

Belfair Acreage Tracts Association

NEWSLETTER – October 2024

Greetings BATA neighbors! We have two important topics to communicate to you all and are looking for your input. Please review this newsletter carefully and consider sending us input or coming to the next monthly meeting. Thank you for your attention.

1. CPA Third Party Audit

A little background: Okay so for the first time, we meet the threshold of the state law requirement to have an external third party audit our financial records. This is because the higher dues assessed in 2024 put our combined assessments over \$50,000. State law RCW 64.38.045 requires that we hire an independent Certified Public Accountant (CPA) to audit our annual financial statements. We'll need to do this in January after we close out the books on 2024. In preparation for this, the Board obtained estimates from CPAs (~ \$15,000). The ones who responded said it would be costly for the size of our account and recommended we don't spend the money. Unfortunately, we are required to proceed unless our Association votes to waive the requirement per state law. The actual wording in RCW 64.38.045 is "The financial statements of associations with annual assessments of \$50,000 or more shall be audited at least annually by an independent certified public accountant, but the audit may be waived if 67 percent of the votes cast by owners, in person or by proxy, at a meeting of the association at which a quorum is present, vote each year to waive the audit."

THEREFORE, we need to call a special meeting of the Association to get your vote on this issue because this is a lot to spend! According to the law, we need a quorum before we can hold and validate the vote either way. Since we are also working on setting the budget for 2025 (next topic), we need to know the Community's decision to finalize the 2025 budget. To that end, we have scheduled the following dates for this SPECIAL MEETING on the CPA Third Party Audit. There are multiple dates because if we do not have a quorum (in person and proxies), we hold another one at which the quorum requirement is 50% of the previous meeting until we have a quorum and then we hold the vote. Here are the meeting dates for this Special Meeting on the CPA Third Party Audit:

- (1) October 13, 2024 – 4:00 pm at Timberland Library – Quorum for this first meeting is 62 tracts
- (2) October 27, 2024 – 4:30 pm at Timberland Library – If meeting is needed, quorum is 31 tracts
- (3) November 10, 2024 – 4:00 pm at Timberland Library – If meeting needed, quorum is 16 tracts
- (4) November 24, 2024 – 4:30 pm at Timberland Library – If meeting needed, quorum is 8 tracts

These meeting dates are set in advance and this is your official notification. Once quorum is achieved and the issue can be voted on, the remaining Special Meeting dates can be canceled. Community members will be notified if meetings are cancelled by signs and posting on the website. As you can see, the October 13th and November 10th meetings are the same days as the monthly regular board meetings. The Special meeting will start at 4:00 where we will record attendance for quorum determination, answer questions on the issue, then hold a vote if we have a quorum. The Special meeting will then adjourn and the regular board meeting will start at the usual time 4:30. We're hoping to get a good turnout at the first meeting because we would like to also get the community's input on the 2025 budget (next topic). We have also included a vote form with this newsletter that you can submit if you would prefer or cannot attend the meeting(s). Please read the form carefully if you choose to use that option.

2. 2025 Budget and Dues setting:

Brace yourselves! It's time to set the budget for next year and that will determine how much our dues are for each property. We know this is a sensitive topic. We all want to get the best bang for our buck with the road but we don't

want to pay too much for our dues. We could really use your input so we know how the majority of the community is thinking, not just a few of our more vocal members. Please review this information and come to the October meeting or send us your feedback. Below are the options we have so far. We welcome your input and ideas.

First some general information. Parts of our budget are “must pay” bills that that recur each year. We are estimating these as the relatively fixed part of the budget based on past levels of expense. The following table shows that portion of the budget with our assumptions. The total of this is then carried to the second table which adds it to the part of the budget that we can be flexible with depending on how much and what type of roadwork we want to do. This first table shows the estimated fixed part of the budget at this time:

