



# Montego Bay Civic Association

## **BOARD OF DIRECTORS**

### Operational, Administrative, and Procedures

## **MANUAL**

## August 11, 2012

**PURPOSE:** This Board of Director's Operational, Administrative, and Procedures Manual (hereinafter referred to as the Director's Manual or Manual) is initially established by the 2011-2013 Board of Directors, to define the procedures the Board will take to carry out the duties and responsibilities required by the MBCA Declaration of Restrictions, the MBCA Bylaws, and the MBCA Articles of Incorporation. This manual is also to serve as a guideline and document the requirements for the day-to-day operations of the Montego Bay Civic Association (MBCA), Inc.

#### **DUTIES OF THE TREASURER:**

*(updated July 21, 2015)*

The Treasurer shall be the chief financial officer of the Association and shall have all of the general duties, including, but not limited to, the following:

1. Ensure that full and accurate accounts of all receipts and disbursements are entered in books belonging to the Association. Reallocations of funds within the operational and reserve budgets require, at a minimum, a vote by the Board.
2. Recommends, by signature, invoices to be paid after conducting due diligence that any questions regarding the invoice have been resolved and that W-9 information, if appropriate, is on file with the office. Invoices are then submitted to the President for signature. The Treasurer and President will co-sign payment checks and approve electronic payments. If the Treasurer is unavailable but has recommended payment, then the President and another Officer may sign the check or approve electronic payment.
3. Deposit all monies and other valuable effects in the name, and to the credit, of the Association in such depositories (such as banks, trust companies, certificate of deposits) as may from time-to-time be designated by the Board of Directors.
4. Collect all dues and maintain a record of each member's account with the Association;
5. Ensure the preparation of the annual tax returns of the Association for review and approval of the Budget and Finance Committee. Once approved by committee, the tax return will be presented to the Board (along with supporting forms and worksheets) for Board approval. Upon Board

approval, prepare the tax returns to the President for signature. The Treasurer does not sign and submit the tax returns.

6. The Treasurer shall issue the 1099 forms and also ensure that the W-9 information of all vendors that provide services is available before the start of any work or the authorization of payment of any invoice. The Treasurer will perform all verification actions and sign the invoice as authorized for payment before any other signature is applied. The President will authorize the payment by also signing the invoice. If the President is unavailable, the President will designate in writing (including e-mail) the other Officer authorized to sign off the invoice and the payment check. If the Treasurer is temporarily out of the area and unavailable to carry out their responsibilities, the Treasurer will notify the President in writing (including e-mail) and the President will authorize another Officer to sign for the Treasurer.
7. The Treasurer shall not sign any documents of the Association outside of those normally associated with the Office of Treasurer and will not sign on behalf of the President, Vice President, or Secretary unless written authority from the President is specifically given.
8. Conduct, in coordination with the Budget/Finance Committees, a review of all the Association's insurance policies the year before a certified audit is conducted, or whenever directed by the Board of Directors. Submit all insurance claims approved by the President or the Board of Directors.
9. Carry out the following Treasurer Procedures and propose changes as necessary:
  - a. Bank Accounts
    - i. All bank accounts are set up with the 4 Officer signatures.
      1. Bank of Ocean City is primary for operating checking account and secondary for reserve money account.
      2. Bank of Delmarva is money market checking for reserve funds and excess operating funds account.
      3. Susquehanna Bank is primary for reserve money.
      4. Depending upon interest rates available, set up money market and/or short-term accounts at best rate local bank to draw for operating and reserve funds.
    - ii. Treasurer handles transfer of funds.
      1. Funds are transferred by Treasurer to operating account on as need basis – no more than 3 months of funds at a time. Two signatures are required on confirmation copies of monies transferred.
      2. Movement of funds “in to” or “out of” CD's is done by Treasurer on a need basis. Recommendations are to be reviewed with the Finance Committee. President is notified of and approves transfer in advance.
      3. Reserve Accounts – All funds dedicated for future major repairs are placed in a separate money market or CD titled “Reserve Account.” Accounts must carry this title for tax purposes. Reserve accounts may be added to at any time, taking budget into consideration. Funds are withdrawn, based upon the fiscal Reserve Budget, only. Exception: Emergency funding required for unanticipated capital expenses with recommendation of Budget & Finance Committee.
  - b. Check Writing
    - i. No checks are signed in blank.
    - ii. Two accounts are used – operating and reserve. Free checking – there are no service charges. Reserve Account transactions are limited to three per month without penalty fee.
    - iii. Two Officers must sign all checks. The Treasurer and President should sign all checks. Exceptions are made if the Treasurer or President is unavailable. The VP and Secretary should not sign checks together. No Officer will sign any check that benefits themselves or a member of their household.

