

KCCA Treasurer's

Monthly Report – September, 2016

Highlights

The month of September was uneventful.

The budget process is under way. As of the end of mid-September, the committee has made three passes through the line by line expense accounts.

After a review of the accounting and administrative systems I believe we must install better backup methods for mission critical information. I will run the funding by the board for approval and implemented by the Technology Committee

must be paid, and payroll taxes paid. My ballpark calculations indicate from September until mid-January, we will need about \$145,000. Because of your support and the board's financial management, **we have enough cash**. At the time I prepared this newsletter, we have general fund cash coverage of about \$2.60 for every dollar of projected cash expense to cover us till mid-January. Now, this doesn't mean we should have a great big party. If the creek runs dry, we will still be like ducks out of water with hawks overhead.

Starting from zero

August was my first month as your treasurer. The association has a complex accounting system. It is audited by independent auditors. The Reserve Fund is also evaluated annually by independent experts. I have met with the auditing firm and the association's attorney. My impression is we have the **right people handling those affairs**.

Sales and Transfer payments are above projections

My projection presented at the last board meeting was about 6.3 house closings per month. **September was a little above that mark**. House sales are the only source of monies for reserves used for repairs, capital improvements, and the new pool. 1 ½% of the sale price of a house sold is paid at escrow to the Reserve Fund as a transfer fee. Carol Chapman, our in house accountant, keeps track of the reserve activity manually and with worksheets. It takes a lot of effort and I have found that some of our residents along with me really have to look at the worksheets to understand and separate the trees from the forest. We are going to **start a different method to account for reserve activity and transfers** starting in October. It will not be complete until the first of next year.

General fund cash

Most cash for operations comes in January and February. The rest trickles in over of the year from misc. operations and dues. It often seems that we have a lot of money on hand. As the graph shows, from April to the end of August the association actually **loses money** from operations. The **losses are absorbed with cash reserves**. Even in January cash flow is critical. Before the association assessments are collected, bills are due, employees

