



SEDGEFIELD HOME OWNERS ASSOCIATION
BOARD OF DIRECTORS
MEETING MINUTES, FINANCIAL STATEMENTS, AND
ACCOMPLISHMENTS
DECEMBER 2022

December 8, 2022

Present: Dave Willis (DW), Dennis Smith (DS), Scott Wenger (SW), Cortney Wanca(CW),
Tessa Faddis (TF), David Teesdale (DT)

Meeting Location: Board Member's Residence, 7:00 p.m.

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1. MOTIONS/DISCUSSIONS

Board agreed to follow Robert's Rules of Order for running meetings.

MOTION: DT Approve meeting minutes from November, 2022.

SECOND: CW **VOTE:** Unanimous Aye

DISCUSSION: Hold next HOA Board meeting on December 8, 2022 at 7:00 P.M.

DISCUSSION: As of November, 137 homes have paid their 2022 dues. There is a resident with dues outstanding. Payment was due end of February 2022. A final notice will be issued to the resident via a registered letter followed by property lien if payment is not received by 12/15/22.

In addition to our standard operating expenses, we incurred expenses related to pool closing and landscaping (mowing/trimming for September and October). Labor for pool services and closing is still outstanding. DW will follow-up. \$2000 was transferred from operating saving account to checking account to maintain a safe margin to cover future expenses (utilities, pool labor, and social).

MOTION: CW - Approve financials **SECOND:** DT **VOTE:** Unanimous Aye

DISCUSSION: Invoices for 2023 HOA dues will be issued in January.

DISCUSSION: Tessa preparing the proposed 2023 Financial Budget.

DISCUSSION: An email will be sent to residents before the annual meeting for information. It will include the proposed 2023 budget, the 2021 annual meeting minutes, proposed Bylaws changes, and the To Do Punch List spreadsheet (Items requiring repair, maintenance, etc.). The meeting minutes were issued for review in February 2021 for review and comments. Comments received were addressed and the revised minutes were re-issued. No additional comments were received.

DISCUSSION: Election of new Directors will held at beginning of meeting.

DISCUSSION: Each committee needs to provide TF with proposed expenses for the 2023 budget. Discussed and evaluated the need to increase annual homeowner's dues to cover the increased costs in everything.

DISCUSSION: CW Annual audit is nearly complete and will be available at annual meeting.

DISCUSSION: CW Contacted 7 management companies about HOA management. Received 2 proposals. They have many additional options for services they can perform, e.g., manage all vendors performing services for HOA.. No decisions have been made at this time.

DISCUSSION: DT. Bylaws- The proposed changes to individual sections will be issued to residents for final review. If needed, a separate meeting will be held to resolve comments before the Annual meeting in January. A final vote will be held at the Annual meeting. The intent is to have issues resolved to avoid long discussions and additional changes at the final vote in the January annual meeting on January 22, 2023. The approved Bylaws could be reviewed by the lawyer after the annual meeting.

DISCUSSION: DS Nomination Committee. An email was issued to residents inquiring if anyone is interested in serving on the HOA Board. The committee will be one HOA member and two residents. This committee needs to be formalized by end of November. There will be three vacancies needing to be filled.

2. PENDING ACTIONS

- Build a rainwater diversion wall along sidewalk on west side (Sweetgum side) of pool sidewalk because water is getting into girls restroom during heavy rain events.

Committee Reports

PRESIDENT/VICE PRESIDENT: No updates

SECRETARY: No updates.

LANDSCAPING: No updates.

RECREATION: No updates.

ADVISORY: No updates

AUDIT: No updates

BRICK ENTRANCES: No updates.

BUDGET: No updates.

WELCOMING: No updates

DECORATING: No updates

SOCIAL: No updates

Action Items

Repair entrance walkway to tennis courts.

Install timer switch for underwater pool light.

Replace broken bricks at Fleenor Rd entrance.

