

Final Report
Park Meadows Records Review

April 5, 2012

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BACKGROUND: The previous review/audit was done in 2007 so we used that year as a starting point for this review, and looked at the records from 2007 through the end of 2011.

This committee does not have the appropriate expertise to make recommendations regarding investments. Even though the current funds seem to be on the right path, if additional information is needed, we suggest that a professional advisor be consulted. The YS senior citizens center recommended Fairl Zurbuchen, a local resident.

REVIEW RESULTS AND RECOMMENDATIONS

1. The committee was not provided with an annual budget or other planning document. We suggest the trustees create a budget each year, with a financial plan for projected major expenses for at least 5 years out.
1. Profit and Loss Review. We reviewed the detailed Profit and Loss data 2007-2011. The attached spreadsheet contains clarifying notes regarding any concerns.
1. Property Taxes. We could not find a record of the second payment of property taxes in 2010. The real estate tax statements that we were provided (2008 and first half of 2009) are addressed to Park Meadows Association %Rita Colbert. We suggest her name be removed if this has not been done. There are no documents in the file for 2010 and 2011.
1. Written agreements with service providers, such as mowing, plowing, grounds care, tree care etc. should be developed and approved, and maintained in order track charges.
1. We suggest that the process for the approval of any payments be documented and be part of the review process. The by-laws should be amended to include the appropriate responsibilities and procedures.
1. Including the opportune replacements of furnaces/AC, water softeners and water heaters, the general operating expenses for Park Meadows averaged approximately 60K a year for the last 3 years. The income from dues of 70K annually can cover these routine costs (with 3% inflation) until 2015 if we don't do any major repairs. The current fees will not provide enough revenue to cover the expenses for major maintenance such as paving in 2012 and exterior staining in 2013/14. Using the attached schedule of major repairs received from the trustees, expenses will outstrip income as early as 2012 or 2013, therefore mandating that a fee increase to produce more revenue needs to be considered.
1. We highly recommend that the records be reviewed internally in March or April each year, and that the treasurer participate in the reviews. We also propose that a professional independent outside audit be done every 5/10 years starting this year, especially since a readjustment of the fees is imminent.
1. One of the problems with waiting 5 years to do a records review, is locating all the appropriate documentation that includes not only the numbers, but also the rationale used to manage the funds. We recommend that the trustees consider establishing and maintaining electronic files. Documents can be scanned and stored on appropriate drives to be retrieved when necessary. An electronic file not only provides history and corporate memory, but it is also very helpful when new trustees take office.

The following documents are attached as reference for the recommendations:

- Consolidated Financial Profit and Loss Report 2007-2011

- Certificates of Deposit and Vanguard Balances
- Major Repairs Projections 2012-2019
- 5 Year Cash Flow Projection
- Annual Review Requirements