

OLD LAW – BOARD QUARTERLY FINANCIAL REVIEW (CALIF CC 5300)

1. Review **bank recons** for all **operating bank accounts**
2. Review **bank recons** for all **reserve bank accounts**
3. Review **bank statements** for all accounts
4. Compare **actual to budgeted operating revenues and expenses**
5. Compare **actual to budgeted reserve revenues and expenses**
[deleted in the NEW LAW – Board Monthly Financial Review]

NEW LAW – BOARD MONTHLY FINANCIAL REVIEW (CALIF CC5500)

1. Review **bank recons** for all **operating bank accounts**
2. Review **bank recons** for all **reserve bank accounts**
3. Review **bank statements** for all accounts
4. Compare **actual to budgeted operating revenues and expenses**
5. Review **actual operating income and expense statement**

NEW LAW – BOARD MONTHLY FINANCIAL REVIEW (CALIF CC5500) CONTINUED

6. Review actual reserve income and expense statement
7. Review operating and reserve account check registers
8. Review operating and reserve account general ledger
9. Review owner delinquent assessment receivable reports

NEW LAW – DOCUMENTING BOARD MONTHLY FINANCIAL REVIEW (CALIF CC5501)

1. “...**every individual member of the Board...**” reviews all nine (9) of the documents in Calif CC 5500 and such review is (1) ratified at the next Board meeting and (2) recorded in the Board meeting minutes...

OR

NEW LAW – DOCUMENTING BOARD MONTHLY FINANCIAL REVIEW (CALIF CC5501) CONTINUED

2. “a subcommittee of the Board consisting of **the treasurer and at least one other Board member**” reviews all nine (9) of the documents in Calif CC 5500 and such review is (1) ratified at the next Board meeting and (2) recorded in the Board meeting minutes

NEW LAW – DOCUMENTING CASH TRANSFERS (CC 5502)

- Transfers of cash between operating and reserve funds (1) **greater than** ten thousand dollars (**\$10,000**) or (2) five percent (**5%**) of **total operating and reserve account cash balances, whichever is lower**, shall not be authorized without **prior written Board approval**

NEW LAW – FIDELITY BOND INSURANCE

- **Minimum limit of total cash balances (operating + reserves) plus 3 months assessments**

Must All Board Members Understand Monthly Financial Statements?

GENERAL LEDGER CG-85

1 Month Ended March 31, 2019

G

Account 437 Other maintenance expense			
03-02-19	ABC Roofing	Clubhouse repairs	\$ 1,900
03-05-19	Green Landscape Co	Additional plants	9,700
03-12-19	ACE Hardware	Deck nails	300
03-17-19	Got You Maintenance	Miscellaneous repairs	800
03-21-19	Frigid HVAC Service	Clubhouse ventilation	12,000
03-26-19	Colorful Painters	Clubhouse interior	3,300
Total other maintenance			\$ 28,000

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CHECK REGISTER

1 Month Ended March 31, 2019

F

Date	Account	Payee	Description	Amount
03-02-19	1/437	ABC Roofing	Clubhouse repairs	\$ 1,900
03-05-19	2/437	Green Landscape Co	Additional plants	9,700
03-12-19	3/437	ACE Hardware	Deck nails	300
03-15-19	4/287	ABC Roofing	New roof unit #8	10,000
03-17-19	5/437	Got You Maintenance	Miscellaneous repairs	800
03-21-19	6/437	Frigid HVAC Service	Clubhouse ventilation	12,000
03-22-19	7/422	Immaculate Janitorial	March 2019 service	1,000
03-26-19	6/437	Colorful Painters	Clubhouse interior	3,300
Total March 2019 Checks				\$ 39,000

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STATEMENT OF REVENUES AND EXPENSES CG-18

