



**Oak Ranch Estates Home Owners Association
Supplemental Information from Board Meeting of
September 26, 2023
Approved as Amended on November 7, 2023**

Open Discussion: None

Committee Reports:

Architectural: One application was requested for work in progress but not yet received.

Common Area: See Maintenance below.

Corral Area: New water hoses have been purchased as a result of a donation made by a horse owner.

Website: No report. The approved July 20 Minutes & Supplemental will be posted to the website.

Firewise Community: Two homeowners have agreed to chair this effort to join with Saddle Mountain HOA to assess our communities and provide information, through educational offerings and other activities, to help homeowners who wish to participate to “home harden” their property towards mitigating the effects of wildfires. These efforts could possibly have a positive effect on home insurance coverage/rates. Additional information will be forthcoming in a separate email. (Also see the Supplemental, item 9 from the July 20 meeting).

General Business:

1. Common Area Maintenance: A tree on private property fell onto the trail and blocked easy access; Kevin L and his son were able to cut back portions prior to the tree service workers coming on July 28 as noted in the minutes; the remainder of the tree was removed by the owner in August. Kathie confirmed the trail was not damaged by the bobcat work. Kathie has trimmed the acacia up near the stables and Kevin L continues to address weeds. One of the homeowners reported a heavy growth of weeds along the trail off of Almond.
Corral Area Maintenance: Carol T. reported there is no water in the middle stalls, and a hose bib does not work.
2. Legal Documents: Drafts of the CC&Rs and Bylaws were updated in late June but the attorney was not able to begin review until September; Pat spoke with the attorney and has sent drafts of both documents with proposed changes. On August 2 the draft new Operating Rules and Regulations were sent out for owner review and two concerns over one rule pertaining to signs were expressed verbally by one homeowner and another thru an email to the Board and was read aloud at the meeting. Both homeowners were in attendance and their concerns were discussed and suggestions for clarification were made. The Operating Rules and Regulations will be revised and resent to homeowners on October 6 for an additional thirty (30) day review.
3. CPA Annual Compilation. Joyce Jimenez, CPA indicated that she has received all but two documents from Concord to begin the long overdue report. We hope these requested documents will be provided soon.
4. 2024 (Financial Only) Reserve Study by J.D. Brooks. JD's recommendation for 2024 is to pay a minimum of \$296 per month or \$3,552/year. The Board chose a lesser amount as no large projects are pending for 2024.
5. CCAS Issues. Many report issues have been addressed but errors are still being made.
6. Annual Meeting. November 14, 2023 at 7:00 pm. The President's report will be presented along with a call for volunteers for committees. The agenda will include election of directors. At this time a third director is needed in order to have a full Board; meetings are held every other month at a time convenient for all Board members. (A week after the Board meeting one owner, Connie Howard, agreed to serve on the Board).

7. Homeowner suggestion regarding the common horse stable area. A letter was received a week before this rescheduled meeting providing suggestions for possibly allowing non homeowners to rent a stall and shed in our corral area. This is a complex issue and will require a committee of homeowners to research this possibility and present their findings to the Board.
8. 2024 Budget. Kathie prepared a draft of the budget based on her detailed reports. Information is in item #4 under Financial Business below.
9. CC&R Violations: All dead trees have been removed from two lots.

Financial Business:

1. Treasurer's Report. See items 2 - 4 below.
2. Bank Statements. With the 2022 financial reports package we received in July there were two bank statements for Sept. 2022: one for the closed out account which we received in October 2022, and one for the new account which we didn't receive until July 2023 along with the financial report from Concord. The account balances, credits and debits now track with the records Kevin had been keeping. **Balances for September 30, 2022:** Operating \$23,934.84; Reserve \$31,114.49. **Balances for July 31, 2023** Operating \$14,532.95; Reserve \$33,364.13. Operating income of \$3,561; expenses of \$5,542. The statement noted checks out of sequence because two checks cleared last month. Two reserve payments were made in July: Concord paid in error the September 2022 reserve payment of \$302, but then made the correction to undo that payment so balances are correct. **Balances for August 31, 2023** Operating \$13,670.54; Reserve \$33,506.87. Operating income of \$1,289; expenses of \$2,152. Our operating account balance is the lowest it has been in many years due to large legal and weed abatement expenses plus 6 owners owe about \$1,223 for second quarter assessments and 8 owe about \$1,632 for third quarter assessments. They now also owe late fee and collection charges. One owner has brought his account current. Our cash position will be bolstered in October when fourth quarter assessments and fees are paid. Check #930 was to pay the June and July supplemental expenses less a \$20 credit for the insurance late fee.
3. Financial Reports. July 2023 reports were provided August 21. Kathie's review of the Income Statement (which should be called Income and Expense Statement) finds several discrepancies, some of which are issues that were discussed on the phone with Concord last month but not corrected. One was a typo where an accumulated interest payment was recorded as over \$8,000 not \$22. K feels the reports are not in any condition to be posted to the website and she will continue to provide her own reports of expenses against budget. August 2023 report was provided on Sept. 11. A few problems have been corrected but we're not there yet. Interest income for reserves is still wrong; should be closer to \$184 not \$8,335. For some reason insurance expense is noted as a monthly expense even though it was paid as a lump sum in June. Expenses line item 8140 water should include figures from item 8420 (corral). Item 8290 common area supplies should include figures from item 8620 (misc landscape). Once September 2023 bank statements are provided in early October Kathie will prepare a year-to-date expenses vs. budget spread sheet thru third quarter for review and posting. **Amendment of November 7: Kathie had prepared and submitted a previous Financial Report for January – June 2023 Budget vs Actual that was not posted to the website; this has now been rectified and the report is available in the Resources Folder: 2023 Financials at orehoa.org.**
4. 2024 Budget. Based on the financial reports provided by Concord and conversation with their staff member, Kathie has altered some of our GL numbers to align with theirs and has re-ordered the list accordingly. Looking at anticipated expenses by end of 2023, we will be over budget by about \$10,117 (less if we have no more trees fall), or 30% of budget. This extra expense will reduce our Operating account balance. We cannot sustain such an over-expenditure next year so budget numbers and assessments will need to increase. Inflation has slowed so Kathie anticipates leaving some line items unchanged, reducing some items and increasing a few line items by 3% over '23 budget or over '23 expense (legal, insurance, reserve study and Harrison charges). However, other expenses will need to increase substantially over this year's

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budget. Since expenses for weed abatement jumped considerably this year the new budget will be close to that actual expense as we anticipate another heavy rain season; an increase of 66% over current budget.

We also will have website expenses in 2024, namely renewal of domain name and renewal of website vendor; an increase of 67% over current budget. To help offset these increases we will contribute less than recommended to the Reserve fund. If we contribute \$120 per month the annual shortfall will be \$2,112, although interest income will add \$240; next year's report will likely show we are less than 70% funded. Corral expenses are minimal with only one horse so fees for stall and shed rental are likely to remain the same, \$150 per quarter for one stall & one shed. Kathie proposes an annual budget of \$36,960. The monthly assessment for each owner would be \$77, or \$231 per quarter, just over a 13% increase over the current assessment. After discussion the Board agreed further increase the budget for insurance and legal fees. If we are able to reduce our management fees, our total budget would not increase as much; thus the assessment increase would be less. The goal is to increase monthly assessment to \$75 per month or \$225 per quarter, a 10% increase over 2023. The annual budget would be \$36,000 per year. K will finalize the numbers and the Board will approve the budget and assessments/fees at its early November meeting, in time for the figures to be included in the Annual Report that will be sent to all owners.

Respectfully submitted,

OREHOA Board of Directors