

Date: August 25, 2024

To: Turtle Rock Board of Governors

From: Susan Birkenmaier, TR Treasurer

Re: Turtle Rock HOA Financial Policy-Banking

Attached is a recommended financial policy to provide open and transparent financial management practices. The goal of these and subsequent policies is to ensure that all financial systems, functions, and controls meet the best financial practices possible.

This banking policy specifically focuses on banking practices with a key focus on:

- Protecting and preserving funds through prudent banking and cash management activities.
- Minimizing operating costs and controlling receipts and disbursements.
- Maintaining good working relationships with financial institutions.
- Ensuring that funds held by banks meet the Federal Deposit Insurance Corporation (FDIC) coverage limits.
- Providing fraud protection services.
- Maximizing investment protection and returns on any cash held above the FDIC limits.
- Prohibition of debit cards for HOA purchases and restricts credit card use for HOA business.
- Providing monthly account statements to the Board treasurer and property management company.
- Disclosure of all bank service charges and fees.

In addition, this policy addresses banking security, documentation and identifies Board officers authorized to conduct HOA business.

The criteria outlined in this policy has been reviewed by the FIRRM and was used to guide the selection of banking services recently approved by the Board in May.

Approval of this policy is recommended.

## **TURTLE ROCK FINANCIAL MANAGEMENT POLICY-Banking**

### **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 Reserve Plan.

### **BANKING SERVICES**

Banking services must meet the following minimum criteria:

- Be insured by the Federal Deposit Insurance Corporation.
- Provide on-line banking services.
- Provide fraud protection services.
- Maximize investment protection and returns on any cash held above the FDIC limits. (Local operating bank balance not to exceed \$150,000 and local cash reserve account not to exceed \$80,000. All funds above these holding shall be invested in a sweep (ICS)account).
- Bank(s) must be notified of any non-operating fund investments (capital reserves) to avoid investments in any institution exceeding FDIC limits.
- Credit cards may be issued to the HOA for approved purchase. Debit purchases are not allowed.

- Provide monthly account statements to the Board treasurer and Property Management company.
- Disclosure of all service charges and fees.
- Provide an assigned Community/Personal Banker.

#### **AUTHORIZED PERSONNEL/SECURITY**

- The HOA president and treasurer are authorized to open deposit accounts as required.
- At least 2 board member signatures shall be on file at the bank as authorized check signers. The assistant treasurer may also be assigned as an authorized signature on the bank and investment accounts.
- All checks shall require two 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 or released in advance of both check signers.
- Cash transactions shall be made and recorded by the property management company to ensure funds are properly recorded and deposited.