3 Months Ended March 31, 2019

B

Revenues	
Assessments, operations	\$ 190,000
Assessments, reserves	47,000
Interest income	1,000
Other revenues	2,000
Total revenues	240,000
Expenses	
Administration	90,000
Maintenance and operations	
Landscape care	30,000
Pool maintenance	10,000
Other maintenance	28,000
Utilities	60,000
Total expenses	218,000
Income (Loss)	\$ 22,000

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BALANCE SHEET CG-17

March 31, 2019

A

Assets	
Cash, operations fund	\$ 28,000
Cash, reserve fund	50,000
Cash, reconstruction fund	140,000
Assessments receivable	30,000
Other assets	2,000
Total assets	\$ 250,000
Liabilities	
Accounts payable	\$ 5,000
Bank loan payable CG-195	100,000
Total liabilities	105,000
Fund Balances	
Operations fund	
Beginning of year	8,000
Income (loss) current year	22,000
Ending balance	30,000
Reserve fund	15,000
Reconstruction fund	100,000
Total fund balances	145,000
Total liabilities and fund bal	\$ 250,000

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BANK STATEMENT

March 31, 2019

Account Number: xx-xx-xxx3968

Account Balance **\$35,000**

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D

BANK RECONCILIATION CG-53

March 31, 2019

Bank Balance **\$35,000**

Less outstanding checks (6,000)

Add deposits in transit 2,000

Other reconciling item(s) (3,000)

Book Balance **\$28,000**

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C

DELINQUENCY REPORT CG-49

March 31, 2019

E

	30 days	60 days	90+ days	Total
Lot 5		\$ 500		\$ 500
Lot 13			\$29,000	\$29,000
Lot 22		\$ 500		\$ 500
Assessments Receivable Balance				\$30,000

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References in green are to the 2019 Condominium Greenbook.

BALANCE SHEET VS. INCOME STATEMENT

BALANCE SHEET

- A snapshot of one point in time
- $\text{Assets} = \text{Liabilities} + \text{Equity}$

INCOME STATEMENT

- Reports activity between two points in time
- $\text{Revenues} - \text{Expenses} = \text{Excess/Shortage}$

BALANCE SHEET CG-17

A

March 31, 2019

Assets

Cash, operations fund	\$ 28,000
Cash, reserve fund	50,000
Cash, reconstruction fund	140,000
Assessments receivable	30,000
Other assets	<u>2,000</u>
Total assets	<u>\$ 250,000</u>

Liabilities

Accounts payable	\$ 5,000
Bank loan payable CG-195	<u>100,000</u>
Total liabilities	<u>105,000</u>

Fund Balances

Operations fund	
Beginning of year	8,000
Income (loss) current year	<u>22,000</u>
Ending balance	30,000
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BANK RECONCILIATION CG-53

C

March 31, 2019

Bank Balance	\$35,000
Less outstanding checks	(6,000)
Add deposits in transit	2,000
Other reconciling item(s)	<u>(3,000)</u>
Book Balance	<u>\$28,000</u>

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BANK STATEMENT

D

March 31, 2019

Account Number: xx xx-xxx3968

Account Balance **\$35,000**

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HOW TO RECONCILE A BANK ACCOUNT

- Balance Per Bank (Bank Statement)
- Add Deposits In Transit (Listing Attached)
- Less Outstanding Checks (Listing Attached)
- Other Reconciling Items (Listing Attached And Copies For Larger Items)
- Balance Per Books (Balance Sheet)

DELINQUENCY REPORT CG-49

E

March 31, 2019

	<u>30 days</u>	<u>60 days</u>	<u>90+ days</u>	<u>Total</u>
Lot 5		\$ 500		\$ 500
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Assessments Receivable Balance

\$30,000

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3 Months Ended March 31, 2019

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Revenues

Assessments, operations	\$ 190,000
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Interest income	1,000
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Total revenues	<u>240,000</u>

Expenses

Administration	90,000
Maintenance and operations	
Landscape care	30,000
Pool maintenance	10,000
Other maintenance	<u>28,000</u>
	68,000
Utilities	<u>60,000</u>
Total expenses	<u>218,000</u>

