

Approved Minutes Finance Committee Special Meeting Monday 2/27/17

9:30 AM Conference Room

Attendees: Dan Drobnis, Chair; Sal Monaco, Marti Zieg, Members; Thad Porch, ECIA Auditor and Guest; Dag Ryen, Board President, Todd Handy, Treasurer and Liaison, Pam Henline, John Henriken, Michael McDowell, Board Members; Isabel Ugarte, ECIA GM; Absent: Sandy MacGregor, Gale Oppenheim.

Meeting was called to order at 9:30 AM. Thad Porch reviewed the DRAFT Audit Report for ECIA (dated December 31, 2016).

Thad pointed out that this was an unqualified report (best possible) and that the finances of the ECIA are in good shape. He recommended we do not transfer \$30K into a separate category of new capital expenditures because of tax purposes; said it would be better to just classify this with reserves and add a new category of reserve (along with replacement value) when new capital items are added.

Thad mentioned that some accruals, including one complete payroll, were not made properly at end of year. This explains the high January expenses that we questioned. To avoid this going forward, he suggested that the ECIA provide Emily (HOAMCO accountant) with a check list to ensure all accruals and other items are properly entered in monthly financial reports.

Thad also added to note 7, per the FC's recommendation, to include a comment that \$116,493 is due to be added to reserves from the operating fund. This is the same as cash, transferred at end of year.

Thad found the estimated future replacement costs to be well done and commended the FC and Board on this. He noted that approximately \$1 MM of replacement costs are added to the original total through 2041 that was provided by the Replacement Analysis. This addition was derived from the FC's tabulated estimate of all replacements.

Two operational control deficiencies (not significant) were found. Old outstanding payroll checks and prepaid assessments due to owners who were no longer residents of ECIA should have been escheated to the State of New Mexico per the Uniform Unclaimed Property Act. He recommended that HOAMCO and the Board determine their responsibility and comply with the act going forward.

A motion was made to recommend that the Board accept the DRAFT Audit Report provided on 2/24/17 as prepared and was seconded. All three present members voted in favor. Motion passed. Meeting was adjourned at 10:45AM.

SM/DD