



Stillwaters Residential Association

Financial Policies and Procedures

3/8/2023

To meet its responsibilities and fiduciary obligations to the Stillwaters community, the Stillwaters Residential Association (SWRA) has established and will follow proper financial policies and procedures established by the SWRA Board of Directors. The following is an outline of those policies and procedures which shall be followed by the SWRA Board of Directors (hereafter referred to as Board) and reviewed and amended from time to time as circumstances warrant.

I. SWRA ANNUAL BUDGET PROCESS

The SWRA budget operating year is January 1 to December 31.

Policy: No later than December 31, the SWRA Treasurer must present to the Board for review the following:

- A. A proposed annual operating budget summary including prior year revenue and expenditure comparisons over the past three (3) years,
- B. A proposed Net Income Statement,
- C. A proposed Capital Budget and funding options,
- D. A proposed salary schedule and recommended pay increases, and
- E. Recommendations for current fiscal year reserve funds allocations.

Policy: No later than February 1st of each year, the Board must approve an annual operating budget.

Policy: The Treasurer must prepare a formal budget and past year financial update for presentation at the Property Owners Annual Meeting.

Policy: A summary of the prior year financial update and current year budget must be made available at the Property Owners Annual Meeting and in the SWRA office the year around.

II. SWRA REVENUE

Policy: Unless otherwise directed by the Board, all fees and assessments during the operating year must be in the approved budget and should be in accordance with the following procedures:

- A. All SWRA Dues and Assessments, as established by the appropriate covenants, shall be defined in the operating budget, and must be approved by the Board.
- B. All SWRA Fees shall be defined in the operating budget (e.g., annual gate fee, boat storage, garbage service, etc.) and must be approved by the Board.
- C. The Architectural Review Committee (ARC) shall establish impact fees and building permit fees and be reviewed by the Board.
- D. The Community Association Manager shall establish all sub-association fees in the operating budget and must be approved by the Board.

- E. The Community Association Manager may establish other income sources (e.g., landscaping income) and fees within SWRA's authority and must be approved by the Board.
- F. The Architectural Review Committee shall establish an annual schedule of associated fines to be posted on the SWRA website.

III. SWRA REVENUE SCHEDULE

Maintenance fees and assessments from property owners are the main source of SWRA revenues. The collection procedures for those funds are as follows:

- A. December 15-31 – Invoices prepared and mailed for fees and/or assessments
- B. January 31 – Due date for receipt in SWRA office
- C. February 15 – Non-payment fee of \$125¹ per property owner account/parcel added and gate transmitters and pool/tennis court access deactivated
- D. March 1 – SWRA will establish a lien against properties for non-payment
- E. June 1 – Accounts receivable list (Customer Summary) which shows all unpaid dues will be reviewed by the Board and further action will be determined
- F. December 1 – Board will review the accounts receivable list to decide further course of action on each account

IV. SWRA EXPENDITURES

Policy: *Unless otherwise directed by the Board, the expenditure of SWRA funds during the operating year must be in the approved budget and should be in accordance with the following procedures:*

- A. Written contracts or leases, such as road paving, landscaping to be performed over extended time periods must be approved by the Board before any work is done and should be based on competitive bidding, if feasible, and provided for in the operating budget.
- B. The Community Association Manager shall have discretionary spending authority within the operating budget not to exceed \$500 without Board approval.
- C. All proposed expenditures of funds not in the approved operating budget must be approved by the Board before any contingency or reserve funds may be used.
- D. Transfer of funds between category line items in the operation budget more than \$2,500 shall require Treasurer approval, and more than \$5,000 shall require Board approval.
- E. All capital expenditures must be defined in the approved capital budget and expensed accordingly. Any capital expenditures allocated to the operating budget must be recommended by the Treasurer and approved by the Board.

V. RESERVE FUNDS:

Policy: *As part of the annual SWRA budget approval process, the Board should review and approve current fiscal year reserve allocations.*

Policy: *As part of reserve fund allocations procedures, the Board shall review and establish appropriate target allocations for each identified fund every five (5) years.*

Policy: *SWRA shall maintain the following designated funds:*

- A. *Operating Funds* – Funds set aside in a separate interest-bearing Operating Account to supplement unexpected impacts to the operating budget. The amount of the Operating Account will be defined as part

¹ Non-payment fees were increased to \$125 per Board action on November 7, 2017. The non-payment fee may be waived only one time by SWRA.

of the annual SWRA budgeting process, not to exceed 5% of the total operating budget, and approved by the Board. The Operating Account shall begin the fiscal year with one-month operating funds plus the approved allocation.

- B. *Reserve Funds* – Funds set aside by the Board to replace or maintain the various SWRA capital assets, including but not limited to, the SWRA Executive Centre, Welcome Center, Moonbrook Park, Pineview pool, gates, tennis courts, storage, and other common physical assets.
- C. *Contingency Fund* – Funds set aside by the Board to be used for unusual occurrences including damages to equipment and facilities from fire and windstorm not covered by insurance or provided for in the operation budget.
- D. *Impact Fund* – Amount collected associated with building permits by the Architectural Review Committee (ARC). The use of these funds must be approved by the SWRA Board on an annual basis with recommendations from the ARC to address specific needs as determined to be the direct impact of construction issues.
- E. *Unrestricted Cash Balance* – The amount of unrestricted cash balance shall not exceed 10% of the total cash balance at the beginning of a fiscal year. The Board shall reallocate excess balances to the Reserve Funds or Contingency Fund accounts.

Policy: *With the exception of the Operating Fund, all other funds shall reside in an interest-bearing account or guaranteed fixed interest investments.*

VI. FINANCIAL STATEMENTS

Policy: *SWRA shall engage an independent accounting entity to review and report their opinions, unaudited, regarding the financial statements and management of SWRA on an annual basis. The final reports must be provided to the Board for review and comment.*