Income (Loss) **\$ 22,000**

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GENERAL LEDGER CG-85

G

1 Month Ended March 31, 2019

Account 437 Other maintenance expense

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Total other maintenance		<u>\$ 28,000</u>

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CHECK REGISTER

F

1 Month Ended March 31, 2019

<u>Date</u>	<u>Check No/</u> <u>Account</u>	<u>Payee</u>	<u>Description</u>	<u>Amount</u>
03-02-19	1/437	ABC Roofing	Clubhouse repairs	\$ 1,900
03-05-19	2/437	Green Landscape Co	Additional plants	9,700
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Total March 2019 Checks				<u>\$ 39,000</u>

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BUDGET COMPARISON

Most Important!

December 01, 2013 thru December 31, 2013							
Expense	Current Period			Year to Date (12 months)			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
Administrative							
5075 - Committee/Meeting Expense	61.99	30.00	31.99	1,545.79	360.00	1,185.79	360.00
5100 - Records Storage	81.00	0.00	81.00	162.00	0.00	162.00	0.00
5195 - Other Administrative Services	420.85	517.00	(96.15)	5,156.05	6,204.00	(1,047.95)	6,204.00
Total Administrative	598.84	565.00	33.84	7,213.84	6,780.00	433.84	6,780.00
Communications							
5210 - Printing & Copying	689.25	100.00	589.25	1,259.73	1,200.00	59.73	1,200.00
5215 - Postage	146.58	50.00	96.58	423.39	600.00	(176.61)	600.00
5220 - Courier Service	15.00	0.00	15.00	15.00	0.00	15.00	0.00
Total Communications	850.83	150.00	700.83	1,698.12	1,800.00	(101.88)	1,800.00
Insurance							
5400 - Insurance Premiums	1,596.00	1,420.00	176.00	20,132.00	17,040.00	3,092.00	17,040.00
5415 - D&O Insurance Premiums	0.00	67.00	(67.00)	0.00	804.00	(804.00)	804.00
5445 - General Liability Insurance Premiums	0.00	427.00	(427.00)	0.00	5,124.00	(5,124.00)	5,124.00
Total Insurance	1,596.00	1,914.00	(318.00)	20,132.00	22,968.00	(2,836.00)	22,968.00
Utilities							
6000 - Electric Service	0.00	1,798.00	(1,798.00)	24,645.77	21,576.00	3,069.77	21,576.00
6005 - Gas Service	0.00	80.00	(80.00)	3,925.71	960.00	2,965.71	960.00
6025 - Water Service	5,621.30	1,315.00	4,306.30	22,317.73	15,780.00	6,537.73	15,780.00
6035 - Trash and Recycling Service	0.00	1,330.00	(1,330.00)	15,041.23	15,960.00	(918.77)	15,960.00
6050 - Telephone Service	210.88	155.00	55.88	2,772.72	1,860.00	912.72	1,860.00
6055 - Internet Service	125.75	0.00	125.75	1,122.09	0.00	1,122.09	0.00
Total Utilities	5,957.93	4,678.00	1,279.93	69,825.25	56,136.00	13,689.25	56,136.00
Landscaping							
6100 - Grounds & Landscaping - Contract	0.00	195.00	(195.00)	2,145.00	2,340.00	(195.00)	2,340.00

CASH DISBURSEMENTS

- Only Pay Original Invoices Cancel Original Invoices
- Signed Check Mailed – Not Back To Preparer!
- Operations Fund Check Register
- Reserve Fund Check Register
- Printout And Review List Of Vendors In A/P File

OTHER CONTROLS

- **Board Meeting Minutes**
 - WHAT project is approved?
 - WHO is doing the project?
 - HOW MUCH \$\$ is approved for the project?
- **Insurance Adequacy Review**
- **Competitive Bidding Policy**
- **Conflict Of Interest Policy**
- **Records Retention Policy**
- **Safe Investments Policy**