

# Division 7 Sunland Condo Owners Association

**Agenda:** Regular monthly Board Meeting

**Date:** October 17, 2019

4:30 – 6:00pm, The Gathering Place

Minutes taken by Carol Stults in Secretary's absence.

**Meeting called by:** President, Dawn Kerns

**Attendees:** Steve Lavelly, Joel Ogden, Dawn Kerns, Carol Stults, Richard Streeter;

Absent – Teresa Lotzgesell and Nancy Baer.

Quorum present was confirmed by President Dawn Kerns.

Minutes of the Annual Meeting and short Board meeting following were approved via email previously by the Board. President's comments included appreciation for everyone's commitment to serving on the Board and Committees this year. Also mentioned were the Board members who are all now in new positions and still learning their new duties.

## Treasurer's Report: Carol Stults

- Carol noted that it has been a busy month and there is a lot to cover re financials, finalizing 2018 audit, and review of reserve fund status.
- The change in bookkeeper has been completed and an update of that project is necessary to keep the Board in the loop on all changes related to financial processes and reporting. The transition to the new bookkeeping service under Jeff Bell of Bell and Futch has been very successful. Final transition is completed, and Jeff will be doing all transactions from here forward.
- The remainder of the Treasurer's report is included herein:

## New Standard Operating Procedure documentation

All of the procedures related to the Treasurer's duties are being documented in a small manual, and will be reviewed by the Finance Committee and then presented to the Board for approval.

For now, please note the procedures for writing and depositing checks – this will be reviewed by the Finance Committee fully and will be brought to the Board for approval next month, along with other SOPs written.

### **1. SOP - Payments for approved expenses:**

- Board members will drop off the **approved and coded** invoice to Treasurer. If invoice is mailed to Division 7, Treasurer will review for accuracy and take it to appropriate Board member for approval. Treasurer will not approve ANY invoices at any time.
- For the approved expense invoice, the Treasurer will write a check and sign it, making sure the coding is correct. If 2 signatures are needed or another Board member approval is needed, please do that before bringing the invoice for payment.
- Treasurer will mail the check or return it to the Board person (if they are handing it off to vendor).
- Board members must have a copy on file of the State business license, the W-9 containing the Tax ID number for that business or individual, and a copy of the bond for the vendor/contractor. All current W-9 contractors have W-9's on file here – only new contractors will need to fill out a W-9 confirming their taxpayer ID. Bring copies of all 3 items (Business license, W-9, and bond) for work done by NEW contractors to Treasurer with the approved invoice, if the contractor is new.
- Treasurer will take the following steps to record the checks written:
  - a copy of the invoice and check written including the coding noted on the check will be uploaded digitally to the Shared files kept on the Bell and Futch server. Treasurer will notify Jeff Bell by email

that it has been uploaded. These digital files will be used as history but also easy for copying if auditor requires all copies.

- Treasurer files will hold a hard copy of the original invoice and copy of the check for future reference.
- If Treasurer is unavailable, Jeff Bell will cover producing a check but will be unable to sign the check. Another Board member who has NOT approved the invoice can sign these checks in the Treasurer's absence.

## 2. SOP for deposits of funds –

- Treasurer will check the P.O. Box for mail. If checks are received, Treasurer will enter all checks in Quicken to track receipt of revenue.
- Treasurer will make a copy of the check(s) and keep in Treasurer files.
- Treasurer will deliver all checks to Jeff Bell WITH a copy of the Quicken list of checks received. CPA firm will deposit the funds and record in QuickBooks account against receivables.
- Treasurer will balance the checking account on a weekly basis against the Quicken tracking account to ensure all checks were deposited.
- In Treasurer's absence, Jeff Bell will check P.O. Box for mail and record and deposits checks, making a copy of any check for Treasurer's return.

## Financial reports - Sept 30, 2019 financial status – see distributed financial reports.

- Cash balances include
  - \$103,093.34 in operating funds, \$51,561.83 in Savings account,
  - All reserves total \$271,619
    - NOTE: transfers of \$71,230 in 2019 were completed including 2019 tile roof annual dues, \$5,000 special assessments, and 2018 surplus fund transfers done from 2018 operating revenue, with only one 2018 expense (\$27,500) out of composite roofing Reserve account - for a net increase of \$43,730 to all reserves.
- Profit and Loss – shown for both September (so that the Board can see the total financial transactions for the past month – and for YTD P&L Budget vs Actual).
  - We continue to have a significant percentage of our landscape and maintenance unspent; however, there are some large expenses paid in Oct particularly for maintenance that will show next month – painting and anchor installments.
  - Surplus funds for 2019 – We have estimated on target to have over \$40,000 in surplus funds at the very least that must be moved to Reserves. We will start an evaluation in the finance committee at year end to confirm amounts, but until then it is suggested that maintenance and landscape secure bids for any work that must be done but has to be delayed until after winter season and paid in 2018. We are allowed to earmark those funds for projects that were determined necessary in 2019 as long as we document legitimate costs estimates.  
NOTE: Finance Committee is reviewing starting a painting reserve fund, and will be bringing a recommendation to this Board next month. Some of the surplus funds from 2019 could be used to fund it initially.
- Budget 2019 - Adjusting 2019 budget to footnote under budgeted income - the Tile Roof assessment of \$944, the Composite Roof assessment of \$12,990 – is offset with income transfers to those Reserve bank accounts so that it does not skew the budget totals YTD.
- General Ledger shows more information to make it easier to find individual transactions.
- A/R - Aging Report – new format was presented showing 2 categories of receivables – the Dues Receivables owing for regular dues and Reserve Receivables owing for \$5,000 special assessment. Note that the extra amount billed (for ANNUAL tile Roof Reserve) to the 7 tile roof Homeowners will be included in 1100 Accounts Receivable – not in 1101 Special Assessment A/R since it was invoiced that way by past bookkeeper. Note that as of 10/15 all of the increased tile roof annual assessment charges have all been paid – so there are no receivables remaining for that this year. We will be adding an A/R for all Reserve account billings separate from regular dues A/R beginning 1/1/2020.

