

# 3Q2019 GLA Audit Report Summary

( Audit Conducted on 9/7/19, 9/11/19, and 9/13/19 )

The 3Q2019 Quarterly Financial Audit consisted of reviewing the First Midwest Bank Checking Accounts associated with GLA Financial Report Account 140 and Account 145 , the Midland State Bank Money Market Account 154, and various financial information related to property owner annual dues, fees, and fines that the association receives as income and have an impact on the GLA financial situation. Specific items audited were as follows:

- Account 112 Bar Cash Reserve Box (date audited 9/11/19)
- Account 113 Bar Shift 1 Cash Drawer (date audited 9/11/19)
- Account 114 Bar Shift 2 Cash Drawer (date audited 9/11/19)
- Account 116 Campground Petty Cash (date audited 9/11/19)
- Account 117 Office Petty Cash (date audited 9/11/19)
- Account 119 Seasonal Petty Cash Holding (date audited 9/11/19)
- Account 140 Checking Account-Office (period of 8/1 thru 8/30/19)
- Account 145 Checking Account-Bar (period of 8/1 thru 8/30/19)
- Account 154 Money Market Account (period of 8/1 thru 8/30/19)
- Total Number of Property Owners and Amount of Annual Dues paid as of 9/7/19
- Total Number of Property Owners and the amount of Delinquent Dues owed as of 9/7/19

All information was reviewed for accuracy and completeness. The Bank Statements that were audited were reviewed and compared to the GLA Reconciliation Detail. Property Owner income information was collected from various internal GLA reports. Any areas of concern and/or recommendations for improvement have been noted and submitted to the Board in the attached detailed report.

Respectfully Submitted,

Joe Turk  
GLA Audit Committee Chairperson

## 3<sup>rd</sup> Quarter 2019 GLA Financial Audit

(Audit Dates – 9/7/19, 9/11/19 & 9/13/19)

### **Accounts 112, 113, & 114 – Bar Petty Cash Accounts - \$1,500**

Reviewed all Petty Cash Accounts associated with the bar. All Petty Cash funds were found to be accurate with \$900 accounted for in Account 112 Bar Cash Reserve Box and \$300 in each of the Bar Cash Drawer Accounts 113 and 114.

### **Account 116 – Campground Petty Cash - \$200**

Reviewed the Campground Petty Cash and found a discrepancy in the amount of \$33.25. At the start of the summer season, a total of \$200 was provided to the beach and campground area. At the end of the summer season, a total of \$166.75 was accounted for from receipts and cash that was turned back in to the office.

- This discrepancy needs to be further investigated by the Office Manager and Treasurer to account for these missing funds. In addition, a formal process needs to be created so that all money being spent for concession stand supplies can be compared to all income being collected at the concession stand so that it can be tracked properly to show what profit or loss is taking place related to concession stand expenditures and sales. In addition, a process should also be created where all incoming & outgoing money transactions using the Campground Petty Cash Account can be tracked and accounted for.

### **Account 117 – Office Petty Cash - \$100**

All Petty Cash was found to be accurate and accounted for compared to the receipt log.

### **Account 119 – Seasonal Petty Cash Holding - \$405**

Found that this line item was entered into the system incorrectly and has since been corrected. As a result, this Petty Cash Account was deleted from the Financial Report and the \$405 has been recorded in the proper account.

### **Account 140 – Checking Account-Office**

Reviewed the latest First Midwest Bank Checking Account Statement for the period of July 31st thru August 31<sup>st</sup>, 2019 to the latest Reconciliation Summary for that same period. The total account balance as of 8/31/19 was \$101,273.84. Total additions during this period was \$4,922.33. Total subtractions were \$34,080.64.

Total uncleared transaction accounted for \$1,402.18 with the oldest uncleared transaction of \$10.00 for a check written on 3/15/19 that had not been cashed related to an overpayment of property owner fees. The property owner was contacted and asked to cash check ASAP.

Reviewed and verified that all paychecks that were issued during the review period were to employees who were on the GLA payroll during that period. All was found to be accurate

Spot checked check #29882 written for \$2,520.17, check #29888 written for \$1,226.56, check #29914 written for \$3,467.00, and check #29913 written for \$620.00 which totaled \$7,833.73 in payments to verify the services and/or products being billed.

### **Account 145 – Cash-FM-Bar**

Reviewed the latest First Midwest Bank Checking Account Statement for the period of July 31st thru August 31<sup>st</sup>, 2019 to the latest Reconciliation Summary for that same period. The total account balance as of 8/31/19 was \$186,018.37. Total additions during this period was \$26,203.42. Total subtractions were \$12,036.07.

Uncleared transactions for this period was \$5,576.95 with all being less than 1 month old.

### **Account 154 – Midland MM A/C .08%**

Reviewed the latest Midland State Bank Money Market Account Statement for the period of August 1<sup>st</sup> thru August 30<sup>th</sup>, 2019. A current balance of \$48,565.53 is shown with a total of \$10.31 of interest applied during this period. No other transactions other than the monthly interest were noted during this period.

### **Total Number of Property Owners & Annual Dues paid as of 9/7/19**

- Number of Property Owners Paid as of 9/7/19 = 625
- Amount of Property Owners Annual Dues Received as of 9/7/19 = \$93,750

### **Total Number of Property Owners Delinquent in Payment of Annual Dues**

- 3 - Property Owners Delinquent 1<sup>st</sup> Year – Total Past Due Approx = \$ 600
  - 1 – Property Owner Delinquent 2 Years – Total Past Due Approx = \$ 660
  - 1 – Property Owner Delinquent 8 Years – Total Past Due Approx = \$ 5,520
  - 1 – Property Owner Delinquent 9 Years – Total Past Due Approx = \$ 6,750
- Total Approx Dollars Owed = \$ 13,530**

#### ➤ Property Owner Accounting Action Items

We recommend that the GLA accounting system be modified in such a way so that all of the individual revenue streams associated with Property Owners can be easily tracked, reviewed, and verified to be sure that all moneys collected can be properly accounted for. For example,

- 1) Discrepancy found comparing the total number of property owners listed on the “Property Owner Payment of Annual Dues Report” dated 9/7/19 which lists 625 property owners and the “Delinquent Dues Report” dated 9/7/19 which lists 7 delinquent property owners for a total of 632 property owners when we should have a total of 634 property owners. A thorough review of the total number of actual properties within the association should be done.
- 2) The way in which our Property Owner information is recorded in the Office computer system lacks the ability to easily gather and track key financial information related to revenue collected for annual dues and the different fees associated with the purchase of watercraft & car stickers, keys, etc. At the present time this information cannot be collected easily which is extremely time consuming and must be manually extracted from multiple different areas within the computer system in order to determine accurate and detailed information of all revenue associated with property owners.