# FINAL MINUTES
# LAS TORRES HOMEOWNERS ASSOCIATION
# BOARD OF DIRECTORS MEETING
# 2018 Budget Round Table Discussion
November 14, 2017
Unit 402

Board of Directors present: Pam Dixon, Leslie Hine-Rabichow and Leigh Tollefson. Kachina Management: not present. Homeowners present: Paul Cirellio, Tom DesMaris, Robert and Diane Luciani, Lorraine Simmons, Eileen Swete.

I. Call to Order 10:00 am

The order of the Agenda was changed by the President to accommodate the Homeowners who needed to leave early.

II. Homeowners' Budget Round Table - Proposed 2018 Budget.

A. Proposed budget (including Reserve expenditures (Operational Reserves and Repair/Replacement Reserves) from 2017 and anticipated in 2018) and Budget Committee Meeting Minutes are attached.

B. 2018 Budget was reviewed line by line and compared to our past budgets of 2016 and 2017. Explanations from the Board and discussion and input from the Homeowners was taken into consideration resulting in some changes to a few line items. The Board would like to thank the Budget Committee and the Homeowners present for providing insight and discussion into planning our 2018 Budget.

III. Approval of Minutes.

A. September 19, 2017 Board Meeting. **Motion to accept Minutes as read was made by Pam Dixon, seconded by Leslie Hine-Rabichow. Minutes approved unanimously.**

IV. Reports.

A. Manager's Report and Updates. No report.

B. President's Report and 2018 Budget Committee Report. Pam Dixon presented the Budget Committee Minutes and Proposed Budget. Both are attached to these Minutes.

C. Treasurer's Report. Leslie Hine-Rabichow's report is attached to these Minutes.

V. Old Business.

A. Bocce Ball Court/Horseshoe Pit Motion. After discussion about the costs to repair the bocce ball court and the recommended conversion of the space to a horseshoe pit/bean bag toss area (as a more useful and cost effective option), **a motion to approve up to $1200.00 to be paid out of the 2017 Budget (Repair and Maintenance 07001), per recommendation of the Budget Committee was made by Leigh Tollefson and seconded by Pam Dixon. Motion passed Unanimously.**

B. Recycling Progress. (discussed during Budget Round Table earlier, but recorded here) Leslie and Paul Cirellio met with a representative of Curbside Disposal and Recycling to review trash and recycling alternatives in our existing dumpster sites. We will be able to put three

garbage receptacles and three recycling receptacles (each 1-1/2 yards) in both our current sites at a cost of $258.00 per month. Leslie will also be looking into materials and costs to build gates for the front of both areas. These anticipated costs will be covered in the 2018 Budget.

C. Termite Inspections - Dates. Termite inspection is scheduled for Monday, November 20, 2017, 10:00am-2:00pm. Notice of this date as well as follow up date will be sent out by the end of this week.

VI. New Business.

A. 2018 Las Torres Budget and 2018 Assessments Motion. **A motion to present to the Homeowners the 2018 Proposed Budget as discussed in today's Round Table to include a ten percent (10%) increase of the monthly HOA assessments was made by Leigh Tollefson and seconded by Leslie Hine-Rabichow. Motion passed unanimously.**

B. Spa inspection and violation letter from Maricopa County. Tabled until the first meeting in 2018.

VII. Homeowners Forum. (occurred during the Budget Round Table, but recorded here)

Concern was expressed by a few of the Homeowners present regarding the waste pipe cleanout servicing the 100s and the 200s done this past July and included a request by a Homeowner to see the plumber's report. It was suggested that a Maintenance Committee would be beneficial to survey the association and assist with repairs (irrigation was especially discussed). Two Homeowners volunteered for that committee. Paul Cirellio will be heading up the Landscaping Committee along with four of our Homeowners, they will be looking into solutions for our irrigation system as well as our pink paths. One Homeowner reported not receiving Board notices and communications--their email information was requested. Two Homeowners inquired about the meeting times and would prefer we schedule our meetings in the evening.

Respectfully submitted,

Leigh Field Tollefson

Leigh Field Tollefson
Secretary

attachments: Final Minutes September 19, 2018; 2018 Proposed Budget (including 2017 and 2018 Reserve account expenses); Budget Committee Minutes; Treasurer's Report.

FINAL MINUTES
LAS TORRES HOMEOWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
September 19, 2017 10:00 am
Unit 301

Board of Directors present: Pam Dixon, Leslie Hine-Rabichow and Leigh Tollefson (via telephone). Kachina Management: Mark Rounsaville. Homeowners present: Richard and Terry Eisinger and Debbie Robertson.

