

Property Owners' Association of Hilltop Lakes, Inc.
Revised and Restated
Finance Procedures
2024

The Property Owners' Association of Hilltop Lakes, Inc. (POA) Board of Directors (Board) is responsible for managing the POA's finances. These guidelines are intended to protect the POA's assets by establishing rules for: 1) the procurement of supplies, materials, services and assets, and the resulting payment for same, 2) the management of cash and equivalents, and 3) accurate reporting of Fixed Assets.

Definitions:

1. **Accounting Department** – Administrative Staff assigned duties associated with accounts receivable, accounts payable, collections, and/or general accounting responsibilities.
2. **Authorized Approval Limits** - Limits that are set by the Board for staff and board members. This includes limits on spending toward current year operating budget, and capital purchases, as well as total credit available on POA issued credit cards.
3. **Bid Process** - The process of seeking multiple bids/quotes for work or equipment that the POA finds the need to procure.
4. **Capital Fund** – designated funds set aside for the purpose of making significant asset purchases in the future.
5. **Company Credit Cards** – Credit cards that are issued by the Accounting Department to staff members to be used for routine purchases with limits set by the Board.
6. **Current Assets** – Cash or other items held by the POA that are likely to be sold or used as result of standard business operations within the upcoming year.
7. **Department Chair** – in the absence of a general/operating manager being employed by the POA, the board member designated as focal point for the department. The chair is in place to provide guidance to the supervisor, serve as point of contact for communications to/from the Board, and assist in ensuring the supervisor is equipped to meet deliverables while staying within the established operating budget.
8. **Designated Funds:** Assets, usually cash/cash equivalent or invested funds, which may from time to time be designated by the Board to be set aside for specific uses. Examples might include – Capital Fund, Replacement Reserve Fund, and Trail Fee Fund.

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9. **Fixed Assets** – Property owned by the POA that meets the following criteria: 1) market value exceeding \$5,000 upon original acquisition (purchase, donation, etc.), and 2) expected useful life of more than one year at time of acquisition, and 3) intended to be held by the POA for more than one year. Examples include, but are not limited to: land, buildings, equipment, streets, sidewalks, greenbelts and improvements.
10. **Officers** – Board members designated as President, Vice President, Treasurer or Secretary.
11. **Reimbursement** – The action of repaying a person who has spent personal funds for POA business.
12. **Replacement/Reserve Fund** – designated funds set aside for the purpose of replacing or making significant repairs to POA assets.
13. **Supervisor** - Staff member who has direct reports according to the POA org chart.

Procedures:

1. **Operating Expense Spending:** Each supervisor has authorized approval limits to purchase up to \$5000.00 (single expenditure) for routine budgeted operating expenses without additional approvals. For budgeted expenses between \$5,000 and \$10,000, supervisor must obtain the general/operating manager's (department chair if no manager employed) approval. Supervisors have authorized approval limit of \$2,000 for unbudgeted expenditures, provided the expenditure will not put total department operating budget at risk. Unbudgeted expenditures between \$2,000 and \$5,000 require general/operating manager (department chair if no manager employed) approval. Unbudgeted expenditures exceeding \$5,000 and budgeted expenditures exceeding \$10,000 require Board approval.
2. **Capital Expenditures:** The general/operating manager must approve all capital purchases. Capital expenditures exceeding \$10,000 require Board approval. In the absence of a general/operating manager, the Board must approve all capital expenditures.

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- 3. Credit Card Usage and Limits:** Credit cards are to be used only for POA business purchases. Credit cards may not be used by anyone except the staff member to whom the credit card is issued, with one exception. One 'procurement card' issued with the Administrative Supervisor's name as designated user can be used by staff members who are not issued a credit card, upon request of a departmental supervisor. Administrative supervisor must control this card and log all usage – date, user, and departmental supervisor who authorized the use. Credit cards are not to be used for personal use. Credit card limits are set by the Board based on the spending requirements for the specific staff member but shall not exceed \$10,000. Single purchases on credit cards must not exceed authorized approval limits for the card holder or authorizing supervisor in the case of the 'procurement card'.
- 4. Endorsement of checks:** Only the President, Vice President, Treasurer and Secretary are authorized to endorse checks. The POA's bank(s) must be notified immediately if a board member is no longer authorized to conduct POA business. Any check over \$2,000.00 must have two POA officers' signatures. In order to access online banking (i.e. access bank statements, process ACH payments to the POA, process online payments for authorized expenditures), certain members of the Accounting Department may need to be included as 'authorized signers' on the accounts, but they are not authorized to sign checks or issue payments without proper approvals.
- 5. ACH Payments:** Certain recurring payments are required to be processed via automated draft (ACH). Examples include, but are not limited to: monthly payments on Notes Payable; monthly payments toward Insurance premiums (i.e. employee health insurance, POA general liability, etc.). Board approval of the total commitment/expense will serve as approval of ongoing recurring expense, provided the amount does not change from month to month. Any increase in any ACH disbursement must be communicated to the Board by the Accounting Department one week before the scheduled draft date to obtain approvals for the change in disbursement.
- 6. Payments – Online and by Phone:** Certain disbursements are made via telephone or online via the payee's portal or through online banking functionality at the POA's banking institutions. These disbursements are subject to the same approvals as payment by check. Only the Officers may approve such payments. Any payment exceeding \$2,000 requires the signature of two Officers. In lieu of a check, the Accounting Department will complete an "Online/Pay by Phone" authorization form, attach the documents supporting the payment, and present for signature by Officer(s). Only after the required signatures are obtained can the payment be processed. The

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approval form must be retained and filed with the associated invoices/backup in accordance with established records retention rules.