- iv. When new Officers are elected, the minutes of the election meeting must be presented to all banks and new signature cards requested for all accounts. Copies of picture ID and SS# are required for the bank. This should be handled by the Treasurer.
- v. Invoices are typically paid on Fridays.
  - 1. All invoices must be reviewed and approved by two officers. Two signatures are required. No Officer will sign any invoice that benefits themselves or a member of their household.
  - 2. The Office Secretary pays approved invoices on-line. Paper checks may be written, if necessary. Office Secretary will note the type of charge on check stub or in notes section of on-line bill pay. The Treasurer will determine which account is to be charged when entered into Quick Books.
- vi. All expenses must be accompanied by an invoice or receipt. The Office Secretary will note the date paid and check number (if a paper check) on the paid invoice. All invoices received are kept by Office Secretary in a "to be paid" folder, until processed. All paid invoices are filed in "monthly" folders. Copies of paid invoices for specific jobs (i.e. Pool Repairs, Tennis Court Repairs, Putt Putt, etc.) are filed in the office file cabinet.
- vii. Payroll – Treasurer prepares payroll with deductions and makes check for net amount. Deductions are made accordingly and FICA withholdings updated as needed by Treasurer. W4 forms are required for all paid employees. The President approves payroll for employees based on biweekly time sheets. Payroll period is biweekly, Sunday through Saturday, with checks issued the following week after the end of the pay period.
- viii. Officer 1099 disbursements are paid the 14th of the month. Officer 1099's are payable the 14th of the new month after they take office.
- ix. Vendors - W9 forms are required for all vendors. Social Security numbers are required for all vendors without EIN numbers for completion of year-end 1099's. The Office Secretary will maintain an ongoing file.
- c. Reimbursements to Employees, Officers, Directors, Volunteers
  - i. Check reimbursements may be made, provided the purchase has been pre-approved for a known cause. Receipts must be presented and the reimbursement approved by the President and Treasurer. Auditors do not like second party related purchases.
  - ii. No personal items may be ordered through the MBCA.
  - iii. There is no reimbursement for mileage unless pre-approved by the President and Treasurer.
- d. Petty Cash
  - i. The maximum amount of money approved for petty cash receipts is \$150. The Treasurer will write a check for cash to replenish, as needed. Funds are kept in box locked in file cabinet.
  - ii. A receipt must accompany requests for reimbursement -- \$10 reimbursement is usually the maximum. Petty cash is typically used for miscellaneous items such as certified mail, coffee, etc.
  - iii. The Office Secretary dispenses petty cash, files receipts, and prepares a monthly report for Treasurer. The Treasurer counts petty cash quarterly.
- e. Vendor Accounts/Credit Card Purchases
  - i. MBCA has accounts set up with THE FOLLOWING vendors:
    - 1. Staples
    - 2. Montego Bay Hardware
    - 3. Capital Tristate

