

## Audit Committee Report

Date: March 15, 2021

Auditors Dave Shellenbarger, SMCA Water Coordinator, and Scott Fox, SMCA Board member

For: Sky Meadows Community Association (SMCA) Board

Scope: July 1, 2019 thru December 31, 2020

At the January 29, 2021 Board meeting the Board requested volunteers to conduct an audit of the SMCA financials. Scott and Dave took on this audit; this is their final report. We, Scott and Dave, decided to begin at July 1, 2019 and end December 31, 2021. This leaves only a six month gap from the last audit until the beginning of this one. Time constraints was the determining factor in not auditing prior to July, 2019. The previous audit report was for the period January 1, 2018 to December 31, 2018.

The Treasurer supplied us with all the Treasurers files except the SMCA check book, which wasn't needed.

We reviewed the documentation pertaining to SMCA financial transactions including checks, invoices, bills, bank statements, receipts, and requests for reimbursement. We determined that all income, from dues assessments, water bills, and bank interest was accounted for, with the exception listed in the findings. All payouts were accounted for and in order, with one exception listed in the findings.

**Narrative:** The Treasurers responsibilities per the SMCA Bylaws:

Bylaws 4.7 Treasurer. The Treasurer shall maintain the Association's financial records. The Treasurer shall also have responsibility for Association funds and for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as designated by the President and Treasurer.

Bylaws 2.2.b. All water bills are due upon receipt, as indicated on the bill. Any bill not paid in full within 30 days from the date of the bill will incur a late fee. The late fee will be \$10 for payments received after the 30-day grace period, and an additional \$10 for each subsequent month or portion of month the bill is unpaid. Late fee amounts from water bills or other assessments will be printed on subsequent water bills. (This paragraph became effective 6/1/2020.)

### **Findings:**

1. The review of the monthly files indicated consistency in noting check numbers and dates of checks, and usually had the amount of the check, on each bill or invoice, for the check written. The payments/checks written agreed with the bank statements.
2. All deposits from dues assessments and water bill payments were confirmed and records included copies of all checks. The income, including bank interest, agreed with the bank statements.
3. SMCA Check number 1142, to Jim Seccombe, in the amount of \$101.08, dated January 2, 2020, could not be verified against any request for reimbursement. This check was written by the then Treasurer Dave Shellenbarger.

4. The following water bills were paid late\* but were not assessed late fees as required by the Bylaws 2.2.b. This billing procedure, as stated, became effective June 1, 2020 and would affect all billings after that date. (Ramirez, paying his Q3 bill late, did in fact include the required \$10 late fee. This was the sole late fee collected for the audit period.)

For Q2, 2020, late if received after 7/29/20

Schulze,	Check dated 8/13	Check deposited 8/19
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For Q3, 2020, late if received after 10/30/20

Gorgas,	Check dated 10/30	Check deposited 11/9
Schulze,	“ “ 10/22	“ “ 11/9
Piercy,	“ “ 11/24	“ “ 11/24
Coffey,	“ “ 10/30	“ “ 11/9
Bledsoe,	“ “ 10/30 (bank check)	“ “ 11/9

\* Some payers’ checks were dated the last day before the late fee attachment and may not have actually been late if hand delivered to SMCA. But since the Treasurer did not accept hand delivered payments we assume all checks to have been mailed via USPS; in transit at least one or two days.

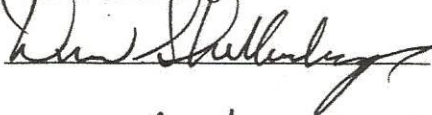
Note: there was a sticky note attached to Ramirez’s Q3 payment questioning “why did he pay \$60 instead of \$50?” We suggest this was because he included the \$10 late fee.

**Recommendations:**

1. We could find no requirement in the governing documents for the Treasurer to advise the Biller, nor for the Biller to request of the Treasurer, a list of late payers to be included in the next round of water bills. Consequently we suggest this is at least a partial cause of the lack of coordination between the Treasurer and the Biller with reference to the omission of late fees. We recommend that a directive be added to the recently amended (6/1/2020) Article X, of the Bylaws, requiring some sort of coordination between the parties to ensure that members accruing a late fee addition to their payments are properly assessed.
2. The Board should revisit the subject of checks written for large amounts requiring two signatures, one being the President. We bring this up because this procedure was discussed at the 7/1 and 10/1 meetings of 2019 but tabled to the 2020 Board. There was no further action on this in 2020. There were two checks written for \$1,000 or more in 2020, each having but one signature. This in itself is not a deficiency but the two-signature requirement should be addressed and either adopted or be closed out.

Respectfully,

Dave Shellenbarger



Scott Fox



Date

3/16/21