7. **Reimbursements – Process and Requirements:** Reimbursements can be given to any volunteer or staff member, if the procedures are followed and requirements are met. Prior to making the purchase:
- Obtain a POA Purchase Requisition form from the Welcome Center, Accounting Department.
 - Fill out the form with a description of the item(s), along with a quantity and estimated total cost of the purchase. Describe the purpose purchase is for (example; 2 gallons of paint for Villa #25, plumbing parts for campground space #4, food for fundraiser for pool center).
 - Obtain approval signature of budget holding supervisor (supervisor will also provide the charge code for the purchase) and the general manager (one board member if no manager is employed - if board member is the one making the purchase, a different board member must sign the form) on the form. For expenditures in areas without a budget holding supervisor, general manager approval is sufficient, within established approval limits.
 - Sign and date the form, make a copy, and return the original to the Accounting Department. Only the individual person that submits the completed form and provides proof of purchase will be reimbursed.
- After the purchase is complete:
- Attach a copy of the receipt to the retained copy of the purchase requisition form and submit to the Accounting Department.
 - Accounting Department will confirm approvals, then add reimbursement to the next check run. A handwritten receipt will not be accepted as proof of purchase.
 - Accounting Department will notify recipient when reimbursement check is signed and ready to be picked up.
8. **Vendor Management** - To ensure new vendors are suitable to do business with the POA, before initial purchase is initiated, new suppliers of goods/services must be vetted by the Accounting Department. Staff must not purchase via credit card, petty cash, or 'on account' from any vendor not approved by the Accounting Department. In addition to new vendors, the Accounting Department should conduct periodic review of vendors being utilized in order to ensure continued viability and suitability for business with the POA. The vetting criteria shall be set by the Accounting Department (non-accounts payable personnel, to maintain appropriate segregation of duties).

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9. **Bid Process:** Getting competitive 'bids' from multiple suppliers of goods/services is a good practice when multiple suppliers are available to provide the goods/services that are needed. The process of getting multiple prices ensures that the POA is not overpaying for items and keeps the suppliers aware that they must stay competitive to do business with the POA. Expenditures exceeding \$15,000 require written bids/quotes from at least three prospective suppliers of the goods/services. The staff member, board member, or committee proposing the expenditure must define the specifics of the purchase and provide to vendors requested to supply the bid/quote. Work/contract will be awarded based on a combination of price quoted, assessment of vendor's capabilities (i.e. experience with specific type work, if applicable) and vendor's ability to complete the work in a timely manner. Normal operating expenses and those items/services which are available through a very limited number of vendors may obtain exception to this requirement through GM/OM or Board approval, up to the limits established by state property code. Request for exception can be made through the Department Chair and would include a description and expected cost of the goods/services being procured and the reason for the request for the exception.
10. **Fixed Asset Reporting:** In order to ensure the integrity of the POA's financial statements, each department Supervisor shall perform an annual review of fixed assets and confirm the list contains only those assets which are still functioning and in service. The list to be reviewed will be provided by the Accounting Department during the budgeting process for the upcoming year.
11. **Investment Funds** - The Board has a legal responsibility to Association members to make sure reserve funds are invested properly and that the funds are available when needed. Decisions on which type of investment to leverage must be taken by the Board. During the budget process each year, the Accounting Department should provide an assessment of all investments to the Board – assessment should include evaluation of the safety, liquidity, expected yield, risks associated with inflation or interest rates, and any other information that will assist the Board in decisions regarding renewal or reassignment of the funds. Investments that mature mid-year will require individual assessment 30-60 days prior to maturity date.
12. **Capital Needs Assessment** – review of a rolling 5-10-year projection of capital needs for replacement or significant repair and new capital expenditures should be completed by the Accounting Department during the annual budgeting process. Inputs should be solicited from Supervisors regarding replacements and repairs required for their

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respective departments and the Board regarding significant funds needed for non-supervised departments and potential additions to the portfolio. The results from the assessment should be used to help determine the allocation of funds to the Replacement/Reserve Fund for the next year.

This Policy is effective upon recordation in the Public Records of Leon County, and supersedes any policy on Finance Procedures which may have previously been in effect, except as affected by Section 209.005 and/or by this Policy, all other provisions contained in the Declarations or any other dedicatory instruments of the Association shall remain in full force and effect.

Approved and adopted by the Board on this 11th day of January 2024.




Mark Record
President
Property Owners Association of Hilltop Lakes, Inc.

STATE OF TEXAS)
)
COUNTY OF LEON)

Before me, the undersigned authority, on this day personally appeared Mark Record , President of Property Owners' Association of Hilltop Lakes, Inc., a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledge to me that he had executed the same as the act of said corporation for the purpose and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this 19th day of Jan, 2024.



Notary Public, State of Texas

TOPY T. WRIGHT

Printed Name

My Commission expires: 10/20/2027



Leon County
Christie Wakefield
Leon County Clerk
Centerville, Texas 75833



70 2024 00465475

Instrument Number: 2024- 00465475

As

Recorded On: January 22, 2024

Recordings

Parties: PROPERTY OWNERS OF HILLTOP LAKES INC

To

THE PUBLIC

Recorded By: POA OF HILLTOP LAKES

Billable Pages: 6

Num Of Pages: 7

Comment: REVISED PROCEDURES

**** Examined and Charged as Follows: ****

Recordings	35.00
Recording Charge:	35.00

**** THIS PAGE IS PART OF THE INSTRUMENT ****

I hereby certify that the within and foregoing was recorded in the Clerk's Office For: Leon County, TX

File Information:

Record and Return To:

Document Number: 2024- 00465475
Receipt Number: 182191
Recorded Date/Time: January 22, 2024 08:22:29A
Book-Vol/Pg: Bk-OR VI-1976 Pg-270

POA OF HILLTOP LAKES
HAND DELIVER 1/22/24
CENTERVILLE TX 75833