- ii. Orders placed are direct billed to MBCA. Orders placed are at the request of the Office Secretary or President, under the supervision of the President.
- iii. The MBCA credit card (currently with BB&T) issued to the President may be used for purchases not available from established vendor accounts with approval of the President.
- f. Stamps
  - i. Stamps are purchased by the Treasurer on an as need basis. Excess quantities are locked in the office file cabinet.
- g. Receiving payments and fees
  - i. The Office Secretary stamps all checks received with the MBCA account number and places in Treasurer's pouch. The Treasurer makes deposits weekly or as needed. Photocopies are made of all checks deposited and stapled to deposit slip.
  - ii. Cash payments are generally not accepted except:
    - 1. for annual assessments between the past due notice and
    - 2. the account being turning over to the attorney for collection.
    - 3. A written receipt is issued.
  - iii. Annual dues are the largest payment category.
  - iv. Minor payments may come from site preparation fees, restrictions penalties, etc. THE TREASURER PREPARES THE COLLECTION AND INVOICING OF FEES DUE THE ASSOCIATION FOR THE President's SIGNATURE, AND CARRIES OUR PROCEDURES AS DIRECTED BY THE PRESIDENT. The Treasurer makes deposit.
  - v. Other minor payments can come from special projects handled by various committees and can be cash and/or check. The Treasurer handles the deposit.
- h. QuickBooks Recording/Monthly Reports
  - i. During the month the Treasurer enters deposits and transfers.
  - ii. At the end of month (last day of month), the Treasurer makes copies of payroll accounts; check stubs and records in QuickBooks. The Treasurer reviews all bills paid for proper account entry, enters payroll and operating payments, and petty cash.
  - iii. When bank statements are received, the Treasurer posts interest and reconciles each account.
  - iv. Copies of all invoices and cancelled checks are printed and stored for Financial reviews/audits.
  - v. Copies of all bank transactions are maintained in folders, by month. Folders are kept with Treasurer during the fiscal year, and then stored at office with "do not destroy".
  - vi. Monthly reports are generated from Quick books and copied for Board meetings. A copy is also maintained in binder at office for member use.
  - vii. The Treasurer reviews and prints P&L and Balance Sheet each month from QuickBooks.
  - viii. The Treasurer exports Budget vs. Actual YTD statement to an excel spreadsheet.
  - ix. QuickBooks is backed up monthly and stored in office petty cash lock box.
- i. Tax Payments
  - i. FICA (Social Security and Medicare Taxes) for the employee and employer are paid monthly, due by the 30<sup>th</sup> of the month. The Treasurer maintains a quarterly spreadsheet for payroll, including employee deductions and employer FICA taxes due. The Federal 941 payment is done electronically at [www.eftps.gov](http://www.eftps.gov).
    - 1. Enrollment Trace #: 511558434132802101
    - 2. EIN #: 52-0941393
  - ii. MD Withholding Taxes are paid quarterly and is sent in with tax return completed by accountant.

- iii. Preparation of Federal 941, FUTA, SUTA. The treasurer forwards the quarterly payroll spreadsheet to the accountant for preparation of quarterly tax returns. Returns/payments are due by the 15<sup>th</sup> following the quarter. All tax documents should be mailed certified mail.
- j. Year End Tax Preparation
  - i. At the end of the calendar year, the Treasurer prepares W2 and 1099 earnings information for the accountant. Anyone receiving a 1099 for earnings over \$700 is asked to complete a W4. W-2's and 1099's must be mailed to recipients by January 31<sup>st</sup>.
  - ii. MD Personal Property Tax form is forwarded to the accountant for completion. Due by April 15<sup>th</sup>.
  - iii. QuickBooks recording for fiscal year, along with bank interest statements are forwarded to accountant following the end of the fiscal year. Income Tax Returns are due by August 15<sup>th</sup>.
- k. Mail
  - i. Any mail of significance such as to the attorney or for taxes is to be taken to the Post Office by Treasurer.
  - ii. Other outgoing mail may be placed in the mailbox at the shopping center by the Office Secretary or taken to the Post Office. No mail is to be put in the incoming mail box on 130<sup>th</sup> St.
- l. Other
  - i. Other than assessment billing, all invoicing of members for restrictions violations or contractor fees, collection is handled by the President.
  - ii. All authorization of contracts and copies of licenses and insurances are handled by the President.
- m. Annual Dues
  - i. December
    1. Board of Directors approves amount of annual dues at December meeting based on budget approval.
    2. Two envelopes to be printed:
      - a. 1500 #10 envelopes with MBCA return address.
      - b. 1500 #9 envelopes with BOC Bank Address – “Important Document”
    3. The Office Secretary will export the property mailing list to an excel sheet, in lot order number. The Treasurer verifies that the property count is 1523.
    4. The Office Secretary will call the bank programmer from BOC to download information for BOC.
    5. The Office Secretary will update annual dues coupon. The Treasurer will verify updated information, as follows and take updated coupon to BOC.
      - a. dues amount
      - b. due date April 1
      - c. late after May1
    6. The Treasurer will confirm with BOC how coupons will be printed (alpha, lot#)
    7. The Office Secretary will print mailing list in Lot Number order.
    8. The Treasurer will set up new line item in budget for pre-paid dues
  - ii. January:
    1. Envelopes should be mailed the last week of January.
      - a. Stuff #10 envelopes with coupon and return envelope and copy of budget for next fiscal year.
      - b. Seal and take to post office for mailing.

