

Treasurer's Report 2019

Process: Taking over as Treasurer for Tower II in 2019, one of the most important items on my to-do list was to create a process that would provide for the necessary checks and balances to ensure transactions were easily trackable and there would be little opportunity for mistakes or miss use of funds. At the same time the Calafia AC was attempting to put together a process that would allow the office administrator to have access to necessary funds to pay bills on time. Our AC Treasurer working with our accountant Elva Spoletto and our office administrator developed a budget for each Regime that covered joint costs on a monthly basis. I added some items that recurred monthly that only related to Tower II to that basic budget and a format for allocating funds for unique expenses. Examples below for November and December 2019 transfers.

Proper fund management and separation of function limits the likelihood of misappropriation and increases the likelihood to catch mistakes. Currently homeowner deposits are made into our Bank Accounts at Premier Pacific Bank and BanComer with the vast majority of the money being deposited to our Operations Account (0149). A few homeowners however deposit their dues into a BanComer Account. Once a month (or more if needed) the treasurer creates a transfer report and transfers the appropriate funds to the BanComer operations account and sends the transfer report to the office administrator and other VC officers so that they understand what the funds are for and see what has been transferred.

No Cash is accepted by the Treasurer or the Office Administrator. Purchase orders with amounts and descriptions for Tower II items only must be signed by a Tower II VC officer. Our maintenance people can then purchase. Our office administrator pays all vendors electronically. Our accountant each month takes the income and expense information and creates a detailed monthly report that is then sent to the VC Regime Treasurer. The combined report for all regimes is filed with the Mexican Hacienda (Tax Authority). A member of the VC reviews and verifies purchase orders prior to our monthly meeting.

Of course, there are always some small items that need to be purchased outside of this system usually because of an emergency or some other reason. In many organizations this is done through a petty cash fund. Here we do not want any cash kept on premise so an individual (usually a homeowner) will be tasked with doing the purchase by the VC and they will bring in a receipt along with the item. The Treasurer or other VC officer will sign the receipt and it will be turned into the office where the homeowner will receive a credit against their homeowner's dues.

Implementation: we currently have two bank accounts at Pacific Premier Bank #149 which is our operation account and # 180 which is our reserve account. I would prefer that all deposits go into account #149 and that we transfer from that account only. Currently some funds go directly into the reserve account and I have to adjust them appropriately. On a quarterly basis we transfer money from our operations (149) account to our reserve (180) account. This amount is 15% of the dues we have collected during the quarter unless they are needed for immediate funding for replacement equipment. The reserve (180) account is what we have available for replacing equipment and for major projects. This avoids transferring and then back out again. We also have a joint bank account with the other Regimes at BanComer. Each Regime's funds are tracked separately and I try to keep about \$2,000 in this account in case some additional expenses arise during the month that we had not planned for. The reason we want to keep our transfers between PBB and BanComer to a minimum is because each one costs us \$40.00.

This information is all part of the Monthly Treasurer's Report which is posted to the website along with a monthly summary and financials for a previous month. Currently, our meetings are the second Saturday of the month. Unfortunately this means we are reviewing the financials from 2 months ago. I suggest changing this to the third or fourth Saturday of the month so we can review the preceding month's totals.

Summary 2019 Financials:

Calafia T2 Books December 2018 to October 2019

	Income	Expenses
December-Diciembre 2018	\$ 9,486.10	\$ 14,771.75
January-Enero	\$ 14,857.82	\$ 33,827.47
February-Febrero	\$ 5,643.90	\$ 9,605.77
march-marzo	\$ 11,603.96	\$ 20,957.81
April-April	\$ 23,446.70	\$ 8,851.68
May-Mayo	\$ 12,451.30	\$ 16,576.37
June-June	\$ 12,237.00	\$ 8,711.86
July-Julio	\$ 16,415.77	\$ 18,584.80
August-Agosto	\$ 7,488.13	\$ 9,378.75
September-September	\$ 6,343.90	\$ 9,987.26
October-October	\$ 10,934.85	\$ 10,970.49
Year to Date	\$ 130,909.43	\$162,224.01
	Expense exceeds income through Oct 30	\$ 31,314.58
	Negative balance December 1 2018	\$ 4,035.19
	Credit carrying forward for November 2019	\$ 4,346.00
	Cash expenditures	\$ 39,702.77

Bank Expenditures

date	Reserve	Operations	bank balance
12/3/2018	\$ 68,013.00	\$ 813.00	\$ 68,826.00
10/30/2019	\$ 15,388.00	\$ 13,442.00	\$ 28,830.00
		Net Cash Expenditures	\$ 39,996.00

Difference to date: \$39,996.00- \$39,702.77 = \$293.23

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Report created: 12/04/2019 06:11:03 PM (ET)
 Accounts: All accounts
 Date range: 12/3/2018
 Account sort: Account number

(To view detailed transaction information, click an account number.)

As of Date	Account Number Description	Closing ledger balance	Accessible balance	Total credits	Total debits	Current balance	Available balance
Checking Accounts							
12/03/2018	*0149 CALAFIA II	\$813.09	\$813.09	\$1,400.00	\$5,000.00	\$813.09	
12/03/2018	*0180 RESERVE FUNDS	\$68,013.16	\$68,013.16	\$0.00	\$1,000.00	\$68,013.16	

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Report created: 12/04/2019 06:14:12 PM (ET)
 Accounts: All accounts
 Date range: 10/31/2019
 Account sort: Account number

(To view detailed transaction information, click an account number.)

