

FERN FOREST COMMUNITY ASSOCIATION - JUNE 30, 2014 REPORT

1) Total Man hours expended by DPS - June 2014 - 262 Hours

2) Bank - Checking Account Notes:

- a. Last Reconciliation on record 09/30/2012
- b. We have brought the reconciliation up to date thru 05/31/2014.
(June 2014 statement not yet available from bank)
- c. There are 122 unidentified checks drawn for the years 2012, 2013 and 2014 that were not recorded on the books. We have listed these items on the financial report as "Unidentified" until we can retrieve copies of the check from the bank. I believe there is a fee of \$2 per check.
- d. We were unable to trace it from the invoices on file since there are no identifying check numbers or dates recorded on the invoices, especially payments to the "Road Workers." Majority of the invoices have no month, day or year shown on the invoice, making it impossible to trace the payment to the invoices on file.
- e. It would be impossible to complete the 2012 and 2013 tax returns until we get the copies of the checks from the bank. Even then, the posting will not be accurate since there is no way we can get the distribution to the proper general ledger accounts. Also, no 1099's can be prepared without completing the posting to the bank.
- f. Our company normally visits 4 banks daily to do banking transactions as a service to our clients. We have added Big Island Federal Credit Union to the list to service FFCA's banking needs.

3) Accounts Receivable/Owners Payments.

- a. There is a negative \$76,000 shown on the Balance Sheet as "Undeposited Funds." From what we could gather through our research, these are funds that were deposited into the bank, but not recorded to the individual owners accounts. It will remain there until we either get information from owners that claim they had paid, but did not receive a credit to their account.

We can only correct the above after an owner complains and we request that they submit a cancelled check as proof of payment.

The fallacy to the prior procedure was that when they received a payment, they wrote the TMK number, amount and check number on a sheet of paper, and made the deposits. At a later date at their convenience they went back to record the payments. Reviewing some of the sheets, there were a lot of missing information. There was no way of tracing the date of the entry into the owners record to the date of the deposits.

The procedure now is a cross reference and double check of the daily deposit total to the daily cash report sheet that list all receipts that are entered directly into the computer system. When entering a receipt from an owner, the system will show the account number that is crossed referenced by the owners name. This eliminates postings to wrong accounts.

- b. 339 accounts were rebilled due to address or posting errors. In addition to the 339 there were 590 follow up statements mailed. 12 Owners need to be researched for address errors on FCCA's records and the Real Property Tax Office's records.
- c. 282 payments were received after making contacts with owners regarding undeposited stale dated checks and lost checks not previously credited to the owners accounts.
- d. We have made contact with all the major escrow companies and are doing followups on stale dated checks found un deposited and escrow checks that have cleared the bank but were not recorded on the owner's accounts. In these cases, the prior owners were still listed and the new owners were not billed for the current road maintenance fees. Upon finding the discrepancies, the new owners are billed.

We have submitted 3 Release of Liens with escrow for owners accounts that were paid in full but liens still remained with the Bureau of Conveyances. The cost of the Lien Release will be absorbed by the Owners.

- e. We visited with the County Real Property Tax office to go over procedures on property foreclosure sales. There were 8 foreclosure sales on file in January 2014 that needed to be addressed. We will need to prepare tax liens to support our position in collecting the road fees from the remaining proceeds of the foreclosure sales. We have submitted the documentation to the Real Property Tax office but will need to follow up and execute the tax liens.
- f. There are approximately 150 accounts with discrepancies that can address on when we have a complaint from an owner and 17 payments that were deposited and posted to unknown accounts.

PLEASE NOTE THAT ALL FEES RELATING TO EXECUTING LIENS, RELEASE OF LIENS AND PROCESSING FORECLOSURE SALES WILL BE PASSED ON TO THE DELINQUENT LAND OWNER. THE COST IS ESTIMATED TO BE \$75 PER TRANSACTION.

- g. It is recommended that no accounts be turned over for collection. From prior experience, if the delinquent owners do not pay their real property taxes, they will not pay their road maintenance fees.

It would be best if we do a review of these delinquent owners and begin the process of executing liens, so that we are prepared when the Real Property Tax office executes a foreclosure. We found some liens in the office folders that were not properly executed and resubmitted for collection so FFCA was unable to collect the fees from the land sale.

4) 2015 Mandatory Road Maintenance Fees

- a. It is recommended that the Road Maintenance Fees for 2015 be changed from the present \$110 so as not to cause confusion when making collections for the years 2014 and 2015.

FFCA Agenda for June General Meeting

Next Meeting: 6pm, Wednesday July 2, 2014, Mountain View Elementary School.

Next Agenda Meeting: 6pm, Friday July 25, 2014, FFCA Office.

Business:

Read and approve May Minutes

Read Treasurer's Report

Board Member Resignation

Signer on BIFCU account, FFCA will need to reestablish acct.

Position to remain vacant until elections

Authorize \$10,000 for gravel

Authorize transfer of funds to debit account

Authorize holding monies in reserve for surfacing roads

Website update: ffcahawaii.com

Road's Report