I. Call to Order 10:02 am

II. Approval of Minutes from June 20, 2017 Board meeting. **Motion to accept Minutes as read was made by Leslie Hine-Rabichow, seconded by Pam Dixon. Minutes approved unanimously.**

III. Reports
A. Manager's Report. Mark Rounsaville's report is attached to these Minutes.
B. President's Report Pam Dixon's report is attached to these Minutes.
C. Treasurer's Report. Leslie Hine-Rabichow's report is attached to these Minutes.

IV. Old Business
A. Update on stairway lighting. Per Mark's report, two electricians have evaluated our request for hardwired lights and will be forwarding estimates. They've identified two areas of concern that need clarification: access and lighting types.
B. Bocce ball court repairs. Two contractors provided recommendations and estimates for the repair of our court. Both recommended against a "band aid fix" and refused to do the work if that is our choice. To fix the problem correctly both estimated the cost to be $2,500-$2,800. **Leigh Tollefson made a motion to approve up to $2,500.00 from the Operating Reserve Account for the repair of the bocce ball court. If the amount is greater than $2,500.00, the Board will decide and vote on the additional amount at a later date. Motion seconded by Pam Dixon. Leslie Hine-Rabichow voted No. Motion passed.**
C. Spa jets. Coral Pools has done as much investigating as they can into the two nonfunctioning spa jets (of four) without tearing up the cool deck. Many of our residents look forward to and enjoy the spa during the winter months and have been inquiring about the repair of the jets. **Leigh Tollefson motioned that we spend up to $2,000.00 to explore and/or fix the two nonworking spa jets. Cost to be paid from the pool repair budget line and the operational reserves fund. If the repair cost is greater than the specified $2,000.00, the Board will consider the work and cost estimate and vote on a decision in a future meeting. Motion seconded by Pam Dixon. Leslie Hine-Rabichow voted No. Motion passed.**
D. Recycling Progress. Per Mark's Manager's report, the cost of the grate to cover the overflow basin has risen from the previous estimate of $675 to approximately $1,200.00. The cost increase is because the dumpster needs a higher grade of steel for support. A decision is tabled for more discussion in an upcoming meeting.

E. Closing temporary Repair and Replacement Fund at the Biltmore Bank. The passing motion to close our Repair and Replacement Fund (R&R Fund) at the Biltmore Bank during the June 20, 2017 meeting was not included in the agenda of that date and was not noticed to the Homeowners and therefore, illegal. At today's meeting, **Leslie Hine-Rabichow made a motion to close the Biltmore Repair and Replacement account XXXX2098 opened by Kachina in February 2017 and transfer the balance of the account at closing to our Las Torres HOA Repair and Replacement Reserve Fund XXXX0835 held at the National Bank of Arizona; motion is seconded by Leigh Tollefson. Pam Dixon voted No. Motion passed.**

F. Record vote to use Black Mountain Paving. After receiving three bids for seal coating our asphalt driveways, the bid for $6,165.42 for seal coating our asphalt driveways, the Board voted as an "action in lieu" to accept the bid. **The "action in lieu" is recorded in these Minutes and is attached.**

V. New Business

A. Sewer Lines - Power jetting, sleeving options. Mark has received a bid from TCH Plumbing for $550.00 to ream and clean out all our sewer waste pipes. Decisions on quarterly or biannually clean outs will be made by the Board at a later date weighed against an estimate for sleeving options. Following the latest sewer back up and recognizing that 13 units are using the same waste line, Robert Luciani in unit 101 has requested that the Board make a motion to ream/clean out that sewer line to avoid another back up, which we easily complied with. **Leigh Tollefson made a motion to authorize TCH Plumbing to snake out and clean out all sewer waste lines in the Association at the cost of $550.00 to be paid from the maintenance budget and to be done as soon as possible; motion was seconded by Pam Dixon. Leslie Hine-Rabichow left the meeting earlier and did not vote. Motion passed.**

B. Termite inspections. In the past year, we've had evidence of termites in two of our units which have been remediated. Based on these findings and at the recommendation of Sexton Pest Control, we will be scheduling termite inspections for all our Association units. At that time the representative will need access into each home and garage. Our Homeowners will be informed well in advance of the planned inspection.

C. Volunteers for Budget Committee. The 2018 Budget Committee meeting is scheduled for October 19 and we are looking for volunteers to assist in putting a budget together to present to the Owners at the next Association meeting in November. No financial or accounting background is necessary. Please consider being a part of this important Association function.

VI. Housekeeping.

A. Website. Shawnie Brown at Kachina is working with us to get the Las Torres HOA website up and running. Leigh will begin working with Shawnie to complete this process at which time, access information will be shared with the Owners.

