

TITLE: LPOA POLICY NO. 6 - FINANCIAL MANAGEMENT

PURPOSE:

To establish the budget process, budget preparation and budget monitoring procedures for the General Manager and LPOA Treasurer. This policy also establishes LPOA's cash reserve guidelines, the method for determining the recommended cash reserve and the conditions whereby the cash reserve may be used.

1. BUDGET PROCESS

- A. The LPOA Budget process will follow the timetable below:
 - (1) Aug & Sept. – the General Manager will compile the Operating Expenses and the Improvements Committee will compile the capital improvements and other improvements projects for the coming year.
 - (2) Early Oct. – Finance Committee will make recommendations on the budget.
 - (3) Oct. Board Meeting – General Manager will submit a recommended budget.
 - (4) Between Mid-Oct.& Nov. 1 – Board will hold public review and discussion on the Budget.
 - (5) Nov. Board Meeting – Decision on dues structure for the coming year and final approval of Budget by Board of Directors.

2. RESPONSIBILITES OF GENERAL MANAGER

- A. The General Manager will propose, prepare, revise, report, monitor and implement the LPOA Budget with the support of Staff, Board Treasurer, Finance Committee, and approval of the LPOA Board of Directors. This includes the preparation and presentation of a monthly and year-to-date LPOA Net Income statement to include net income breakdown of all LPOA operating departments, activities and improvement projects, as well as a LPOA Monthly Balance Sheet indicating total liabilities and equity. These same financial reports shall be provided, to all Board members, no later than the 30th day of each month. The parcel chairpersons shall receive a monthly report by the same date that will provide a record of the parcel's Money Market Account indicating total funds available and parcel's monthly and year-to-date Net Income statement.
- B. The General Manager will also ensure that quarterly the LPOA monthly and year-to-date total net income actual and budget values are published in the Ripples or the Association's existing newsletter as soon as the values are available.
- C. The General Manager will maintain an effective internal audit system which will facilitate the annual audit.

3. **RESPONSIBILITIES OF THE TREASURER**

- A. The Treasurer will present an annual budget and statement of income and expenditures to the membership at its regular annual meeting.
- B. The Treasurer will cause an annual audit of the LPOA books to be made by a public accountant at the completion of each fiscal year.
- C. The Treasurer will provide the Board of Directors a monthly report of progress in meeting the objectives of the operating budget.

4. **CASH RESERVE POLICY**

- A. Identification of Acceptable Sources
The Finance Committee recommends that only cash sources not contractually obligated should be considered for the available balance. Although some of the following sources are earmarked for future long-term projects, they could be used for an emergency expenditure if absolutely necessary:
 - Cash on hand
 - Cash in Metcalf Bank (general fund, not payroll fund)
 - Main Clubhouse Expansion Fund
 - Desiltation Escrow
 - LPOA Wells Fargo Fund-Investment/LPOA
 - Capital Reserve-Marina Fund
- B. “Minimal Level” of Available Cash Balance
The Finance Committee recommends the minimum cash balance stay above ten percent of the current annual operating budget.
- C. Conditions Permitting Use of Cash Reserve Balance
 - Expenditure(s) that cannot be covered from any “contingency funding” or other budgeted source
 - Expenditure(s) requiring immediate action to protect or reduce the risk of injury or damage to LPOA properties
 - Board President and Treasurer or another member of the Executive Committee must approve expenditure(s)
 - Board of Directors should be apprised of expenditure(s) as soon as reasonably possible by General Manager or Board President

Supersedes:

Effective Date: June 1987 - Board approved

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