



## THE KNOLLS PROPERTY OWNERS ASSOCIATION

### AUGUST FINANCIAL PLANNING MEETING MINUTES

Monday, August 4, 2025 | 4:00 PM

Location: Home of Blake and Whitney Fentress  
318 East Highline Drive, The Knolls

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#### 11. Call to Order and Roll Call

The meeting was called to order at 4:00 PM by President **Mark Pelley**.

##### **Board Members Present:**

- Mark Pelley, President
- Stewart Osgood, Treasurer
- Whitney Fentress, Secretary
- Marc Van Neuren, Director
- Art Rogers, Director

**Guests:** Bob Hartman and William Rappaport

A quorum was confirmed.

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#### 2. Purpose of Meeting

President Pelley welcomed attendees and noted the session's purpose: to review the Association's current financial position, discuss proposed operational and program funding plans, and adopt the 2025–2026 budget.

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#### 3. Financial Reports & Key Updates

**Arizona Corporate Commission** – The Association is now current with the Arizona Corporate Commission, with accurate officer listings.

**Taxes** – Treasurer Osgood filed the FY2024 returns with the IRS (Form 1120-H) and State of Arizona (Form 120A). Previously tax returns for 2022 and 2023 were not filed. Our accountant did not take exception to the POA filing in 2024 and will keep our filings current moving forward.

**Banking – National Bank of Arizona –**

- Authorized account users: Treasurer Osgood, President Pelley, and Secretary Fentress.
- Transactions under \$1,000 may be signed by the Treasurer; larger transactions require a second signature.
- Goal: minimize checks and use electronic payments.
- Balances: Operating/Checking ~\$10,000; Savings ~\$50,000 (with \$11,500 in refundable deposits payable).
- Plan to invest savings in two staggered 90-day CDs (~3.5% interest) for liquidity. A money market option will also be explored.
- One debit card remains active (in Treasurer's name).

**Accounting – Rim Country Accounting –**

Proposal to expand their role to include monthly bookkeeping, invoicing, and collections follow-up. Annual cost: \$2,400 plus \$550 for tax preparation. Board agreed to proceed for consistency and continuity in financial management.

**Insurance – State Farm –**

- Current coverage includes Directors & Officers and Liability.
- CC&Rs require Fidelity and Property coverage as well.
- New policy to be bound for full compliance (~\$1,500/year).
- Board discussed ensuring contractors are licensed, bonded, and insured, with the POA named as additional insured.

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## **4. Budget Review & Approval**

**Income Sources:** Annual assessments, architectural control fees, and late fees (~\$33,000 total).

**Key Expenses:**

- Accounting and tax preparation
- Legal services
- Administration and meetings
- Sign lighting and erosion control (~\$3,000/year)
- Utilities (street lighting)

**Reserves:** The 2022 Reserve Study recommends \$200,000 in reserves. The Board approved (Art Rogers moved, Whitney Fentress seconded) allocating \$15,000 this year toward reserves.

**Programs Discussed:**

- **Pavement Preservation Program** – \$6,000 allocated.
- **Brush Pickup Program** – Not funded for this year; suggestion for Board members to assist neighbors with hauling brush to the brush pit.

**Collections:** One property with a significantly delinquent balance will be referred to the Association's attorney.

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## **5. Treasurer's Post-Meeting Action Items & Updates (August 6–9, 2025)**

Following the meeting, Treasurer Osgood reported:

- Insurance bound to meet CC&R Article IX requirements.
  - \$25,000 moved into a 90-day CD maturing November 8; second \$25,000 to be invested in late September.
  - Revised invoices with late fees to be sent by September 1 to unpaid owners (14 remain outstanding).
  - Attorney engagement on the delinquent account planned for September.
  - AAC Common Area Committee to meet August 14 to:
    - Plan monument sign refresh
    - Address erosion and street sweeping
    - Inspect and prioritize streets for 2026 crack seal/fog seal work (\$12,000 earmarked)
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## **6. Future Meeting Dates (Tentative)**

- Late October 2025
  - Late January 2026
  - Late April 2026
  - Late June 2026
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## **7. Adjournment**

The open session adjourned at 6:10 PM. The Board then entered executive session to discuss confidential matters.