B. Discussion and update on 2018 contract bids. We are currently gathering multiple bids for the various services we contract for including: landscaping and insurance (Pam), pool cleaning (Mark) and garbage (Leigh).

VII. Homeowners' forum.

Gratitude was expressed for our motion to clean out/ream our remaining sewer lines. A complaint about each individual unit's monthly costs for sewer usage was made. We encourage people to take their complaints to Liberty Utilities. Assessment of our landscaping was that we should remove dead and dying plants and clean it up and continue repairing our irrigation leaks rather than replacing the entire system. A question about only having a three member Board was clarified--when contracting with a management company to do the majority of functions for an HOA, only three Board members are necessary. Additionally, only a few people have showed interest in running for the Board--we welcome all who would

like to run for a Board seat. Finally, the cracks in the pool's cool deck were inquired about. When the cool deck was redone in 2016, Sun West did open the cracks and repaired them and they did come back to repair any new ones while we were still under warranty. These new cracks are in the same areas as the old ones. Our handyman will be working on fixing them in the near future.

VIII Adjournment 11:57 am

Respectfully submitted,

Leigh Field Tollefson

Leigh Field Tollefson
Secretary

attachments: June 20, 2017 Minutes, Property Manager's report, President's report, Treasurer's report, "action in lieu" motion to contract with Black Mountain Paving for driveway crack repair and seal coating

