to notify the Treasurer in writing that the services have been performed and only then will the Treasurer pay the invoice.

FORMS TO BE USED FOR REIMBURSEMENT

All requests for payment must use the "Request for Payment" form (Exhibit 1) developed by the Treasurer. Where there is a signed contract and the Committee Chair has approved the expenditure, it is not necessary to use the form.

Requests for reimbursement for expenses should be made using the form Exhibit 1 together with all supporting receipts. It is important for the requester to identify the proper expense category the expense should be charged to.

COMPETITIVE BIDDING

Any expenditure that is estimated to exceed \$5,000 must be subject to a competitive bidding process unless the Board of Governors specifically waives that requirement. Such a waiver must be voted upon and recorded in the minutes of the Board meeting together with the specific reasons for the waiver.

OTHER EXPENDITURES

The Association does not reimburse mileage incurred by volunteers and independent contractors for the use of their personal vehicles. This policy overrides any wording in any Committee budget requests to the contrary.

Expenditures for refreshments at Board and Committee meetings are the responsibility of the hosting Board member and/or Committee member and are reimbursable by the Association upon request up to a maximum of \$50 per meeting with appropriate supporting documentation.

Expenditures for contributions to exempt organizations do not meet the definition of directly benefiting the Association and, thus, do not qualify as a legitimate expense of the Association. There must be a clear and direct benefit to the Association as that definition is stated in the Association's charter.

Any questions regarding this policy should be directed to the Treasurer or Budget Committee Chair.

Revised: February 18, 2017