

**SOUTH BAY COMMUNITY ASSOCIATION
FINANCE COMMITTEE
JUNE 8, 2021
FINAL MINUTES**

1. Call to Order at 1:00PM
2. Determination of Quorum
Quorum established. Committee members present: Darrow, Jurca, Knodle, Quail, Spagle. Also in attendance: President Clark and GM Torres.
3. Approve Agenda
No changes to the agenda.
Motion to approved by Jurca, 2nd by Knodle
Carried 5/0
4. Approve Meeting Minutes of May 11, 2021
Correct item 5.e. 3 - delete "2nd by___".
Motion to approved corrected minutes by Jurca, 2nd by Knodle
Carried 5/0
5. New/Recurring Business
 - a. May Treasurer's Report
No issues raised, other than correct one misspelling.
Motion to accept by Knodle, 2nd by Jurca
Carried 5/0
 - b. Financials: Current Month and YTD
Balance Sheet:
Source of Kitsap Loan guarantee CD: matured CD Sound Bank, CARES refund, Special Assessment Reserve Account
HVAC loan funds available (as of 5/31): \$60,085.30
Special Assessment Reserve Fund: Total fund is Balance Sheet amount of \$9,060.15 plus \$51,370.14 that was transferred to the Kitsap Bank CD that guarantees the HVAC loan there.
Income and Expense Report:
Total income down about \$40,000: \$24,000 for the 3rd quarter dues reduction and balance loss of outside rental income.
Accounting Fees: No problem with the dollar amount but Duane Anderson, who has historically performed our reviews and prepared Federal tax return, is retiring at the end of the calendar year. Do we have a replacement? No at this time. Torres and Spagle will pursue finding a suitable replacement.
Tennis Courts: Awaiting 1) a vendor proposal to determine the cost to bring stair rails up to county code; 2) response from PLA regarding limiting use to SBCA members and accompanying guests; 3) decision of Board re: re-opening.

c. Transfer of surplus funds to Reserves

Deposits at both Sound Community Bank and Kitsap Bank exceed FDIC insurance limits. At the May 13 Board of Directors meeting the Board approved transferring \$175,000 of surplus funds, currently in the operations Money Market account at Sound Bank, to Reserves. A new account will be opened at 1st Security Bank in Port Hadlock upon approval by the Board at the June 10 Board Meeting, and funds transferred to that account. Additionally, another account will be opened at Sound Bank and \$150,000 of the surplus funds transferred into that account..

d. May GM Budget Report

Special assessments unpaid is approximately \$1,300 exclusive of the seriously delinquent that the GM has been working to resolve. Liens have been filed where appropriate.

The *Capital Improvement Fund* continues to grow as we make our monthly deposit of \$1,000.

Reserves are about \$313,000 exclusive of the surplus to be transferred to Reserves.

Surplus continues to grow due to closure at about \$10,000 per month, and there is an additional \$90,000 surplus from prior periods with an estimate of total surplus at the close of this FY of \$231,000.

Delinquencies - progress is being made on collection of some of the larger delinquent accounts. There are 6 members who are 3-4 quarters delinquent, and all have received correspondence asking they contact the GM to resolve, with two responses. There are 13 members who are 2 quarters delinquent including 4 Associate Members, and 66 members with current period due, with expectation most/all will pay by the end of June. As noted above the GM continues working to resolve the seriously delinquent accounts and has had some success in collecting partial payments.

No additional Associate Members were lost in May (11 total losses this FY).

Five home sales by PLA have resulted in Capital Contributions exceeding budget (zero were anticipated). Total this FY: \$12,258.

e. Reviews: Bill Dennis & Ed Knodle

Payment Review for March 2021 found no exceptions.

6. Old Business

HVAC/Lighting Project update:

Both the HVAC and electrical contractors are on site finishing up work on the system. It is anticipated work will be completed and the system fully operative by Friday, June 11. Priority was given to the fitness area to ensure its timely completion .

Draft Budget status:

As the May 13 Board meeting was concluding Gov Inslee announced the State would be "opening" July 1 with few covid restrictions after that date. This necessitated re-working the draft budget, to reflect full opening July 1 with

minor changes to the original draft budget in the line items income (rental revenue), Payroll, Utilities, Professional fees, Reserves. This re-worked budget was shared with the Board at the June 3 Special Board meeting, and tentatively approved pending Board approval of the entire packet for the Annual meeting July 28.

The Finance Committee members present had, after some questions, no suggestions/edits regarding that draft budget shared with the Board prior to the June 3 Board meeting.

7. Reserves – status of current year authorizations/expenditures

During May Reserve expenditures totaled \$7,877.22, paid to Resound Energy as the final payment for the lighting project.

8. Finance Issues from Facilities Committee Meeting

Facilities focused on the Club re-opening and Tennis Court issues.

9. Comments

None

10. Adjourn

The meeting adjourned at 2:25PM.

The next Finance Committee: July 6, 2021, at 1:00PM.