# 2018 LAS TORRES BUDGET PROPOSAL

| Account | Description | Actual 2014 | Actual 2015 | Budget 2016 | Actual 2016 | Budget 2017 | Projected 2017 | Budget $2,018 |
|---|---|---|---|---|---|---|---|---|
| **INCOME:** | | | | | | | | |
| 06310 | Resident Assessments | $62,510 | $69,524 | $69,300 | $77,306 | $69,300 | $69,300 | $69,300 |
| Add | Special Assessment | | | | | | | $9,975 |
| Add | Repair & Replace Reserve Fund | $15,600 | $13,156 | $15,600 | $10,868 | $15,600 | $15,600 | $15,600 |
| Add | Operating Reserve Fund | $3,900 | $3,880 | $4,800 | $3,344 | $4,800 | $4,800 | $4,800 |
| Add | Misc HOA Fees | $40 | $45 | | $367 | | | |
| 06350 | Interest Income RR Fund | $13 | $34 | $24 | $48 | $24 | $24 | $24 |
| 06351 | Interest Income - Op Reserves | $25 | $35 | $36 | $16 | $36 | $36 | $36 |
| 06380 | Other Income | | | | | | | |
| | | | | | | | | |
| | **Subtotal Income** | **$82,088** | **$86,674** | **$89,760** | **$91,949** | **$89,760** | **$89,760** | **$99,735** |
| | | | | | | | | |
| | | | | | | | | |
| **EXPENSES:** | | | | | | | | |
| **Maintenance & Repair** | | | | | | | | |
| 07001 | Repair & Maint Services | $190 | $1,910 | $1,872 | $6,849 | $1,500 | $5,670 | $5,500 |
| 07155 | Trees, Plants, Supplies | $0 | $121 | $0 | $332 | $500 | $200 | $500 |
| 07200 | Irrigation | $978 | $75 | $360 | $1,061 | $200 | $600 | $600 |
| 07205 | Pool - Contract Svc | $3,202 | $2,633 | $3,660 | $3,580 | $3,750 | $3,750 | $3,750 |
| 07210 | Pest Control | $1,280 | $60 | $720 | $1,180 | $720 | $720 | $720 |
| 07275 | Flat Roof Maintenance | $0 | $0 | $0 | $0 | $500 | $0 | $500 |
| 07400 | Landscape Service | $19,380 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 |
| 07450 | Landscape Other | $990 | $0 | $2,424 | $1,565 | $500 | $600 | $500 |
| 07500 | Tree Trimming | $114 | $2,485 | $0 | $0 | $750 | $3,083 | $750 |
| Add | Landscape Improvements | $821 | $2,509 | $0 | $0 | $0 | $0 | $500 |
| Add | Pool Supplies | $816 | $775 | $1,236 | $927 | $1,000 | $950 | $1,000 |
| Add | Pool Repairs | $1,489 | $390 | $0 | $175 | $300 | $360 | $300 |
| Add | Termite Control | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Add | Sewer Maintenance | $0 | $0 | $0 | $0 | $0 | $550 | $1,200 |
| | | | | | | | | |
| | **Maintenance & Repair** | **$29,260** | **$34,958** | **$34,272** | **$39,669** | **$33,720** | **$40,483** | **$39,820** |
| | | | | | | | | |
| **Utilities** | | | | | | | | |
| 08600 | Electric | $4,781 | $5,561 | $5,820 | $5,366 | $5,900 | $5,000 | $5,000 |
| 08650 | Water - Hum Irrigation | $968 | $1,728 | | $1,865 | $1,763 | $1,900 | $2,150 |
| 08655 | Water - Pool Meter | $1,966 | $2,770 | | $2,682 | $2,825 | $2,700 | $2,980 |
| 08660 | Water - Sun Irrigation | $1,149 | $1,397 | $6,060 | $3,867 | $1,425 | $3,900 | $2,570 |
| 08680 | Refuse | $2,432 | $3,072 | $2,640 | $2,640 | $2,820 | $2,640 | $3,000 |
| 08685 | Gas/Propane | $3,110 | $3,609 | $3,204 | $3,324 | $4,072 | $3,524 | $4,400 |
| | | | | | | | | |
| | **Utilities** | **$14,406** | **$18,137** | **$17,724** | **$19,744** | **$18,805** | **$19,664** | **$20,100** |
| | | | | | | | | |
| **Administrative Expenses** | | | | | | | | |
| 09100 | Income Tax | $50 | $96 | $96 | $50 | $50 | $50 | $50 |
| 09105 | Audit/Tax Prep | $500 | $1,250 | $600 | $750 | $750 | $750 | $750 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 09110 | Permits & Licenses | $505 | $505 | $504 | $495 | $495 | $595 | $595 |
| do not use | Annual Report | | | | | | $10 | $10 |
| do not use | Bank Charges | | | | | | $10 | |
| 09275 | Insurance | $4,730 | $5,915 | $5,940 | $6,386 | $6,400 | $6,655 | $6,988 |
| 09300 | Legal Services | $2,500 | $2,252 | $2,004 | $494 | $1,000 | $411 | $1,000 |
| 09500 | Management Service | $5,940 | $7,748 | $7,500 | $7,500 | $8,400 | $9,300 | $8,400 |
| 09830 | Postage | $346 | $89 | $180 | $138 | $180 | $300 | $200 |
| 09850 | Other Admin | $1,432 | $146 | $0 | $0 | $0 | $1,175 | $500 |
| 09900 | Reserve Study | $0 | $750 | $0 | $0 | $0 | $800 | $800 |
| | BOD Admin Expense | $0 | $0 | $0 | $0 | $0 | $0 | $500 |
| | | | | | | | | |
| | **Administrative Expenses** | **$16,003** | **$18,751** | **$16,824** | **$15,813** | **$17,275** | **$20,056** | **$19,793** |
| | | | | | | | | |
| | **TOTAL OPERATING EXPENSE** | **$59,669** | **$71,846** | **$68,820** | **$75,226** | **$69,800** | **$80,203** | **$79,713** |
| | | | | | | | | |
| **Reserves** | | | | | | | | |
| 09950 | Repair/Replace Reserve Cont | $15,600 | $14,565 | $15,600 | $14,924 | $15,600 | $15,600 | $15,600 |
| 09951 | Operating Reserve Contrib | $3,900 | $4,357 | $4,800 | $4,592 | $4,800 | $4,800 | $4,800 |
| 09952 | Operating Reserve Interest | $25 | $9 | | $49 | | | $36 |
| 9953 | Repair/Replace Reserve Int | | | | | | | $24 |
| Add | RR Reserve Expense | | | | | | | |
| Add | Op Reserve Expense | | | | | | | |
| | | | | | | | | |
| | **Reserves** | **$19,525** | **$18,931** | **$20,400** | **$19,565** | **$20,400** | **$20,400** | **$20,460** |
| | | | | | | | | |
| | **TOTAL EXPENSES** | **$79,194** | **$90,777** | **$89,220** | **$94,791** | **$90,200** | **$100,603** | **$100,173** |
| | | | | | | | | |
| | **INCOME(LOSS)** | **$2,894** | **($4,103)** | **$540** | **($2,842)** | **($440)** | **($10,843)** | **($438)** |
| | | | | | | | | |
| **DUES BREAKDOWN** | | | | | | | | |
| | Regular Assessment | $210 | $231 | | $231 | | $231 | $231 |
| | R&R Reserve | $52 | $52 | | $52 | | $52 | $52 |
| | Operating Reserve | $13 | $16 | | $16 | | $16 | $16 |
| | **TOTAL** | **$275** | **$299** | | **$299** | | **$299** | **$299** |
| | plus: One Time Special Assessment | | | | | | | **$399** |

## 2017 Reserve Expenditures

| | | | |
|---|---|---|---|
| Tree Trimming | | $ 3,083 | |
| Olive tree spraying | | Done by Sexton at no additional charge | |
| R&R Fund contribution | | $ 2,925 | |
| Sewer Repairs | | $ 2,480 | |
| Excess Maintenance expenses | | $ 4,900 | estimate for year |
| SW Gas Co. deposit | | $ 1,980 | |
| | Total | **$ 15,368** | |