MOTION: DW - Move to adjourn meeting at 8:45 P.M.

SECOND: SW

VOTE: Unanimous AYE

3. Miscellaneous

Please submit any external home or property improvement proposals to the Advisory Committee for approval as stated in the Sedgfield Covenants & Restrictions, Article XIII. The form is available on the SHOA website.

<https://sedgfieldhoa.com>

The By Laws, Declaration of Covenants and Restrictions, Forms, and Residents Directory are available on the SHOA website. <https://sedgfieldhoa.com>

**Sedgefield Homeowners Association
Income Statement - Summary
December 31, 2022**

	<u>Current Actual</u>	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Budget \$'s Remaining</u>	<u>% of Budget Rec/Spent</u>
Opening Balance 12/1/2022	29,546	29,714	29,714	NA	NA
Total Income	300	41,242	41,150	92	100.2%
Total Operating Expenses	3,757	35,582	34,095	1,487	104.4%
Total Capital Projects	-	9,285	7,200	2,085	129.0%
Total Expenses	<u>3,757</u>	<u>44,867</u>	<u>41,295</u>	<u>3,572</u>	<u>108.7%</u>
Net Income	<u>(3,457)</u>	<u>(3,625)</u>	<u>(145)</u>	<u>(3,480)</u>	<u>-96.0%</u>
Ending Bank Balance	<u>26,089</u>	<u>26,089</u>	<u>29,569</u>	<u>(3,480)</u>	<u>-13.3%</u>

Comments: All resident dues were received for 2022.

Expenses: In addition to our standard operating cost, we incurred expenses for landscaping for fall clean up, pool closing, misc repairs at pool (pool pump, finials, skimmer), and social events and decorating (see details attached). 2022 spend is ~8% above budgeted spend due to increase in landscaping costs, higher than expected pool maintenance and costs, and additional unplanned maintenance to the tennis court lighting.

Other Comments: Welcome new neighbors! We are looking forward to a fantastic 2023!

Respectfully submitted, Tessa Faddis

Sedgefield HOA Treasurer

<u>Reconciliation: SmartBank Checking Account</u>		<u>SmartBank Savings Accounts</u>		<u>Totals</u>
Book Bal	<u>1,582.58</u>	Book Bal	<u>24,521.40</u>	<u>26,103.98</u>
Bank Bal	1,862.33	Tot Bank Bal	24,521.40	26,383.73
OS Items:				
1477	130.02	Savings Misc_1287	2,012.66	130.02
1478	95.65	Savings Pool_5899	7,502.92	95.65
1479	54.08	Savings Tennis_5873	15,005.82	54.08
				-
				-
				-
				-
Total OS	<u>279.75</u>	Total OS	NA	<u>279.75</u>
Adj Bank	<u>1,582.58</u>	Adj Bank	<u>24,521.40</u>	<u>26,103.98</u>
Recon Diff	<u>-</u>	Recon Diff	<u>-</u>	<u>-</u>