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### **Minutes respectfully submitted by:**

Whitney Fentress, Secretary – August 10, 2025

### **Attachments:**

- Adopted Budget – 2025–2026

### **Resources:**

- Website: [theknollsstarvalley.com](http://theknollsstarvalley.com)
- Facebook: *The Knolls – Star Valley*

## Attachment – Adopted Budget 2025 – 2026

The Knolls Property Owners Association  
REVISED AND APPROVED BY BOARD 8/4/25  
2025-2026 Budget

Category	Description	Unit	Qty	Amount	Annual Budget	Actual YTD Expenses	Variance	Treasurer Comments/Assumptions
<b>Income</b>								
HOA Dues	Annual dues collected	Lots	83	\$ 360.00	\$ 29,880.00	\$ -	\$ 29,880.00	Assumes 100% collections success.
ACC Review Fees	Assume 2 per year	EA	2	\$ 1,500.00	\$ 3,000.00	\$ -	\$ 3,000.00	Two reviews per year. Conservative.
Other Income	Late fees	LS	1	\$ 300.00	\$ 300.00	\$ -	\$ 300.00	Historical collection rate.
<b>Total Income</b>					\$ 33,180.00	\$ -	\$ 33,180.00	
<b>Expenses</b>								
Accounting fees	Tax preparation, ACC filing, Monthly accounting support	Month	12	\$ 200.00	\$ 2,400.00	\$ -	\$ 2,400.00	Quote from Rim Country Tax.
Tax Preparation Services	State and Federal	EA	2	\$ 550.00	\$ 1,100.00	\$ -	\$ 1,100.00	FY 24 and FY25 Returns.
Legal fees		LS	1	\$ 6,000.00	\$ 6,000.00	\$ -	\$ 6,000.00	Historical projection forward.
Insurance	GL, D&O, Fidelity, P&C	Annual	1	\$ 1,500.00	\$ 1,500.00	\$ -	\$ 1,500.00	Gets us compliant with CC&Rs.
Meeting costs	Room rental, annual picnic	LS	1	\$ 500.00	\$ 500.00	\$ -	\$ 500.00	Historical and conservative.
Administrative	Office supplies, postage, website, filing with ACC (FY24 and FY25, 2 x \$10)	Month	12	\$ 140.00	\$ 1,680.00	\$ -	\$ 1,680.00	Historical projection forward.
Repairs and maintenance (Non-CIP)	Sign, lighting, erosion protection, drainage, street sweeping and clean-up	LS	1	\$ 6,000.00	\$ 6,000.00	\$ -	\$ 6,000.00	Historical projection forward.
Taxes	State and local	LS	1	\$ 400.00	\$ 400.00	\$ -	\$ 400.00	Historical.
Utilities	Electrical	Month	12	\$ 50.00	\$ 600.00	\$ -	\$ 600.00	Historical.
<b>Total Expenses, w/o PPP and w/o Funding Reserve Accounts</b>					\$ 20,180.00	\$ -	\$ 20,180.00	
<b>Net Income, w/o PPP and w/o Funding Reserve Account</b>	Income - Expenses				\$ 13,000.00	\$ -	\$ 13,000.00	
Reserve Funding and Capital Improvements	Pavement Preservation Program and Reserve Funding	LS	1	\$ 13,000.00	\$ 13,000.00	\$ -	\$ 13,000.00	\$6K for Pavement Preservation Program and \$6.5K to build reserve account.
<b>Total Expenses</b>					\$ 33,180.00	\$ -	\$ 33,180.00	
<b>Net Income</b>	Income - Expenses				\$ -	\$ -	\$ -	

Notes as of 8/4/25:

- Balance in checking (Operating Account) is about \$10K.
- Current balance in reserve account is about \$51K. \$11.5K of that is a deposit being held on new construction. Net available is \$40K +/-.
- Current A/R on dues is \$6500.
- Reserve funding goal for 2025-2026 is to add \$13K.
- Total reserve funding goal in June 2026 is \$36K net of construction refund obligations.
- Board educates membership on the need for larger reserve account and raises dues by 10 to 20 percent each year to reach to annual bolster reserves by \$20K per year.
- Goal is to have \$100K in reserves by FY2030.
- Large portion of reserve account can be invested in a 3-month CD at nearly 4% interest.
- Reserve account will be used as a rainy day fund for the POA and will also be used to fund a Pavement Preservation Program to the tune of \$12K every other year (even years only).
- ACC Common Area Committee will PPP projects to be completed in even years and designed around a \$12K budget for crack sealing and pavement coating of common area streets.
- Table below shows a pathway to responsibly growing the reserves with modest dues increases, earning interest off the reserve account, and having a Pavement Preservation Project completed every other year.

Business Year	January Balance	Funding	PPP Draw	CD Interest Income
2025	\$ 40,000.00			\$ 500.00
2026	\$ 44,000.00	\$ 15,000.00	\$ (12,000.00)	\$ 1,000.00
2027	\$ 62,000.00	\$ 17,000.00		\$ 1,000.00
2028	\$ 70,000.00	\$ 19,000.00	\$ (12,000.00)	\$ 1,000.00
2029	\$ 92,000.00	\$ 21,000.00		\$ 1,000.00
2030	\$ 104,000.00	\$ 23,000.00	\$ (12,000.00)	\$ 1,000.00

### Budget Allocation Table

Pavement Preservation Program	\$	6,000.00	18%
Reserve Funding	\$	6,500.00	20%
Standard POA Operations	\$	20,680.00	62%
Total Expenses	\$	33,180.00	100%

### ALLOCATION OF BUDGETED EXPENSES