## Repair and Replacement Fund Expenses

| | | |
|---|---|---|
| Driveway crack repair and seal coating | $ 6,165 | |
| Pool fence painting | $ 1,500 | |
| Spa filter replacement | $ 1,238 | |
| Spa Jet repair | $ 2,000 | TBD |
| | $ 10,903 | |

## 2018 Anticipated Expenditures

None at this time

Las Torres HOA

2018 Budget Committee Minutes
10/18/2017 Unit 401

#1. Proposed 2018 Budget & Reserves Worksheets were handed out.
#2. Kachina's endorsement of the proposed budget was presented.

#3. Small items that could impact the budget were explained & discussed.

A. BB Court - full re-do will cost $7,000-$12,000. It was unanimously agreed that we should consider a less expensive alternative as the amenity is not frequently used. Converting the court to a dual purpose horseshoe pit and Bean Bag/Cornhole game was recommended to the Board.

B. Additional stairway lights were discussed. This issue has been turned over to the landscape committee which Paul Cirello is forming.

C. Sewer issues. It was agreed that cleaning the sewer lines twice a year should be included in the 2018 budget.

D. Recycling costs were discussed and Leslie will follow up.

E. On-going pink path grinding & liability. Various solutions and expenses were discussed. These included removing all pink pathways and re-graveling those areas & pouring wider concrete paths. No decision was made.

F. Landscape improvements were discussed and general consensus was to work on updating our four entry areas over the next few years by utilizing the $500 Landscape Other Budget line.

G. Adding lines for Board of Directors Expenses ($500.) sewer line cleaning ($1,200)

#4. The committee analyzed the proposed budget line-by-line. Debbie Robertson will update the Budget Worksheets with the numbers that were agreed on by the committee and send it to Pam Dixon for presentation at the Owners Budget Roundtable and BOD Meeting on November 14th. It is attached to this report. An increase in the budget is necessary and the consensus of the committee was that a $399/unit special assessment should be approved by the Board to cover the 2018 budget increase rather than increasing our current budget assessment. It is suggested that the owners be allowed to pay that assessment in full or in 2 or 3 installments in 2018 - to be decided by the BOD.

#5. A discussion regarding transparency with our Reserve Accounts & their impact on the budget was also discussed. The committee's recommendations are attached. The committee would also like the Reserve expenditures to be separate line items in the 2018 budget and monthly financial reports.

**Treasurer Report for BOD Meeting November 14, 2017**
**Prepared by Leslie Hine, Las Torres Treasurer**
**November 14, 2017**

## I. Financial Reports Received from Kachina

Based upon my review of financial reports provided by Kachina as of November 13, 2017, I believe there are still ongoing issues with the financial reports provided as of September 30, 2017 (most current financials available). Given the unresolved issues with the Income and Expense and Balance Sheet reports received from Kachina, I do not believe they provide a wholly accurate picture of our current financials. I have stated this in previous 2017 Treasurer Reports.

1. Income and Expense Report

   These issues have been identified in the June 2017 and September 2017 HOA BOD Treasurer reports and communicated to Kachina. They are listed here as they are still outstanding and have a material impact on our reported income and expense bottom line, in my opinion.

   a. Missing the offsetting Income transfers from reserve accounts to cover expenses approved by BOD as per the Homeowner approved 2017 budget ($3,177 transferred from Long Term Reserve; $4,000 transferred in from Operating Reserve). Without these inter-fund transfers shown as income our net position reported on the I&E is UNDER reported.
   b. Line item #9950 – Explanation/Correction still needed for $7,354 "reserve expense" – we do not know what this is.
   c. Line items #9951 and #9952 – YTD contributions to long term reserve fund should be $11,700 -- $5,709 has been transferred to this account (Biltmore R&R #2098) as of September 30, 2017. YTD contributions to operating reserve fund should be $3,600 -- $1,776 has been transferred to this account as of September 30, 2017.
   d. Prepaids

      Generally, prepaid accounting is an accrual method of accounting and is at odds with our cash basis of accounting. Technically, we should not have prepaids in our system. Under cash-based accounting, income (as everything else) should be reported in the period in which it was received. Homeowner payments should be tracked in an accounts receivable system. Receivables billed (due), and not received, would show up as an asset on the Balance Sheet. If unrecoverable, they would need to be written off.

