



**DC Ranch Association
Board Report 5-4-2020 #3**

Subject Matter: Proposed Policy 209 (Capital Improvement Fund)

Background: This proposed policy was presented to the Board at its March 2, 2020 regularly scheduled board meeting. With the 2020 budget approval, the Board approved the development of a capital improvement fund. The Board requested a related policy. Once approved, the fund would be created and \$25,000 in 2019 operating surpluses would provide for the initial funding.

The Policy Committee supports and approves the proposed policy. The proposed policy was also sent to the Budget and Finance Committee; there were no objections.

The proposed policy creates the Association's Capital Improvement Fund; it defines the following:

- Capital improvement expenses
- Accounting procedures
- Prioritizes safety, liquidity and return on investments
- Use of funds
- Unallocated funds
- Board approvals
- Initial funding

Section 102.4c of the Policy for the Management and Development of Policies reads as follows: *When the Policy Committee recommends a new policy or a change to a policy and prior to the Board's formal vote, community members shall be provided with a 30-day comment period, where they are afforded an opportunity to provide input and comment on the proposed policy. The proposed policy or policies will be posted on the community's website and notice regarding the posting will reflect in the weekly This Week on the Ranch e-mail to DC Ranch residents.*

The proposed policy was posted for the 30-day member comment period; no comments were received.

Recommendation: Formally approve proposed Policy 209 (Capital Improvement Fund).

A handwritten signature in black ink, appearing to read 'Darren Shaw', is written over a horizontal line.

Darren Shaw, Executive Director



**DC Ranch Association
Policy 209
Capital Improvement Fund Policy**

Policy 209

Date of Adoption:

Effective Date:

Last Revised: 1/31/2020

209.1 Purpose: The purpose of this policy is to define the guidelines and parameters associated with the establishment of a Capital Improvement Fund. The implementation of this fund provides a source a financial means to pay for new assets, construction of new amenities, and the upgrade of existing assets as determined and approved by the Board of Directors.

209.2 Scope: This policy applies to the Capital Improvement Fund of the DC Ranch Association (DCRA).

209.3 Responsibility/Authority: The DC Ranch Association Board of Directors.

209.3a Delegation of Authority: The DC Ranch Association Board of Directors delegates some of its responsibilities to the Executive Director, such as cash management and investments associated with capital asset purchases and maintenance. The Executive Director works closely with the Director of Financial Operations.

209.4 Introduction: DC Ranch Association's mission statement is as follows: To serve all DC Ranch Stakeholders through the professional management and protection of the community's fiscal and environmental assets. DC Ranch Association delivers high quality and consistent operations, landscape, maintenance and security services with an emphasis on customer care and open communication that result in sustained property values and exceptional quality of life.

209.5 Capital Improvement Definition: The criteria for a Capital Improvement Fund expense is 1) the asset will have the life span of greater than one (1) year and 2) it's initial cost will exceed \$5,000.

209.6 Accounting Procedures: The Capital Improvement Fund will be recorded in the financial records as a Board-Designated Capital Improvement Fund. The Fund will be invested in accordance to with the DCRA Investment Policy. While the Capital Improvement Fund may be pooled with other investments to maximize earnings, the principal and interest earnings will be tracked separately.

209.7 Funding:

- Initial funding will be funded with a contribution of \$25,000 from the DCRA operating account. The Fund will be created and funded retroactive to December 31, 2019.

- Subsequent funding will be funded by amounts approved by the DCRA Board of Directors as a part of the annual budget approval process. The DCRA Board of Directors can also opt to use surplus of unrestricted operating funds at year end and/or other sources identified by the Board of Directors.

- The DCRA Board of Directors may vote at any time to halt or defer projects and transfer money back to the operating fund.

209.8 Use of Funds: The Executive Director will prepare an annual Capital Improvement Budget. The budget will be presented, as part of the overall budget approval process, to the Board of Directors for approval by November 15 of the prior year.

The Executive Director, with the Director of Financial Operations, is responsible for ensuring that the Capital Improvement Fund is maintained and used only as described in this Policy.

If additional expenditures are needed, the Executive Director must submit a request for additional funding to the Board of Directors

Approved By: _____ Date _____
Board Secretary

Effective Date: _____