Recurring Management Costs	2024	Projected for 2025 (w/ 2% inflation)	Assumptions
Internet/Computer Expenses			
Microsoft Office 365 subscription	\$ 75.94	\$ 77.46	assume inflation increase
Quickbooks Online subscription	\$ 288.35	\$ 294.12	"
Quickbooks Support	\$ 25.00	\$ 25.50	"
GoDaddy Webpage	\$ 25.16	\$ 25.66	"
GoDaddy Domain	\$ 169.00	\$ 172.38	"
Mailing and Office Supplies			
Supplies (paper, etc)	\$ 696.76	\$ 710.70	assume same quantities, inflated prices
Stamps, Certified mailing	\$ 242.00	\$ 246.84	"
PO Box Rental Fee	\$ 216.00	\$ 220.32	assume inflation increase
Legal Fees and Regulatory Requirements			
Collections Attorney	\$ 4,068.47	\$ 4,149.84	assume inflation increase
Legal Attorney	\$ 3,168.00	\$ 3,231.36	"
Lien filings	\$ 1,829.50	\$ 1,829.50	"
mileage to County courthouse	\$ 200.00	\$ 204.00	"
State Fee to renew Non-Profit	\$ 20.00	\$ 20.00	assume no fee change
Insurance	\$ 4,000.00	\$ 4,000.00	estimate as no actual yet
Reserve Study	\$ 800.00	\$ 800.00	assume no change
TOTAL	\$ 15,824.18	\$ 16,007.67	

With this part of the budget as the fixed portion, we then incorporated the total amount into several budget options shown on the next table. The options are based on what we might want to do with the roads and whether we want to raise the dues, keep dues the same or try for a lower amount. Options under consideration are based on recent estimates received from Bear Creek Asphalt. These will be posted on the website so you can see the details.

2025 BUDGET OPTIONS TABLE		Recurring Management Costs (See Recurring Cost table for breakdown.)	CPA third party audit (assume vote to waive or cost comes out of road funds)	Road Maint (gravel, fuel etc for resident repair efforts) * see note 1	Road Improvement contracted projects (discretionary funds)	Total Budget projected 2025 Costs	- Apply funds carried over from 2024 toward projected 2025 costs ** (see note 2)	Remaining projected cost total required from 2025 dues	or total added to account if dues unchanged (assume 70% pay as in 2024)	Dues per property (divide Total by 124 properties)
OPTIONS:										
A	Keep Dues same as 2024, use discretionary funds for CPA audit and rest for pool of funds for whatever Road projects the Board can arrange	\$ 16,007	\$ 15,000	\$ 9,121	\$ 50,657	\$ 90,786	\$ 24,905		\$ 65,881	\$ 759
B	Keep Dues same as 2024, use discretionary funds for whatever Road projects the Board can arrange, assume vote to waive CPA audit	\$ 16,007	\$ -	\$ 9,121	\$ 65,657	\$ 90,786	\$ 24,905		\$ 65,881	\$ 759
C	Prep and apply 2" recycled asphalt to rest of Alderwood ***	\$ 16,007	\$ -	\$ 9,121	\$ 52,530	\$ 77,658	\$ 24,905	\$ 52,754		\$ 425
D	Prep and Pave Lower Alderwood recycled asphalt to concrete blocks at culvert with 2" Hot Mix Asphalt (HMA) ***	\$ 16,007	\$ -	\$ 9,121	\$ 97,582	\$ 122,711	\$ 24,905	\$ 97,806		\$ 789
E	Prep and Pave Alderwood from Baker to stop sign at Rasor with 2" HMA ***	\$ 16,007	\$ -	\$ 9,121	\$ 116,192	\$ 141,321	\$ 24,905	\$ 116,416		\$ 939
F	Prep and apply 2" recycled asphalt from Baker to stop sign at Rasor, Grade S Curves and Grade Rasor ***	\$ 16,007	\$ -	\$ 9,121	\$ 41,837	\$ 66,965	\$ 24,905	\$ 42,061		\$ 339
G	Add 2" more recycled asphalt to lower Alderwood (on top of previous recycled asphalt section) , grade Rasor Rd once ***	\$ 16,007	\$ -	\$ 9,121	\$ 35,535	\$ 60,663	\$ 24,905	\$ 35,759		\$ 288

Notes:

- * 1 Road Maint = Used 2024 actuals for gravel and fuel (\$7,766) inflated plus estimate for snow plow (\$1,200). Did not include tree trimming as 2024 work is supposed to be good for 10 years.
- ** 2 2024 Carryover= To calculate, started with Sept checking balance minus expected bills for tree proj, insurance, one snow plow event. Assume move \$15K back to savings for reserve for 1 grading.
- *** 3 Options A and B keep dues the same and create a pool of funds for later project decisions. Remaining options based on 2024 bid information with 3% inflation added and assume vote to waive CPA audit.

