

# Treasurer Report 8-18-18

# Agenda

- Bank Balances
- Funding shortfalls and Need to borrow additional funds from reserve
- Dues collected
- Outstanding dues
- Collections
- Bills paid
- Legal bills
- Special Assessment
- Road budget

# Bank Balances

- Checking- \$17,786.19
- Mailbox Account \$1158.26 (donations)
- Reserves- \$39,929.75
- Total Operations and Reserves- \$58,874.20
- Decrease of \$33,909.67 from previous period
- Bond Account- 69,514.00
- Increase of \$40.71

# Current funding shortfall

- As stated, we have \$39,929.75 in our reserves and total cash on hand is 58,874.20
- This will NOT carry us as legal bills continue to mount'
- We have a surplus of over \$8,000 in bond account that was included in expected income in approved budget that we will need to move to operations
- We will also need to once again borrow from reserves to keep bills paid
- Motion to borrow \$35,000 from reserves to operations and move \$8000 excess from Bond Account to operations to pay bills

# Dues collected

- Collected this month- \$2,168.26
- Collected to date- \$77,212.04
- Total outstanding dues \$20,313.74

# Collections

- We have now sent 3 properties to collections (2 owners)
- 26 pre-lien notices have been sent
- We currently have 19 owners past due from the 26 notices sent
- One account several years behind, has now made arrangements to come current and is making payments
- Properties will be sent to collections, and liens placed if owners fail to bring account current.
- If forced to file a lien, and additional \$533 of costs will be assessed **NOT INCLUDING** fees from collection agency

# Bills paid this period

- Office Depot- \$601.23- Office supplies, board packets, ink, postage , paper etc.
- Chase bill- \$2,866.39 ( New mailboxes)
- Spaulding law firm \$30,923.10 - defense of lawsuit
- State Compensation fund \$277.
- Franchise tax board \$17.39 (2017 Amended return)
- State of California- \$65.56- Refund issued previously was rebilled
- Frontier- \$199.31 office phones
- Timber Cove Excavating - \$2,500 Road sweeps
- Total \$37,449.98

# Legal bills

- Legal costs are continuing, and additional bills received, but not yet paid are over \$12,000
- More bills expected this period
- John Gray was deposed on 8-13-18, which has not yet been billed



# Special Assessment

- As stated in previous reports, we will have a special assessment of approximately \$336 to bring reserve fund for roads to minimum funding requirement
- This comes from a shortfall of \$25,000 per our reserve study, and borrowing of an additional \$45,000 to pay our bills, leaving a total of \$70,000 shortfall in road reserve fund required.
- We have been advised to expect \$100,000 in fees this year to defend the lawsuit by our current attorney. Our legal budget this year is \$7,500
- Additional legal fees paid and expected to be paid bring our current funding shortfall to \$170,000 ( not including any adverse judgement against HOA)
- The fees amount to an assessment of \$444.71 per property ( additional \$92,500 over budget)

# Special Assessment

- \$444.71 plus \$336.53 come to total assessment of \$781.25
- This unfortunately does not cover any judgement that could be assessed against us in a trial.
- Members will be kept informed as we learn more and your Board is working to defend our membership and intend to hold those responsible accountable.
- Assessment has been sent.
- Due in 30 days, late in 60 days and subject to late fees and interest
- Collections in 90 days

# Special Assessment

- Some individuals are sending out protests and encouraging members not to pay
- While we understand their concern, this is ill advised as properties who refuse payment will be sent to collections and result in higher fees to owners
- We are working with coverage counsel in an attempt to get some coverage and if successful, additional assessments may not be necessary and may possibly result in partial refund

# Road Budget and maintenance due

- This years Roads budget is \$15,000
- We have spent \$2500 so far on Road Maintenance
- We will need to hold off majority of this spend due to the legal fees owed and special assessment collections
- We still strive to have some maintenance completed and minimal upgrades
- Some members have expressed concerns on repairs. (potholes etc.)
- We will strive to complete the most pressing, but may need to wait until assessment payments begin rolling in as legal bills are likely to exceed the current cash we have on hand

# Election engagement letter

- We have been in contact with an independent election overseer for this year's election
- He has sent a letter of engagement
- Cost is \$1200 plus expenses ( mileage, postage etc.)
- We budgeted \$2,500 for annual election expense
- Motion to approve hiring CPA firm of James Ernst in Santa Rosa as official independent election overseer