### **Status of Reserve Account transfers 2018**

- Transfers on August 27, **2018** were done as follows:
  - \$12,990 to Comp Roof account – as billed to HO's.
  - \$944 to Tile Roof account – as billed to HO's.
  - \$3,500 to Road Reserve (invoiced as dues). This was mistakenly transferred to FF Savings account. This was found as we reviewed reserve account balance transfers for 2019. Treasurer requested Board guidance on how to handle this, giving input from the Finance Committee as follows: this error was not discovered in the audit, so therefore no correcting entries were made, since it had not been approved by the Board in 2018. The Board needs to decide options and vote on how to handle. NOTE: \$15,000 in surplus funds **for 2018** was allocated and transferred to Road Reserve account in 2019. Options for the Board are –
    - move \$3,500 for 2018 from dues to Road Reserve now and note it as a correction.
    - Note in our accounting of the surplus funds that \$3,500 of the \$15,000 transferred to Road Reserve account is designated as 2018 contribution from dues.
  - Motion was made by Carol Stults as follows:

*The Board acknowledges that a transfer of \$3,500 intended for the road reserve in 2018 from checking account was mistakenly deposited into the Savings account. The Board accepts that because surplus funds transferred to Road Reserve account from 2018 revenue in the amount of \$15,000, no transfer to road reserve from savings is required at this time to correct.*

*Motion was seconded by Joel Ogden. Motion passed unanimously.*

### **Audit Update and approval requested for Representative Form**

The final draft of the 2018 audit was reviewed by the Finance Committee. It was also sent out for everyone to review before the Board meeting. There are only 4 Adjusting Journal Entries (AJE) to be done which will be done by our new CPA firm, Jeff Bell. (see copy of entries available for review). The Audit was acceptable to the finance Committee to be approved by the Board with one minor clarification exception re tax paid in 2018.

The entries include:

- Record the 2018 Comp Roof reserve revenue in Retained earnings (only a tsfr from one bank account to another was completed by the bookkeeper).
- Record 2018 tax liability of \$354.00.
- Reclassify 2018 Roof expenses from Roof Repair Operating Expense to Comp Roof Reserve.
- To record revenue of \$1,791.00 representing 3 invoices that were not issued in 2018.
  - Discussion and resolution of the 3 invoices – which will be booked in 2019 was discussed. See copies handed out to Board members for details. Treasurer will follow up to resolve invoicing homeowners who were mistakenly not charged in 2018.
- Board members reviewed the Representation Letter that Div 7 representative must sign in order to receive final audit documentation. Discussion was held as to who should sign, and it was recommended that the Secretary sign the document on behalf of the Board. Carol will arrange to have Teresa sign the form once clarification from Auditor is received on the one small item noted. **[Note: as of Friday 10/18, the Auditor clarified question remaining and Audit is complete. Reference form signed by Teresa Lotzgesell, Secretary, and mailed with check for payment.]**
- *Motion was made by Steve Lavelly to accept the Audit as presented, with the exception that final clarification on one question from Finance committee is answered by auditor. Motion was seconded by Joel Ogden. Motion passed unanimously.*

## **Reserve Study review – Dawn Kerns**

- Dawn presented the Reserve Study for 2020 for approval. Carol noted that we should be using the guidance on reserve account balances needed during budget process next year, and during the review of surplus funds for transfer to Reserve funds, rather than using a percentage of revenue always. Steve Welborn, homeowner in attendance and member of the Finance Committee, suggested using the criteria used for the tile roof special assessment to assess and set goals for all the Reserve accounts, and review the most imminent need and the cost of that need as criteria for transfers made to the Reserve Funds from annual surplus operating funds. Some Reserve funds may need to be funded to 100% rather than 40% - rather than looking at funding all funds at 40% - 70% of the goal.
- *Motion was made by Steve Lavelly to accept the Reserve Study as presented. Seconded by Carol Stults. Motion passed unanimously to accept the Reserve Study.*
- Carol presented information re starting a Painting Reserve account with a budget for a fixed amount each year, towards a set goal. We would invoice for that amount and lower amount invoiced for dues so that no increase would be felt. Tabled for further discussion after review by the Finance Committee. Steve noted that we should not be painting just because it is scheduled, if painting of any one building is not required.