The Options table shows the assumptions and total budget for each option and the resulting dues in each case. The dues calculated is based on dividing the budget by 124 properties if we change the dues. If we go with option A or B and keep the dues the same as this year, we calculated available funds to spend on road projects with the assumption that only 70% of the properties are paid in full as that is where it stands as of the September monthly meeting. Our Treasurer continues to work with our collections attorney to get the non-payers to pay, so we do expect to get more collected but it will take some time to go through the legal process. We recognize that if we change the dues and divide the budget amount by 124, we run the risk of not receiving the full amount for a bid. This is partly why there is a reserve account to carry over funds to cover shortages as the year starts. We also expect to receive some of the back dues owed as the legal collections process moves forward. We don't know the exact amounts of back dues that may come in this next year, so we have to go with what we know. Please send feedback or come to the October meeting if you want to discuss this further or have suggestions.

This is just the first cut at this budget but we have limited time to get your input and vote on the 2025 budget before the December meeting. Please take a look and provide your input by either coming to the October monthly meeting or sending your ideas by email or regular mail.

Couple of other updates:

Road committee is looking into options for the next road improvement efforts. The Board President is in communication with the contractor on the recycled asphalt. We are trying to understand the cause of the wash boarding and possible ways to address it or prevent it on future road improvement projects.

The Bylaws committee is working on developing drafts of all three governance documents with options for the community to weigh in on. It's a complicated process but steady progress is happening.

Please check out the web page for information and minutes of the monthly meetings. Remember that the Board members are doing this work voluntarily. They put in a lot of time away from their families and friends without compensation, so bare that in mind when posting criticisms. The secretary built the sign boards at her own expense and time and only charged the HOA for the poster paper and markers used for the signs attached to the boards. We also try to recycle and reuse materials to save money. The driver who threw a tantrum and threw the sign board in the woods because we asked everyone to drive slowly, was damaging another person's property. Please try to pause before reacting and think about whether what you are doing or saying will have a positive outcome with your neighbors.

The Board thanks you for your attention and input. Stay safe out there!

BATA Contact info:

PO Box 1725
Belfair, WA 98528-1725

WEBSITE: www.bataowners.org

EMAIL: bata.hoa@gmail.com

VOTE RESPONSE FOR CPA THIRD PARTY AUDIT

This form may be filled out and submitted to the Board if you do not plan to attend the special meeting regarding the CPA third party audit. Please read carefully before completing. After completing and signing, return to BATA Board of Directors by one of the following methods:

- handing off to a board member prior to the October 13th meeting
- dropping off at the meeting
- mailing by October 10th to the HOA address: BATA, PO Box 1725, Belfair, WA 98528-1725
- scan or take photo and email as an attachment by October 12th to bata.hoa@gmail.com.

If you have questions and would prefer to attend the meeting and get more information before voting, it is not necessary to mail in your vote as you can vote at the meeting.

Vote for one option and sign below to have your input counted.

☐ NO – I do not want the Belfair Acreage Tracts Association to spend our funds (estimated at \$15,000) to hire a CPA to conduct a third party audit of the 2024 BATA financial records. I am okay with an in-house audit and agree to waive the independent CPA audit requirement.

☐ YES – I do want the Belfair Acreage Tracts Association to spend our funds (estimated at \$15,000) to hire a CPA to conduct an independent audit of the 2024 BATA financial records.

I _____ am an owner of Tract(s) _____
(print name)

and by my signature below, I attest that this is the consensus vote of all joint owners of the above tract(s) and authorize this vote to be counted as a proxy toward a quorum if I/we are not there in person at the special meeting or any follow on meetings convened on this topic for this year until a quorum is attained.

Signed _____ Date _____
(sign here)

Note: If you would also like to provide input regarding the budget and do not plan to attend the October 13th monthly BATA Board meeting, please feel free to write comments on the back of this form, additional paper, or provide input by email. Thank you!