

**Minutes Rev. B  
Finance Committee Meeting Monday July 16, 2018  
9:30 AM Conference Room**

**Distributions: Previous Minutes, Financial Report, Agenda**

**Attendees: Members Todd Handy, Sal Monaco (Chair), David Sorkin, Fred Miller, Dan Drobni; Joseph Guiterrez (Treasurer); HOAMCO staff Isabel Ugarte General Manager, Julie Navarro Ass't. GM, Anna Hansen Admin. Ass't., Robert Hertado Maintenance Supervisor, Emily Spies Director of Accounting.**

**Guest: Nolan Zisman, Facilities & Grounds Committee**

**Absent: Sandy MacGregor (excused), Marti Zieg (excused).**

1. **Public Comment**—Isabel introduced new staff Julie and Anna.

1. **Additions to/Adoption of Agenda**—The revised agenda was adopted as distributed

1. **Approval of Minutes**

June 18, 2018 adopted as distributed.

4. **General Manager's Report**

**Update on embezzlement**—no additional thefts found; some transactions refunded by Sunflower Bank. HOAMCO has reimbursed ECIA for fraudulent transactions found so far and removed them from Income/Expense ledger.

**Status of Association Reserves Replacement Reserve Audit**—have clarified with DJ. 2018 update not done yet.

**Report on Status of R&R 2018 Projects**—Distributed.

Stable Roads, Compadres basketball backboard, and some minor Community Center roof repairs will be done this year, CC basketball court resurfacing/restriping moved to 2019; Facilities/Grounds Committee will monitor.

**Pool Issues—water bills, engineering study, spare parts.**

Staff coordinating with EAWSD to determine whether 150K-200K gallons/month readings result from leak or meter problem; Joseph facilitating. The committee raised this as a major concern and recommended immediate action. If it is determined that there is no leak, it is imperative that we work with EAWSD to assess the cause of the charges. The extremely high water usage in the bills is not reasonable since it would mean we are refilling the entire pool every month and Robert has assured that is not the case.

Study to begin after pool shutdown (probably not in time for 2019 budget input), attorney John Hays finishing contract review, ECIA President still needs to sign.

Russel Winslow of F&G has determined pump/motor part numbers for spares, Robert will place order.

About \$12K in EAWSD invoices have been received that do not yet show on the Financial Report.

**Hike/Bike Trail Maintenance**—Only bid received for repairs/sealing; David Padilla from SF County suggested five more that they use. Running out of time to do work in 2018!

## **DocRecord Data System**

Electronic system used to archive, search, and enter Architectural Covenant compliance records has worked intermittently since January and not at all since May. Courtney got MerIT and DocRecord software support together to repair a missing logical file linkage that restored full functionality. Software documentation, including accounts and passwords, has vanished from desk where it was preserved after Karen Logan left in August 2017.

### **5. Board Liaison Report**

**HOAMCO response to letter of concern** has been received by the Board. It has not been shared with the members of the Facilities & Grounds and Finance Committees who documented those concerns.

#### **FC Motions submitted to Board in June**

- Forensic Audit—regular auditor Thad Porch has been engaged, will visit office on 7/29, HOAMCO will pay his fee.
- Annual Review of ECIA Office Procedures/Procurements—will follow after Forensic Audit Report.
- Pool Pass charges—nominal charges will continue to be collected through 2018; cash is now being properly deposited and accounted for.
- Depot Floor funding—Board has approved; work will be scheduled around events that have reserved Depot.
- Stable Billings—No invoices for barn owner share of stable expenses have yet been sent for 2018. No response has been received from GM or Board on the Finance Committee recommendation for a simplified Stable billing process.

**Board Financial Training**—HOAMCO performed this last year, and may wish a role in 2018. However, the Finance Committee would like the opportunity to present to the Board information regarding the ECIA's annual budget development process and Replacement Reserve analysis that is unique to our Association. Joe will bring this issue to the Board.

**Legal Issues**—There is a suit involving a former employee that may predate HOAMCO, and if so would be reimbursed from ECIA insurance. The annual Budget for administrative legal advice in 2018, which was increased 167% from 2017, has been almost completely expended in the first six months of 2018.

**2018 Liens and Collections**—About 70 new overdue accounts require liens, as opposed to about 55 in 2017. Second letters and liens for 2018 have not yet been sent, in breach of the Board's formal Collection Policy. The GM's explanation was that the Office did not have a Notary. The FC advised the GM to use a private notary if necessary.

**Auditor Contract Review**—The contract for the annual Independent Financial Audit has not been bid for three years. The FC agreed that it was time to do it again. Dan has forwarded the RFP used for the last bid process to Joseph, who will review and authorize the GM to issue it.

**Credit cards**—This is a recently demonstrated point of vulnerability. There is a Debit Card with Alliance Bank with a limit total of \$5K without an authorized transfer to it, and a daily limit of \$4K and three transactions. The FC recommended adding an automatic e-mail notice whenever the card is charged, used online, or exceeds a specified limit.

### **6. Financial Reports**

Aged owner balances (P. 33) need to have additional information to allow visibility for aggregate amounts and number of accounts that are new for 2018, first became overdue in 2017, and go back to 2016 or earlier. WE HAVE BEEN ASKING FOR THIS FOR MONTHS, IF NOT YEARS. If necessary, this info could be added to the monthly Notes! Please note the following from the Caliber website: "Reports can be unique to various ways our customers do business. Caliber Software products enable users to manipulate reports in a variety of ways. If the desired outcome can not be achieved by altering an existing report, it is possible to request the creation

of a custom report." **Emily: Despite Caliber's web site and direct queries, they cannot produce this report.**

Note 1 and P2. GL-1100: Have tentative amounts for fraudulent charges been removed from the Income & Expense Statement pending the Forensic Audit? **Emily: Yes.**

P2 GL Line-1218 Stables Property Tax A/R: Is this all that has been invoiced? For what period? **Isabel: Invoices have not been sent for 2018.**

Notes 2-4, GLs 6380, 6511, 6575: Why were there duplicate invoices? **Emily: Invoices were only paid once, but apparently went through the HOAMCO approval cycle twice during Isabel's medical absence before being caught.**

P10 GL 5450 Do we not own the Konica Scanner on lease-to-own? ASKING FOR 6 MONTHS. PLEASE PRODUCE CONTRACT! **Isabel: Contract has been lost. Emily: It appears that scanner is no longer being invoiced.**

P42 GL 6465: How was an invoice from CenterPoint Energy (Electric/Gas Co.) assigned to Pool Water? **No answer.**

1. **F&G capital spending**

Nolan reviewed the revised list of F&G capital projects for 2018-2020. 2018 projects already approved by the Board include AC for downstairs CC building (office area, conference room, and classroom). Also included was a new tarp for the pool dive area sand for the volleyball court (maintenance). Items not yet approved by the Board include an AV monitor for the classroom and a storage shed for backup pool equipment. 2019/20 items were discussed briefly and tabled for presentation to the Board as part of the 2019 budget submission.

1. **New Member—Nolan Zisman was recommended to the Board for appointment to the Finance Committee (4-0-0).**

1. **Next Meeting—Changed to Tuesday before 3<sup>rd</sup> Thursday**

Regular Finance Committee Meeting Tuesday, August 14, 2018 at 9:30 AM

1. **Adjourn**