      Specifically, there is a Miscellaneous expense (line item #9900) for $2,392 which was a refund of prepaid dues to one homeowner. It is not clear if this "prepaid" was also reported as Income and included in the I&E thereby making this Misc expense a wash (i.e. zeroed out). Assuming $2,392 IS included in Income (not clear in G/L postings), then the refund should be recorded as a chargeback to Income – NOT a Miscellaneous expense.

2. Balance Sheet

   a. Ongoing accounting errors exist in Balance Sheet that were carried over from transfer of books from Oasis to Kachina (refer to June 20 BOD Treasurers Report). **Cash on hand figures can be verified through bank statements and are okay**; all other reported figures on this report cannot be confirmed due to accounting issues and questions.

## III. Bank Account Balances

We still have 4 bank accounts as of the writing of this report. Three of these were established and are managed by Kachina. The Long-Term Reserve Fund held at National Bank of Arizona is controlled and managed by the Las Torres BOD only. The current BOD President and Secretary are the signers on this account.

1. ***Operating Checking Account held at Biltmore Bank (acct#0098)***
   This is the account that all income and expenses flow through. This is the primary operating checking account. All HOA expenses are paid from this account. All income is deposited into this account and then distributed to the Operating and Long-term Reserve Funds as per HOA policy.
   **Reconciled Balance reported by Kachina as of September 30, 2017: $11,541**

2. ***Operating Reserve Account held at Biltmore Bank (acct #1098).*** As per HOA policy $16 of each HO monthly assessment paid is required to be paid into the Operating Reserve account. Funds are transferred out by Kachina to the Operating Checking Account as directed by the BOD to cover BOD approved expenses. These expenses are either emergency repair and maintenance expenses and/or were approved by homeowners in the FY2017 HOA Budget.
   *Issue: To date there have not been regular and consistent monthly contributions to this account from the Operating Checking account. The expected inflows into this account are not occurring as required by HOA policy.*
   **Reconciled Balance reported by Kachina as of September 30: $17,894**

3. ***Long Term Reserve Account held at National Bank of Arizona.*** As per HOA policy $52 of each homeowner monthly assessment is to be transferred by Kachina, into the Long-Term Reserve account. Funds are occasionally transferred out by the BOD to the Operating Checking Account to cover Reserve Study approved expenses. These expenses are either emergency "long term" repair and maintenance expenses or are indicated in the 2013 Las Torres Reserve Study and were approved by homeowners in the FY2017 HOA Budget.
   *Issue: To date there have not been regular and consistent monthly contributions to this account. The expected inflows into this account are not occurring as required by HOA policy.*
   **Bank Balance as of August 31, 2017 (most recent made available to me): $120,143**

4. ***Long Term Reserve Account held at Biltmore Bank (acct#2098).*** This account was established by Kachina to collect the monthly homeowner long term reserve contributions.
   *Issue: <u>This account is redundant and should be closed as was decided at the June 20, 2017 BOD meeting and communicated to Kachina</u>. All monthly Long-Term Reserve Contributions should be made directly to the National Bank reserve account.*
   **Reconciled Balance reported by Kachina as of September 30, 2017: $6,505**

**IV. Treasurer Recommendations**

1. Direct Kachina to make corrections to financial reports as identified in Section I of this report.
2. As per BOD approved motion on June 20, 2017, direct Kachina to close the Long-Term Reserve account #2098 held at Biltmore Bank and transfer these balances to the Long-Term Reserve account at the National Bank of Arizona.
3. Direct Kachina to make monthly transfers of homeowner contributions to the Operating Reserve and Long-Term Reserve (National) as per HOA Reserve policy.

Respectfully submitted,
Leslie Hine (aka Leslie Hine-Rabichow)
Las Torres HOA Treasurer
November 14, 2017

# Las Torres Homeowners Assoc

Balance Sheet
As of 09/30/17

ASSETS

| | | | |
|---|---|---|---|
| 1010 | Biltmore Checking Account | $ 11,540.71 | |
| 1011 | Biltmore Reserve Account | 17,894.48 | |
| 1012 | Biltmore Bank Repair/Replace | 6,505.43 | |
| 1018 | R&R Fnd Svgs Acct-Nat Bank | 120,142.93 | |
| | TOTAL ASSETS | | $ 156,083.55 |

