

Wilderness Trails Owners Association Finance Committee Findings

Committee Members: Rachel Kelly, Denise Keller, Sandi Aubuchon, Joanne Moon

Summary:

- No evidence of fraud or malfeasance was found.
- The Finance Committee feels that they have done a thorough and complete review, and that the cost of an independent audit is of no added value to the homeowners.
- Service distribution variances will result in a credit of \$61.43 for each homeowner.

Reconciliation period: Jan 1st, 2016 through September 30th, 2020

Reconciliation process:

Step 1 - QuickBooks reconciliation: The QuickBooks ledger reports were validated against the Jefferson Bank statements month by month.

Step 2 - Service distribution calculations: Specific payments for trash, snow removal/salting, and mowing were aligned to the homeowner statement invoice amounts.

Step 3 - Homeowner statement reconciliation: 10 homeowner statements were randomly chosen and used to verify that:

- Each homeowner was charged the same amount
- These amounts match the service distributions calculations from Step 2.

Findings:

Deposit variance: In January 2019, two amounts deposited on the same day did not exactly match QuickBooks. One of the two deposits was \$0.05 higher, and the other was \$0.05 lower than the QuickBooks ledger.

Billing variance #1: In July 2016, the Waste Management bill was paid by an unknown entity when the vendor first moved to online billing. Although WTOA did not pay the bill, the charge was distributed to homeowners. A credit of \$9.18 will be issued to each homeowner.

Billing variance #2: In March 2019, HLS billed Wilderness Trails for another subdivision's snow removal. Wilderness Trails distributed the erroneous charge to the homeowners, but later challenged the bill. A credit of \$59.42 will be issued to each homeowner.

Billing variance #3: In the fall of 2019, two mowing bills were not distributed to homeowners. Each homeowner will be billed an additional \$7.26 for mowing.

Evidence of findings

Step 1 - QuickBooks reconciliation:

- Jefferson bank statements
- QuickBooks ledger reports

Step 2 - Service distribution calculations:

- Bank register spreadsheet
- Service distribution calculation aligned to specific checks/payments

Step 3 - Homeowner invoice reconciliation:

- Volunteers including the former Treasurer have provided sample homeowner statements showing invoiced amounts matching the service distribution amounts

Wilderness Trails Owners Association Finance Committee Findings

Billing Variance Details:

Waste Management - IN JULY 2016 \$486.70 WAS DISTRIBUTED BUT THE ACTUAL BILL THAT WAS RECEIVED WAS FOR \$490.21. WASTE MANAGEMENT HAD JUST STARTED ONLINE BILLING SERVICES. THEY POSTED THAT WE HAD PAID OUR BILL OF 490.21 BUT IT DID NOT COME OUT OF OUR BANK ACCOUNT. 486.70 WAS DISTRIBUTED AS AN "ESTIMATED AMOUNT" BASED ON A PRIOR BILL. THEREFORE, A BILL WAS DISTRIBUTED THAT NEVER CAME OUT OF OUR CASH ACCOUNT AND A CREDIT TO RESIDENTS IS OWED OF 9.18. THIS IS (486.70 DIVIDED BY 53 HOMES DISTRIBUTED ON 12/30/16)

HLS Snow Removal - HLS SNOW REMOVAL BILLED US IN ERROR IN THE AMOUNT OF \$3149.50 FOR ANOTHER SUBDIVISIONS SNOW REMOVAL. A DISTRIBUTION OF \$59.42 WAS INVOICED TO OUR HOMEOWNERS IN MARCH 19, 2018. IT WAS LATER DISCOVERED THAT THIS WAS NOT OUR BILL. A CREDIT OF \$59.42 IS NOW DUE TO EACH HOMEOWNER. THIS CREDIT IS BASED ON (3149.50 DIVIDED BY 53 HOMES)

Eureka Lawn Care - EUREKA LAWN CARE INVOICED AND WAS PAID ON 10/22/19 \$275.00 AND \$110.00 ON 12/13/19 (TOTAL 385.00). THIS BILL WAS NOT DISTRIBUTED TO THE HOMEOWNERS IN ANY PART OF THE FOLLOWING YEAR. THE AMOUNT OF \$7.26 IS OWED BY EACH HOMEOWNER. THIS IS BASED ON THE TOTAL OF \$385.00 DIVIDED BY 53 HOMES.

IN CONCLUSION A CREDIT OF \$61.34 IS OWED TO EACH HOMEOWNER AND WILL BE REFLECTED AS A CREDIT IN EACH HOMEOWNERS INVOICE FOR JANUARY 2021. THE CALCULATION IS BASED ON THE FOLLOWING

WASTE MANAGEMENT -9.18

HLS SNOW REMOVAL -59.42

2019 FALL MOWING 7.26

Observations revealed from the reconciliation -

- The timing of homeowner trash invoices was inconsistent.
- Trash bills vary month to month due to fuel surcharges and other fees. The 3 yr trash contract indexes by 3% each year. When the trash contract lapsed, the cost was significantly higher than the contract cost. Our current trash contract represents a savings of about \$400 per month. The trash bill has varied from \$489.24 in 2016 to \$1263.32 in 2019.

Summary of the Reconciliation Process –

- The summary was presented to the Board of Directors on Nov 24, 2020 during a Special Board meeting.
- A total credit owed each homeowner is \$61.34 and will be represented as a credit on each homeowner's Q4 2020 statement.
- Continuing oversight will continue by the Finance Committee, who will review the generation of quarterly homeowner invoices until end of year 2021.
- Consistency of initiating statements for quarterly charges will be maintained by the current board.
- The Finance committee is willing to provide access to documents managed during the reconciliation. Please contact the Finance Committee Chairman for access – Rachel Kelly – Rachel@Kellyfam.us