Sedgefield Homeowners Association
Income Statement -Detailed
December 31, 2022

	<u>Current Actual</u>	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Budget \$'s Remaining</u>	<u>% of Budget Rec/Spent</u>
Opening Book/ Bank Balance	29,545.63	29,713.75	29,713.75	NA	NA
Income:					
Dues - Payment received	300.00	41,400.00	41,400.00	-	99.28%
Write off dues/ half off drawing	-	(300.00)	(300.00)	-	100.00%
Newsletter Advertising	-	-	-	-	
Interest/Other Income	0.03	2.07	50.00	(47.93)	4.14%
Late Fees	-	140.00	-	140.00	
Total Income	300.03	41,242.07	41,150.00	92.07	100.22%
Operating Expenses:					
Business:					
Bank Lock Box	10.00	120.00	120.00	-	100.00%
Bank Charges	-	78.00	25.00	53.00	0.00%
Total Bank Expenses	10.00	198.00	145.00	53.00	136.55%
Insurance	-	2,450.82	2,000.00	450.82	122.54%
Legal	-	-	1,000.00	(1,000.00)	0.00%
Office Supplies	-	78.90	500.00	(421.10)	15.78%
Pool Permit	-	340.00	350.00	(10.00)	97.14%
TN State Annual Report	-	20.46	50.00	(29.54)	40.92%
Other Expense	-	192.60	50.00	142.60	385.20%
Total Business Expenses	-	3,082.78	3,950.00	(867.22)	78.05%
Landscaping:					
Mowing/Spraying	1,180.00	11,885.64	8,000.00	3,885.64	148.57%
Trimming/Mulching/Weeding	-	4,897.18	5,000.00	(102.82)	97.94%
Total Landscaping	1,180.00	16,782.82	13,000.00	3,782.82	129.10%
Social Events	561.95	998.55	1,000.00	(1.45)	99.86%
Decorations	184.10	321.62	500.00	(178.38)	64.32%
Pool:					
Labor and Maintenance	650.00	3,750.00	5,000.00	(1,250.00)	75.00%
Supplies	566.18	3,631.83	2,500.00	1,131.83	145.27%
Total Pool	1,216.18	7,381.83	7,500.00	(118.17)	98.42%
Repairs:					
Tennis Courts	-	139.77	500.00	(360.23)	27.95%
Electric	-	-	1,000.00	(1,000.00)	0.00%
Misc. Repairs	400.55	2,715.04	2,500.00	215.04	108.60%
Total Repairs	400.55	2,854.81	4,000.00	(1,145.19)	71.37%
Utilities:					
Electric - LCUB	139.39	2,684.22	2,700.00	(15.78)	99.42%
Phone - TDS	25.95	415.76	450.00	(34.24)	92.39%
Water - First Utility	38.75	861.96	850.00	11.96	101.41%
	204.09	3,961.94	4,000.00	(38.06)	99.05%
Total Operating Expenses	3,756.87	35,582.35	34,095.00	1,487.35	104.36%
Operating Income or Loss	(3,456.84)	5,659.72	7,055.00	(1,395.28)	80.22%
Capital Projects:					
Pool Projects	-	5,768.70	3,200.00	2,568.70	180.27%
Landscaping Projects	-	-	4,000.00	(4,000.00)	0.00%
Tennis Courts	-	-	-	-	0.00%
Other Capital Projects	-	3,515.98	-	3,515.98	0.00%
Total Capital Projects	-	9,284.68	7,200.00	2,084.68	128.95%
Net Income	(3,456.84)	(3,624.96)	(145.00)	(3,479.96)	NA
Ending Bank Balance	26,088.79	26,088.79	29,568.75	(3,479.96)	NA

Expense Breakdown for Dec 2022 Social & Decorating Receipts

SOCIAL

Vendor	Date	Cost	Qty	Description
Dollar Tree	11/8/2022	13.66		4 Cutlery - 48 ct box, forks 3 Cutlery - 48 ct box, spoons 3 red table cloths
Aldi	11/11/2022	18.93		3 packs of 10" plates
Wal-Mart	no date	52.15		cups, cutlery, plates
Amazon	11/28/2022	10.91		craft supplies - pompoms
unknown	10/22/2022	79.99		Halloween / chili cook-off - "best of Italy" gift cards
Wal-Mart	no date	44.54		labor day social - food
Wal-Mart	no date	13.46		Halloween / chili cook-off - fixings
Dollar Tree	no date	12.29		Halloween / chili cook-off - contest
Wal-Mart	no date	73.67		Social - Brats / Santa food, drinks
McDonalds	9/5/2022	7.63	2	labor day social - sweet tea
Wal-Mart	no date	24.99		Paint-n-Pass - juice and donuts
Wal-Mart	no date	19.74		Beer & Brats - s'mores and contest
Josh Ray	10/22/2022	190.00		Halloween / chili cook-off - clown
Total		561.96		
<i>Check</i>		<i>(0.01)</i>		