LIABILITIES & EQUITY

| | | | |
|---|---|---|---|
| CURRENT LIABILITIES: | | | |
| 3310 | Prepaid Owner Assessments | $ 7,997.00 | |
| | Subtotal Current Liab. | | $ 7,997.00 |
| RESERVES: | | | |
| 5301 | Repair/Replace Reserve Fund | $ 162,884.81 | |
| 5302 | Operating Reserve Fund | 25,527.02 | |
| 5303 | Repair & Replace Res Interest | 34.86 | |
| 5304 | Operating Reserve Interest | 100.18 | |
| 5305 | Repair/Replace Reserve Expense | (32,067.60) | |
| 5306 | Operating Reserve Expense | (4,817.28) | |
| | Subtotal Reserves | | $ 151,661.99 |
| EQUITY: | | | |
| 5510 | Retained Earnings | $ 8,570.06 | |
| 5511 | Utility Deposits | (1,980.00) | |
| | Current Year Net Income/(Loss) | (10,165.50) | |
| | Subtotal Equity | | $ (3,575.44) |
| | TOTAL LIABILITIES & EQUITY | | $ 156,083.55 |

# Las Torres Homeowners Assoc



Income/Expense Statement

Actual spreadsheet Start date: 01/01/17 Cutoff date: 09/30/17

| | | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **INCOME:** | | | | | | | | | | | | | | |
| 06310 | Resident Assessments | 3,289.00 | 10,168.00 | 8,671.00 | 7,478.00 | 6,877.00 | 7,599.00 | 7,340.00 | 6,877.00 | 7,176.00 | .00 | .00 | .00 | 65,475.00 |
| 06350 | Interest Income | .00 | .00 | 1.84 | 2.00 | 2.07 | 8.00 | 9.63 | 9.24 | 4.01 | .00 | .00 | .00 | 36.79 |
| 06351 | Interest Income - Reserves | .00 | (.64) | .00 | .00 | 24.97 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 24.33 |
| 06380 | Other Income | .00 | 30.00 | .00 | 75.00 | .00 | .00 | 120.00 | .00 | 30.00 | .00 | .00 | .00 | 255.00 |
| | Subtotal Income | 3,289.00 | 10,197.36 | 8,672.84 | 7,555.00 | 6,904.04 | 7,607.00 | 7,469.63 | 6,886.24 | 7,210.01 | .00 | .00 | .00 | 65,791.12 |
| **EXPENSES:** | | | | | | | | | | | | | | |
| **Maintenance & Repair** | | | | | | | | | | | | | | |
| 07001 | MAINTENANCE & REPAIR | .00 | .00 | .00 | .00 | 1,355.00 | 4,095.82 | .00 | .00 | .00 | .00 | .00 | .00 | 5,450.82 |
| 07155 | Temp R&R Fund - Biltmore Bank | .00 | .00 | .00 | .00 | 160.00 | (160.00) | .00 | .00 | .00 | .00 | .00 | .00 | .00 |
| 07200 | Contract Service | .00 | .00 | .00 | .00 | 3,900.00 | (3,310.00) | 150.00 | 575.00 | .00 | .00 | .00 | .00 | 1,315.00 |
| 07205 | Pool - Contract Svc | .00 | .00 | .00 | 775.90 | 304.00 | .00 | 1,058.65 | .00 | .00 | .00 | .00 | .00 | 2,138.55 |
| 07210 | Pest Control | .00 | .00 | .00 | 180.00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 180.00 |
| 07400 | Landscape Service | .00 | .00 | 206.60 | 1,999.96 | .00 | 5,999.88 | 4,192.07 | 1,999.99 | .00 | .00 | .00 | .00 | 14,398.50 |
| 07450 | Trash - DO NOT USE | .00 | .00 | 470.00 | (470.00) | .00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 |
| 07500 | Tree Maintenance | .00 | .00 | .00 | .00 | .00 | .00 | 3,083.40 | .00 | .00 | .00 | .00 | .00 | 3,083.40 |
| | Maintenance & Repair | .00 | .00 | 676.60 | 2,485.86 | 5,719.00 | 6,625.70 | 8,484.12 | 2,574.99 | .00 | .00 | .00 | .00 | 26,566.27 |
| **Parts & Supplies** | | | | | | | | | | | | | | |
| 08001 | Pool Chemicals/Supplies | .00 | .00 | .00 | 167.93 | 14.85 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 182.78 |
| 08010 | Pool Repairs | .00 | .00 | .00 | 1,448.98 | .00 | .00 | .00 | .00 | (378.80) | .00 | .00 | .00 | 1,070.18 |
| | Parts & Supplies | .00 | .00 | .00 | 1,616.91 | 14.85 | .00 | .00 | .00 | (378.80) | .00 | .00 | .00 | 1,252.96 |
| **Utilities** | | | | | | | | | | | | | | |
| 08600 | Electric | .00 | .00 | 742.29 | .00 | 711.88 | 645.95 | 459.04 | 476.08 | 449.23 | .00 | .00 | .00 | 3,484.47 |
| 08650 | Water - Hum Irrigation | .00 | .00 | .00 | 165.85 | 896.73 | 128.27 | 91.36 | 169.94 | 337.74 | .00 | .00 | .00 | 1,789.89 |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 08655 | Water - Pool Meter | .00 | .00 | .00 | .00 | 717.89 | 260.90 | 412.69 | 458.91 | 549.49 | .00 | .00 | .00 | 2,399.88 |
