



Rustic Ridge Finance Committee

Meeting Minutes for February 10, 2015

Present: Doug Denise, Carol Ziegenhagen, Bill Young, Roy Martin, Lucy Livingston

The meeting was called to order. Carol started the meeting by reviewing the revised Rustic Ridge Association financial report, including reports of dues received and dues still coming in. She asked for feedback on the revised format. A discussion followed. Suggestion made to highlight when there is an expectation is to be under budget (on revenue) or go over budget (on expenses). Discussion about the reserve fund, also where we are compared to this time last year. Carol agreed to send another reminder regarding dues.

Several suggestions made for further revisions (explanatory notes below, adding a column for remaining balance and/or remaining balance plus forecast.

Bill agrees to work with Carol on further format revisions and come back to the committee with recommendations regarding budget and financial reports format.

Lucy mentions some confusion when information is presented at meetings as to what is left over and carried over from year to year. She suggests need for more clarity regarding amounts listed in the budget for the next year and how they line up with payments still to be made that were budgeted in the prior year.

Carol mentions year-end balance and how the funds designated for the 5 Acre property are included with the reserve fund balance.

Lucy mentions how at the annual meeting there are some bills unpaid for work already done and how that figures into the budget being presented for the upcoming year.

Carol mentions that the report contains comments to describe these things.

Bill identifies two issues: 1. Itemization of year to year expenses; something generally captured in that period and 2. Balances, such as the reserve fund and what remains at year-end in the reserve account.

Reserve Fund/Reserve Account Discussion:

There was a rather lengthy discussion about the reserve fund; how it has functioned and how it will or could function in the future once dues are increased next year (as we voted for at the 2014 Annual Meeting) to cover anticipated annual expenses.

Points and/or suggestions made in this discussion:

We don't have a reserve account; something usually used for emergencies, unplanned expenses.

Identify amount in reserve fund in our annual reporting

Need to present roads budget clearly; separating one year from the next

Comments about the roads, how budgets are developed, how this has been connected with the reserve fund

Need to define and agree upon reserve fund purpose and reserve fund goal

Suggestion to distinguish road maintenance costs from road improvement costs and

Possible to list road improvements as a possible use for the reserve fund

Another idea suggested was for a reserve fund to be for unanticipated emergencies

Bill and Roy get volunteered to craft language to describe reserve fund uses and dollar goal for the fund.

There was some discussion about things we worry about that would adversely impact our expenses and budget.

Comment is that we have D&O insurance, not liability policy. And the issue is a board issue not a finance committee issue.

Roy suggests having a Google document for us to share ideas. Doug says he will draft something and send to Roy (Ed. Note: later discussion seems to have superseded this idea.)

Lucy asks what considerations should inform the goal for a reserve fund.

It was then suggested and agreed that it would be better to delay establishing a new purpose for the reserve fund until after this coming year; a year in which we are transitioning to higher dues so that members would not routinely be asked to contribute to a 'reserve' fund whose purpose was to pay routine annual (road) expenses.

A discussion followed to clarify how the reserve fund has functioned in the past. It was suggested that our end of year cash balance (@\$14K) is, in effect, a decision about our reserve fund balance.

If there was a line item that identified a reserve fund, we could 'budget' for that amount which would amount to that year's goal to increase our reserves from whatever the amount was at the beginning of the year; that this could be done through a solicitation for the reserve rather than an increase in dues.

Several people suggested ideas about how to look at and think about our cash balances and reserve fund; also, in what circumstances we might use the reserve fund, how we might increase its level and how best to present this information in financial reports.

Bill agreed to work with Carol on presentation of this information including description of the reserve fund and how it fits with description of revenue and expenses in our budget; how things are labeled.

Carol suggests moving \$10,000 in to the money market account and calling it a reserve account and leaving the balance of \$4,000 in the checking account as this would make it look like a reserve account.

Roy asks - and it is agreed - we have a plan to move (assign) the wording of the reserve account to one group and for another group to work on the purposes of the reserve account.

Doug notes we didn't get to the standardization of billing and records from contractors. Carol said she is already doing this; scanning bills in and keeping records in her computer as much as she can do that; that the only person not captured this way is Steve Severance for whom she writes what is being paid for on the check; offers to use a form. Lucy says this is not necessary as detailed records are now being kept. Need itemized records for those doing work on roads. The objective is to have payment records detailed sufficiently to be able to determine what sections were repaired and/or improved.

Bill will send Carol some ideas in regard to financial reporting.

Doug says standardization of bills is pretty well handled, that changes discussed about organization of the budget will help with presentation of the information; that the roads budget still needs work and he will be in touch with one or more committee members to help with this.

On planned giving, Doug asks for someone to talk about this. Roy suggests need to set up a foundation, a separate organization, an entity with an advisory role, in a different tax category and with a different purpose than the Association. The next step is for Roy to investigate further and to discuss with Doug.

Timetable for progress on issues discussed is within the next month or so. Bill will work to get some ideas to Carol who will be traveling mid-February to mid-March. Next committee meeting/call tentatively set for early to mid April.

Meeting is adjourned.