

## WPLA FINANCIAL ACCOUNTS OVERVIEW

The WPLA has two financial reports that are prepared monthly: Cash Management Report and Financial Status Report. It also provides a yearend Financial Statement.

The Cash Management Report provides the status of three different transaction-based accounts which are reconciled monthly against the bank statements:

1)The Checking account is used primarily for day-to-day business transactions consisting of expenses and an occasional deposit of revenues. It is an electronic copy of the Transaction Register commonly maintained with any checking account. 2) The Money Market account is where funds not immediately required are parked, at a higher interest rate. When the Checking Account funds get too low to cover expenses appropriate amounts of money are transferred to it from the Money Market account. 3)The Member Payment account is a separate checking account where member's annual dues and fees are deposited. It is generally only used January through March, which is the period in which fees are normally paid. Its purpose is to separate the very transaction intense payment activity from normal business activity. Periodically the Member Payment account is emptied into the Money Market account.

The Cash Management Report totals the interest earned and the balances in all three cash management accounts, plus the Cash In-Hand account. The Cash In-Hand account contains checks and currency that the Treasurer has received but has not yet deposited. According to WPLA cash accounting rules when checks/currency are provided to the Treasurer they must be recognized as having been received and will be recorded on the financial books by months end, even if they have not been deposited in the bank.

The Financial Status Report utilizes information from the Cash Management Reports as well as the Member Payment Management Process to assign revenue and expense information to the appropriate budgetary line items. It provides the link between purely financial perspectives and the spending plans, schedule and budget.

The year end (December) Financial Status Report identifies the several reserves maintained by the WPLA, to include their values at the beginning of the year and their values at the end of the year (which will provide the beginning values for the following year).

The Emergency Reserve contains funds set aside to deal with unplanned emergencies that may be experienced. The Special Programs Reserve provides funding for several programs that are now underway or are included in the Long-Term Plan. It is a way of recognizing and walling off those funds as necessary to meet some particularly important non-routine objectives.

The Gate Key reserve provides the funds necessary to return key deposits to any member who know longer wishes to have a key. The key deposits are a liability and not an expense. A record of key refunds and new key deposits is maintained monthly. The net of refunds and deposits is added to the total expenses paid each month to determine the impact on total cash flow out (called Total Spend in the Financial Status Report). The sum of all monthly net deposit flows provides the basis for adjusting (or not) the gate key reserve at year end.