| 08660 | Water - Sun Irrigation | .00 | .00 | .00 | 105.96 | 343.20 | 303.37 | 367.08 | 495.21 | 489.42 | .00 | .00 | .00 | 2,104.24 |
| 08680 | Trash Disposal Service | .00 | .00 | .00 | 705.00 | 470.00 | .00 | .00 | 940.00 | 235.00 | .00 | .00 | .00 | 2,350.00 |
| 08685 | Gas/Propane | .00 | .00 | .00 | 899.16 | 3,287.17 | .00 | 235.42 | 1,980.00 | (3,849.89) | .00 | .00 | .00 | 2,551.86 |
| 08700 | Water - DO NOT USE | .00 | .00 | .00 | 282.37 | (282.37) | .00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 |
| 08800 | Gas/Propane - DO NOT USE | .00 | .00 | .00 | (449.58) | 449.58 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 |
| | Utilities | .00 | .00 | 742.29 | 1,708.76 | 6,594.08 | 1,338.49 | 1,565.59 | 4,520.14 | (1,789.01) | .00 | .00 | .00 | 14,680.34 |
| Administrative Expenses | | | | | | | | | | | | | | |
| 09100 | Income Tax | .00 | .00 | .00 | 50.00 | .00 | 750.00 | .00 | (750.00) | .00 | .00 | .00 | .00 | 50.00 |
| 09105 | Audit/Tax Prep | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 750.00 | .00 | .00 | .00 | .00 | 750.00 |
| 09110 | Permits & Licenses | .00 | .00 | .00 | .00 | 595.00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 595.00 |
| 09235 | Annual Report | .00 | .00 | .00 | .00 | .00 | 10.00 | .00 | .00 | .00 | .00 | .00 | .00 | 10.00 |
| 09250 | Bank Charges | .00 | 10.00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 10.00 |
| 09275 | Insurance | .00 | .00 | .00 | 3,606.00 | 974.00 | 187.00 | 487.00 | 487.00 | 487.00 | .00 | .00 | .00 | 6,228.00 |
| 09300 | Legal Services | .00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 410.50 | .00 | .00 | .00 | 410.50 |
| 09500 | Management Service | .00 | .00 | 2,600.00 | 315.00 | 1,385.00 | 880.00 | 880.00 | 850.00 | 805.00 | .00 | .00 | .00 | 7,715.00 |
| 09800 | Postage / Copies | .00 | .00 | 23.79 | 79.64 | 10.26 | 5.90 | 41.37 | 8.49 | 26.30 | .00 | .00 | .00 | 195.75 |
| 09850 | Permits & Licenses -DO NOT USE | .00 | .00 | 595.00 | .00 | (595.00) | .00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 |
| 09900 | Miscellaneous | .00 | .00 | 2,179.96 | 247.86 | .00 | (35.82) | .00 | .00 | 258.16 | .00 | .00 | .00 | 2,650.16 |
| | Administrative Expenses | .00 | 10.00 | 5,398.75 | 4,298.50 | 2,369.26 | 1,797.08 | 1,408.37 | 1,345.49 | 1,986.96 | .00 | .00 | .00 | 18,614.41 |
| Reserves | | | | | | | | | | | | | | |
| 09950 | Reserves | .00 | 7,354.37 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 7,354.37 |
| 09951 | Repair/Replace Reserve Cont | .00 | .00 | 4,680.00 | .00 | 1,029.00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 5,709.00 |
| 09952 | Operating Reserve Contrib | .00 | .00 | 1,440.00 | .00 | 336.00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 1,776.00 |
| 09953 | Operating Reserve Interest | .00 | (.69) | 1.63 | .00 | 1.83 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 2.77 |
| 09954 | Repair/Replace Reserve Int | .00 | .05 | .21 | .00 | .24 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | .50 |

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| | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Reserves | .00 | 7,353.73 | 6,121.84 | .00 | 1,367.07 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 14,842.64 |
| TOTAL EXPENSES | .00 | 7,353.73 | 12,939.48 | 10,110.03 | 16,064.26 | 9,761.27 | 11,458.08 | 8,440.62 | (180.86) | .00 | .00 | .00 | 75,956.62 |
| CURRENT YR NET INCOME/(LOSS) | 3,289.00 | 2,833.63 | (4,266.64) | (2,555.03) | (9,160.22) | (2,154.27) | (3,988.45) | (1,554.38) | 7,390.06 | .00 | .00 | .00 | (10,165.50) |