## **Landscape Committee report – Richard Streeter**

- Update re the white fir tree on the hillside between Div 7 and Div 17. The roots are completely exposed on the north hillside and tree is swaying dramatically in the wind. It has a split in it as well. There is a bid of \$650 for removal of that tree from Town and Country – and Richard will have that done in the next 2 weeks. Div 17 has been contacted and a confirmation that it is on our land was given to them.
- Update re the removal of ivy on the southwest side of the neighborhood, overlooking the golf course. AGL is removing the large amount of growth there and they will work to remove roots so that it does not return. This will be a project that will not be completely done this fall – will work on it next year as well.
- Sunland Water District personnel (Scott) repaired major leak at IRR meter for building 126B. working with Steve Lavelly and Richard.
- Reminder for residents to remove hoses from outdoor faucets needs to be in the newsletter for November.

## **Insurance Report – Dawn Kerns for Nancy Baer**

- There was a \$34 increase in our annual premium for coverage for fraud and misuse coverage. When renewal was done this year, the insurance provider made a request for financial documents. Once received, the amount in our bank accounts had increased substantially, so more premium was needed to cover.
- In answer to the question re is the Board covered under our liability insurance or should we be bonded? Our increased insurance coverage for liability is better than any bonding we might acquire per research done.
- Dawn reported that she was contacted by a local insurance company on behalf of one of our homeowners re our insurance policy. The local insurance agent, once he had reviewed our policy on our website, indicated to Dawn that is the most robust policy coverage of any he has seen. This is a certainly a compliment to our association's current coverage for insurance.

## **Architecture & Maintenance Report – Joel Ogden and Steve Lavelly**

- Joel updated the Board on the status of deck repairs completed. Seven decks have been repaired (rotten board replacement) and then sanded and stained. There are no more deck repairs to be done this year. Joel noted however that we must get the word out to owners to NOT put pots directly on the wood decks, but to elevate them with spacers and put saucers to catch water underneath as well. This will be put in the newsletter.
- Three gutters have been cleaned and repaired. Joel and Steve Lavelly are working on a specific schedule for gutter cleanout, rather than waiting for requests.
- Steve Carr is working on getting caught up with Request for Repair orders. Hope is to start him on gutter cleaning and moss control program in the next 30 days. Steve has started power washing patios, walkways and driveways as well.
- Noted was that snow shovels are available at Costco – will put reminder in newsletter.
- The building that includes units #157, 159, 161, 163 has been painted. Wiley Painting did the work at a cost of \$20,000 which includes labor, product and taxes. Wiley's has been paid in full.

- Steve updated the Board re anchor project – The roof anchors will be done starting Friday Oct 18, by Campbell Roofing. The work should only take 4-5 working days. Cost is approximately \$16,500 for all 18 buildings. Repairs to flashing will wait until anchors are installed for use.
- Steve noted that there is a new contractor (Jeff Jacobs – All About You Construction) who will be doing some projects, and he will be evaluated based on his work on these projects for possible use in the future. Steve L has the W-9 and insurance information for this contractor. These projects have been approved using Jeff:
  - 116-A Owner Chris Rawls. Mike Mowatt (previous Director of Maintenance) approved this as a 50-50 shared project - owner pay half and Div 7 pay half – estimated total should be ~\$6,000 (\$3,000 each). This deck has been approved by SLOA and Div.7.
  - Jeff will also do repair work on building 117 before it is painted next spring.
- 117-B new deck being added - The owner of this deck is paying for all work. It has also been approved by Div. 7 and SLOA. The owner's brother-in-law or nephew is the contractor for this project.
- Update on WAVE repairs – Steve L spoke with SLOA President re meeting with WAVE district supervisor. WAVE is slowly getting started on replacing old underground cable. This should improve TV and internet connections for Division 7. SLOA sent out a letter to all Sunland residents as the problems are being felt by many in Sunland.
- Fence coverage of electrical boxes on the East end island is being designed now. Richard will also include plantings once that is installed. The opening for the fence surround should face the street.

**Data Committee had nothing to report at this time.**

**Newsletter Committee: Carol Stults**

November newsletter will go out first week of November.

**Welcoming & Social Committee – Steve Lavelly on behalf of Patty Lavelly**

- Christmas party is being planned and invites will be out soon with details. This will also need to be in the November newsletter.

**Emergency Preparedness Committee – Joel Ogden**

- Joel will add update to Newsletter re any meetings or upcoming training being held.

**Unfinished Business**

- Dawn briefly discussed the pavers and their cost. This was tabled until November Board meeting when all Board members are present.
- Bylaws discussion/vote to approve was tabled until November Board meeting.

**New Business**

- New renter in 119 B – several board members have welcomed the new occupant, Kim Koons, who moved in yesterday.

Date of next meeting was noted as Wednesday November 20<sup>th</sup> at 4:30pm at the Gathering Place.

No owners' questions or comments were made.

Meeting was adjourned by Dawn Kerns, President.