As of Date	Account Number Description	Closing ledger balance	Accessible balance	Total credits	Total debits	Current balance	Available balance
Checking Accounts							
10/31/2019	*0149 CALAFIA II	\$13,442.61	\$13,768.24	\$0.00	\$0.00	\$13,442.61	
10/31/2019	*0180 RESERVE FUNDS	\$15,388.01	\$15,388.01	\$0.00	\$0.00	\$15,388.01	

Below are the transfers for the months of November and December from Premier to BanComer with the expected use of funds. This brings us to yearend for 2019.

	November Payment	
Standard Monthly Expenses	\$	6,972.90
Extra Expenses for Tower 2 Only Work	\$	500.00
Payment for liability Insurance	\$	500.00
Initial Costs for Repairs from fire and Water Pump breakdown	\$	1,000.00
Roof Repair Contract Rene	\$	710.00
Final Payment for Grate at Club House		\$890.00
Overtime Moises and Benito (water break in October)	\$	350.00
Minus Payment from T1 for Lift Rental		(\$200.00)
Total Anticipated Expenses	\$	10,722.90
	Transfer from Premier	\$ 10,722.90



Wire Confirmation

The template based wire transfer request below has been approved and added to the schedule successfully. On each scheduled date, the request will be added to the transmit queue for all other approvals; all other approvals must be received before the request will be transmitted.

Schedule Information

Scheduled: 10/28/2019 11:23:28 PM (ET)
Scheduled by: LMAYO
Approval Status: 1 of 1 received

Template Based Wire Transfer Information

Template name: bancomer
Currency: USD
Amount: \$10,722.90
Additional information for recipient: Monthly Transfer for November
Security code: *****
Send on: 10/29/2019

December Payment

Standard Monthly Expenses	\$	6,972.90
Extra Expenses for Tower 2 Only Work	\$	500.00
Payment for liability Insurance	\$	500.00
Payment for Sump Pump	\$	500.00
Window Washing	\$	600.00
Back Wall Initial Expenditure	\$	4,600.00
Elevator repair	\$	800.00
Legal Expenses	\$	250.00
Total Anticipated Expenses	\$	14,722.90
	Transfer from Premier	\$ 14,722.90

11/29/2019

Wire Confirmation



Wire Confirmation

The wire transfer request below has been transmitted successfully.

Transmitted: 11/29/2019 12:57:00 PM (ET)
Transmitted By: LMAYO

Account	Template Name	Recipient Name	Amount	Currency	Effective Date	Confirmation Number	Approval Status
CALAFIA II - *0149	bancomer	Calafia Paradise Resort Condo AC	\$14,722.90	USD	11/29/2019	2239069113	1 of 1 received

In order to clean up entries that were deposited to the reserve account rather than the operations account I did a transfer between Reserve and Operations to get each account consistent.

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Report created: 12/05/2019 12:08:49 PM (ET)
 Account: 322285781 • *0180 • Checking • RESERVE FUNDS
 Date range: 12/1/2019 to 12/5/2019
 Transaction types: All transactions
 Detail option: Includes transaction detail

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322285781 • *0180 • Checking • RESERVE FUNDS [Make a transfer](#)

Post Date	Reference	Additional Reference	Image	Description	Debit	Credit	Calculated Balance
12/02/2019	6959			ONLINE TRANSFER DEBIT Ref 3361309 to Dep 1901000149 Wall dl de posited in Reserve to ops	\$2,600.00		\$12,788.01
12/05/2019 Totals					\$2,600.00	\$0.00	

Our current balance as of December 5 2019 is \$10,326. 26 in Operations and \$12,788.01 in our Reserve account. Of the \$10,326.26 in our Operations account \$4,000.00 is for wall reconstruction. To date we have paid \$5,600.00 towards the wall reconstruction.

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Deposit Account Balances as of 12/05/2019

To view deposit account details, click the Account Number.

ABA/TRC	Account Number	Description	Balance
Checking Accounts			
322285781	*0149	CALAFIA II	\$10,326.26
322285781	*0180	RESERVE FUNDS	\$12,788.01

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Homeowner Payments

Our collections have strengthened thanks to the changes the Homeowners approved in our June General Assembly Meeting. Those meeting minutes have now been notarized and filed with the appropriate authorities and the VC at its next meeting will be asked to initiate legal proceedings against those more than 120 days behind in their payments. Because most of our Calafia bills are due within the first half of the month and thus the need for our monthly transfer to be prior to the first or on the first it would be beneficial for cash-flow if Homeowners scheduled their monthly payments to arrive before the first. The date for when payment is considered late was moved from the 10th to the 5th by the Homeowners at the June General Assembly.

Reserve Account Transfers

There were two transfers from operations to our reserve account this year. Because of the variation in Homeowners deposits the transfer is done quarterly. The amounts transferred this year were \$4,815.85 and \$4,546.00 for a total of \$9,361.85. We had a number of unanticipated items this year which needed replacement not maintenance and those quarters where the sum total was as large or larger we did not do a transfer. There may be a transfer in January for the 4th quarter of 2019 however it is doubtful given the amount of expenses this last quarter.

Bad Debt

There is a unique bad debt applied to a number of Tower 2 units. In 2018 there was a special assessment for building insurance. The amount was \$149.56. The developer of Tower 2 and 3 others chose not to pay. The

VC at the time made the decision that if someone didn't pay they wouldn't get part of the proceeds if anything happened to Tower 2 that would result in an insurance payout. Essentially they would receive no benefit from the insurance. The insurance for that year expired and there was no payout. In June 2019 at the Homeowners General Assembly the homeowners voted to fund building insurance out of our homeowner's dues, so going forward everyone contributes. Since we are unlikely to collect the money for the insurance special assessment and it is currently not applicable and the person(s) concerned were not to receive any benefits, and the cost to recover far outweighs any recovery, the debt should be taken off the books. All of the homeowners mentioned have continued to pay their regular full homeowners dues during and since that time. Our two significant non-paying owners also did not pay.