

## **MINUTES OF ECIA FINANCE COMMITTEE MEETING**

**Wednesday, March 10, 2010 9:30am ECIA Conference Room**

---Call To Order/Attendance: The meeting was called to order by Chair, Dan Drobnis, at 9:30AM. Those also in attendance included members Pat Bell, Bob Gaines, Gisela Knight and Nolan Zisman; Board Treasurer Todd Handy, Board members Tom Wilmot, Pat Lavengood and Ed Moreno; GM Bill Donohue and Rosemary Bagioni. Asa and Brian Laws, representing Zlotnick, Laws, and Sandoval, P.C., were also in attendance. There being no changes to the proposed agenda, Dan reported (under New Business: Potential New Member) that Chris Stracke had advised Dan she did not wish to be on the Finance Committee at this time. The minutes of the Feb. 3 meeting were approved as submitted.

---Auditor's 2009 Report: Asa and Brian Laws took the FC through the draft report and related discussion, with the following highlights:

- Fund balances (p.4) - - these are fully funded; Asa recommended the Repair and Replacement Reserve funds be maintained in a separate bank account so that checks used to pay for relevant expenses could be readily identified.
- Capital Projects (p. 15) - - Asa suggested there be no capitalization of operating expenses; rather, these "small projects" should be handled as capital projects rather than operating projects. Other suggestions included using the format of this report as a basis for reporting updates during the year, and identifying that portion of each year's assessment (on the assessment invoice) earmarked for repair and replacement and capital reserves as well as to cover budgeted operating expenses.
- Revenue/Expense/Fund Balances (p. 5) - - Asa pointed out the significant drop in interest income and the increase in "accounting and audit" expenses due to the recovery efforts from the theft. It was suggested and agreed to that any Expenses associated with the embezzlement/theft would be isolated and reported as part of the Extraordinary (line) Item. This will be done and incorporated into the final Auditor report.
- Income Taxes Payable and Expense (p. 11) - - Asa indicated the \$259,801 carry forward loss was part of the special road assessment from the mid-1990's. Pat requested that the auditor provide the 1120 worksheet that provides more information about the \$159,298 increase to our loss carry forward. Asa was asked (and agreed) to provide a detail breakdown of the tax related items referred to in this section of the report.
- Corrections - - the first sentence under Member Assessments (p.8) should be revised to read "in 2009, Association members were subject to.....". Bill will provide an estimated of the total acreage owned by the Association and the number of lots should be reported as 2,769 (2nd paragraph on p. 9). Brian asked that other suggested changes/corrections be submitted by mid-day tomorrow (March 11) so a final version can go to the Board's March 15 meeting.
- Asa requested Bill provide a breakdown of the total acreage as between common property, county roads, commercial and private property. This information will be

used in next year's report.

- Asa agreed to review the list of recommendations in both the FC and Rosemary's reports and advise those he believes are not cost effective or otherwise "overkill".
- Asa suggested that ECIA staff, not his people, take responsibility for doing the cash to accrual basis conversions necessary at key milestones during the accounting year. When questioned, he indicated he saw no reason the ECIA couldn't keep its books on an accrual basis rather than a cash basis, eliminating the need for these special entries.

--GM Report: Bill reported that good progress is being made in recovering from the bookkeeping errors from last year. He is reviewing the project status and looking at reports and accounting entries almost daily. He estimates this effort will be completed by mid-year. Rosemary is well along in reconciling the data bases of property owners and residents. Todd mentioned that included in this effort are adding a history of past transactions to each address (e.g. liens, permits, warnings, etc.), as well as pool, dog park passes, patio rentals, etc. to each resident/owner record. Staff has implemented several of the FC recommendations. At present Rosemary is the only person making entries into QuikBooks. All checks are being copied. Quite a few property owners have reported address changes; at some point they will be adding tax location information to the data base record to ensure all lots are included.

--Pat raised a concern about the privacy of this data. It was suggested the Board consider a written policy that restricts access to this data to only those with "need to know". Todd and Tom will take this forward.

--Board Liaison and Financial Reports: Todd reported on both these agenda items.

- He has developed a new monthly report/spreadsheet that can be distributed to FC members via e-mail and used to help assess actual vs. budget. This was well received by committee members. The next step will be to seasonalize logical line items for more accurate comparisons as the year progresses.
- The FC and Bagioni recommendations will be used as a checklist for future reports to the FC and Board.
- Now that we have an accurate accounting for the value of amenities and other assets (from the Annual Audit report), the current financials will be updated accordingly and distributed to FC and Board members.
- Todd recommended creation of a "dictionary" of Financial Report Line Item definitions. The FC supports this effort.

--After some discussion, the FC concluded we should remain on a cash accounting basis and that ECIA staff would assume responsibility for the end-of-year entries for the accrual basis used by the CPA.

--The committee noted that the water bill at \$2087.30 was significantly higher than expected (2010 annual water budget is \$6500). Bill reported that we are having trouble locating the water leak that is causing this overage.

--New Business: The question was raised as to the desirability/need to change

auditors since there was expressed some concern that Zlotnick, et al, have become "too comfortable" with us. Dan suggested the members give this some thought and we discuss at the next FC meeting.

--The meeting was adjourned at 11:55AM. The next meeting is scheduled for Wednesday, April 14 at 9:30 AM.