

How the MHNC Treasury Operates

by Fred Ginsburg, VP/Treasurer

As your newly elected VP/Treasurer for 2010-2011, I would like to take this opportunity to explain how the system works, and to put aside any concerns that any stakeholders may have about how and where your (taxpayer funded) neighborhood council funds are being spent.

For the coming fiscal year (July thru June), the City of Los Angeles (via the Dept of Neighborhood Empowerment www.empowerla.org) allocates an internal account of \$45,000 to each neighborhood council, along with a roll-over of any leftover funds from the previous fiscal year.

So, the MHNC will receive an allocation of \$45,000. Note that I said an allocation; the money itself is not handed over to us. It is strictly maintained by the City. Access to these funds is only by Demand Warrant (a formal check request) or by a City issued credit card (for smaller purchases). There is NO petty cash account.

At the beginning of the fiscal year, the Treasurer prepares a budget proposal based on input from the Board. This budget proposal is then formally submitted at our monthly meeting to the Board of Governors for further review and modifications. Then the Board votes to approve the Budget Proposal. The MHNC Budget Proposal was posted on our website, www.mhnconline.org and now the Approved Budget is posted. The MHNC Budget for 2010-2011 was approved, with minor changes, on Aug 05, 2011 by a vote of 9-0.

The Budget however, is not carved in stone. As the year progresses, the Board may vote to alter it as needs evolve.

All major expenditures must be approved by the Board. For example, even though the Budget was designed to include a future allowance for Neighborhood Watch signs (the topic had been discussed at the meetings), it will still require a formal motion (with specific details) to be passed by the Board before any actual funding can take place.

Once the Board has voted to fund a project, the actual payment process takes place in one of two ways.

Major expenditures are paid for by a Demand Warrant. A Demand Warrant is a formal check request submitted by the MHNC Treasurer to the Dept of Neighborhood Empowerment (D.O.N.E.). After they receive the check request, they will scrutinize all of the accompanying documents (check request signed by Treas and Pres; documents checklist, invoices/receipts, copy of minutes confirming the Motion related to the funding, and so on). Only after the check request passes this audit process, does a check actually be sent from the City to the vendor.

Minor expenditures are paid for directly to the vendor from a credit card issued by the City to the Treasurer. The Treasurer maintains receipts/invoices that must be matched up to Motions or

operational expenses specified in the Budget. At the end of every quarter, the Treasurer must submit a reconciliation report matching all credit card payments with description and proper documentation.

Monthly credit card statements are sent to the Treasurer. Transactions are also posted online at the D.O.N.E. site (which includes any Demand Warrants recently paid).

Each month, the Treasurer presents to the Board of Governors a report that includes all recent transactions (since the previous report). A copy of that report is read and signed by all present Board members to signify that they have been made aware of every transaction.

The City is strict! For example, if we purchase any refreshments (e.g. water, soda, coffee, cookies) for a meeting, then we must include a copy of the sign-in sheet to justify the purchase.

Currently, there is no provision for any petty cash. All transactions must be Demand Warrants or credit card.

As you can see, the City is a very attentive watchdog about how and where we spend our money.

I should also point out that no salaries are paid to anyone in our Council. We are all strictly volunteers, nor are there any personal expense accounts nor perks. If anything, we tend to spend our own money on small things and never ask reimbursement (and yes, getting reimbursed is a very difficult process), but I think that we all just do it because we believe in what the Neighborhood Council means for our community.

Our Budget is in spreadsheet form. Our books are maintained locally in QuickBooks. At least once a month I will post copies of our financial reports to the website, and any stakeholder is welcome to contact me with questions related to the MHNC finances or to examine our financial records. There are no secrets!

My email is: fginsburg@mhnconline.org