

*MANAGEMENT REPORT  
FOR*

*TOWN AND COUNTRY VILLAGE  
HOMEOWNERS ASSOCIATION, INC.*

**August 31, 2005**



**BONDI & Co. LLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
MANAGEMENT CONSULTANTS

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Board of Directors  
Town and Country Village Homeowners Association, Inc.  
Parker, Colorado

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Dear Members of the Board:

We have completed our audit of the August 31, 2005, financial statements of the Town and Country Village Homeowners Association, Inc. (Association). In addition to the audit, we completed a limited review of your accounting policies and procedures and compiled the following report based on our review. This review was limited; therefore, it was not designed to detect all control weaknesses or irregularities that may exist. As such, we do not express an opinion on your internal control structure. We would, however, like to take this opportunity to share our subjective observations of your financial performance.

In this report, we analyze your performance in two sections: ***Positive Observations*** and ***Suggestions for Further Enhancement***.



**POSITIVE OBSERVATIONS**

The following section details our observations of positive improvements in your financial operations.

**A. FIXED ASSET DISCLOSURE**

We noted in our fieldwork that you have included pool and common area buildings on the depreciation schedule. The established schedule tracks additions and disposals during the year, as we recommended in the prior year management report. This improvement provides adequate disclosure in the financial statements.

We commend you on your efforts to maintain sufficient records of capitalized costs.

**B. RESERVE STUDY**

The Treasurer has implemented a monthly assessment designated for long-term reserves. The purpose of this fund is to avoid special assessments in the future.

The collected monies are adequately invested and reflected as Restricted Cash and Investments in the financial statements.

We commend the Association for their improved cash management and desire to match their investment returns with the long-term financial goals.

#### **SUGGESTIONS FOR FURTHER ENHANCEMENT**

In this section, we list our subjective recommendations for improving your internal control structure and financial performance for fiscal 2006.

##### **I. INVESTMENT POLICY**

We noted that the Association does not have a formal investment policy in place. A formal investment strategy is essential to meet the long-term financial goals of the Association.

We recommend that the Board determine a formal investment policy for its reserve funds. The Colorado Interest Ownership Act requires established policies for investment reserve funds, commencing January 1, 2006, for all

homeowner associations. This policy should be one that maximizes return while limiting risk exposure.

## II. SUCCESSION STRATEGY

We observed in our fieldwork that there is no formal contingency plan or succession strategy for the financial positions of the Association. Specifically, there is no identified replacement for the Treasurer or replacement for the Bookkeeper in the event that they are not able to work or are no longer employed with the HOA.

Due to limited funds and physical space, we realize that it is not appropriate to hire an additional accounting employee, but, in light of this, we recommend that the Board identify a volunteer to receive adequate training in the accounting system as a replacement, if needed. Further, we recommend that the Board identify a replacement for the Treasurer position. This is important for continuity of the long-term financial goals of the HOA.

*CONCLUDING REMARKS*

We would like to thank you for continuing to request that **BONDI & Co. LLC** participate as part of the Town and Country Village Homeowners Association's financial team. We would especially like to thank Charles Dohnalek and Laura Williams for their assistance during the audit.

Should you have any questions about this report or the audit report, please contact Bert Bondi or Evelyn Law. We can be reached by phone at 303-799-6826, or via email at [bbondi@bondico.com](mailto:bbondi@bondico.com).

September 23, 2005

  
**BONDI & Co. LLC**