DECORATING

Vendor	Date	Cost	Qty	Description
Wal-Mart	12/10/2022	130.02		6 Led Christmas lights
Hobby Lobb	12/28/2022	54.08		3 Christmas décor - metal Santa 3 Christmas décor - metal presents
Total		184.10		
<i>Check</i>		-		

Sedgefield Homeowners Association (SHOA) 2021 Audit Summary - Final

September 2021

Audit committee consists of a Board Member and three other SHOA residents in accordance with SHOA By- Laws.

Auditors: Kathy Hylton, Tom Hilton, and John Stegner

John Stegner was the lead auditor. He reviewed the bank statements and reconciliations, financial statements, tax return and other related documents.

Kathy Hylton reviewed all of the expenses.

Tom Hilton reviewed the dues and bank deposits.

Cortney Wanca Board Member and audit adminster.

Audit Summary:

Tom Hilton reviewed the deposits and found no exceptions. All SHOA homeowners paid their dues for 2021.

Kathy Hylton reviewed the expenses. The exceptions are noted below. **Please see Kathy's report that is included as part of this report.**

It is always a good practice to have items reviewed and approved by those who are not signers on the checks. This was a problem noted in Kathy's report.

It was also noted that requesters also approved their reimbursement. I encourage that this practice not be followed.

John Stegner reviewed the financial statements. Financial Statement for December 31, 2021 was reviewed and tied back to the year-end bank statements. Monthly statements were not reviewed and audited to monthly Bank Statement.

The bank statements for all twelve months were received and reviewed.

Bank reconciliations were provided for each month but were not reviewed.

Two signatures were found on all checks.

State of Tennessee annual report was completed and filed on time.

Pool permit was paid to the Knox County Health Department in February for 2021.

No 1099s were provided for review. 1099s are usually filed for pool maintenance preformed by homeowners.

Federal Tax return filed on time and no taxes were due for 2021.

Insurance policy reviewed and current premium paid on time and discount taken.

Recommendations:

1099s should be filed with IRS each year. If not filed it should be noted why they were not filed.

All payments should have attached supporting documents. This should include the request for payment, invoice, and the third part of the check stub. Checks should not be issued if these documents do not exist.

Final Comment:

The financial condition of the SHOA was strong at the end of 2021 with a bank balance of \$29,714. This balance exceeded the 12/31/2020 balance by \$1,222 and exceeded the 2021 budget by \$4,197

Respectfully submitted on behalf of the audit team,
John Stegner, Sedgefield HOA Resident

Sedgefield Homeowners Association

12/23/2022

Audit of 2021 Expenses

Listed are items that were found during the audit of the Sedgefield HOA expenses

- The payment request forms were not consistent. Some had a signature line for approval and others did not have an approval listed on the form. All payment requests should be approved by someone on the board and should be noted on the form.
- Over 30 reimbursed payment requests did not have an approver listed on the form.
- Over 10 reimbursed payment requests were approved by the same person who submitted the request. The person making the request and the approver should not be the same person.
- Several reimbursements had no itemized receipts. Credit card receipts were given but those receipts only provide the total and do not list the individual's items purchased.
- An item was submitted twice for reimbursement but only paid once (good job HOA!)
- A general note: A photocopy of Homeowners' checks for HOA dues are emailed from the bank to the HOA. The HOA then stores the copies of the checks in the cloud. It would be good to find a different way to maintain information concerning payment of dues without having homeowners' personal account numbers included in the information stored in the cloud. It is my understanding the checks will be taken down from the cloud once the audit is completed.
- An additional general note: It was very obvious from the large number of payment request forms, that a lot of work has occurred to maintain the subdivision properties. Thanks to the numerous people who went and purchased a lot of supplies to keep everything running properly! Also, thanks to those people who put in many hours repairing and/or replacing items in the subdivision.