2. All returned dues should be mailed to BOC\_with coupon. Annual dues that are returned to the office are to be taken to the bank by the Treasurer. No deposit form is required. All payments taken to the bank must have an annual dues coupon. The BOC will print additional coupons, if necessary. Lot number and section number should be written on the check. BOC will scan the bar code on each coupon, generate a list of paid dues on a daily basis and return scanned coupons to us.

iii. May 1st:

1. Annual dues received after May 1st will be charge a 10% late fee. Membership cards will be turned off by Secretary.
2. Delinquent members are sent a letter notifying them of:
  - a. late fee
  - b. two weeks to pay – then turned over to attorney
3. At this point, there may still be 20-30 outstanding assessments due. Check cumulative list against MBCA list.
4. The office secretary will print out two sets of labels. Make a copy of the labels to use as final check off.
5. Office secretary will print out standard form letter and put one label on letter and one label on mailing envelope.

iv. June 1st:

1. At this point, there may still be remaining dues unpaid.
2. This list is sent to the Attorney, Jim Almand for collection.
3. Print out standard form letter and send certified mail to owner.
4. Late fees are recorded as a separate line item from actual dues paid.

v. Annual Dues Payments Not Accepted at the Office. This should not be encouraged by office staff. Redirect owner to take their payment to the bank.

1. Payment should be made by check or money order. Cash payments should be accepted only in extreme circumstances (i.e. person has no transportation). Credit card payment is not accepted.
2. Payments should be accompanied by the annual dues coupon. If the owner does not have the annual dues coupon BOC will be notified and print a coupon. Be sure that the owner's name, address, phone number, *lot number and section number and Montego Bay address* are on the check.
3. The individual's cancelled check is their receipt.
4. Annual dues paid on or after May 1st are assessed a 10% penalty fee for a total of \$209.00 (\$190 + \$19). All checks should be stamped with the MBCA Deposit Only stamp and placed in the Treasurer's pouch.
5. As of June 1st, collection of all unpaid dues are turned over to the MBCA's attorney. The attorney's office will notify MBCA when payment and fees have been collected.

vi. Permanent membership cards are issued to members in good standing and activated or deactivated by the Secretary or other designee. Members are to keep their membership card once issued. If a card is lost there is a \$125 replacement fee.

1. NO CARDS WILL BE ISSUED TO ANY OWNER WHO HAS NOT PAID THEIR DUES OR OUTSTANDING FEES.
2. Cards for dues not paid by May 1<sup>st</sup> will be deactivated until payment has been made. If owner owns multiple properties, all properties are to be deactivated.
3. Cards for properties with liens placed are to be deactivated until the attorney has notified that payment has been satisfied.

10. Carry out any additional duties as assigned by the President.