

Buckskin Heights Road Association 2018 Annual Meeting Minutes

Sunday, August 19, 2018 • 3pm
MaryAnne Long's Garage, 8220 Gray Squirrel Ct

ATTENDANCE

Road Association Board Members Present: Airn Hartwig, Vice President; Sue Weber, Secretary; David Gaudio, Treasurer; Paul Hesson and Kevin Stewart, At Large
Road Association Board Members Absent: Darin Johnson, President
Road Association Members Present: 17 properties were represented.

CALL TO ORDER

The meeting was called to order at 3:05 pm by Treasurer David Gaudio; Vice President Airn Hartwig arrived soon thereafter.

Secretary Sue Weber recorded property owners who were in attendance. At the beginning of the meeting, 17 properties were represented, exceeding the minimum of 10 properties necessary for a quorum.

AGENDA

- A. Call to Order; welcome; attendance; review agenda
- B. Review of the Board-approved 2017 Annual Meeting Minutes
- C. Treasurer's Report
- D. Road Report
 - Work done to date
 - Future work to be done
- E. Fire Committee Report – Updates on Community Water Tank Project & *BigTent* Emergency Communication System Replacement
- F. Open floor for additional BHRA-related items
- G. Nomination and election of BHRA board members
- H. Set date for next year's meeting
- I. Adjourn

REVIEW OF MINUTES

The Association members were asked if there were any questions or concerns with the 2017 Annual Meeting Minutes. None were noted.

TREASURER'S REPORT

1. The Treasurer's Report for FY2017 (attached) was independently audited by Association members Linda Bilsing and Allan Heese. A copy of the report was provided to all members in attendance.
 - A. The auditors provided a qualified opinion, stating that the financial statements presented fairly, in all material respects, financial position, results of operations, and cash flows in conformity with generally accepted accounting principles, with an exception. The auditors did not have sufficient appropriate audit evidence supporting the expenditures for grading, materials, and trucking. This information has historically been provided by

the Vice President's written road report(s) showing dates of grading, type of material application and location; as well as load tickets showing date, net weight, type of materials and number of loads for each application of materials.

- B. Airn Hartwig pointed out that a written summary of expected work is in the minutes of each Board meeting. Linda Bilsing pointed out that we are invoiced for actual work done, not what is discussed at the meeting, and actual work often differs from what was discussed. The minutes in any case typically do not have the detail – locations, dates, amounts – necessary to verify the invoices.
2. Treasurer David Gaudio reviewed the Annual Meeting Budget Update, dated August 19, 2018 (attached). Less pending expenses, approximately \$12,500 remains to be budgeted for 2018 road maintenance. There was about \$5,000 carryover from last year plus non-dues donations from residents, so we will spend in 2018 more than we take in. 64 of 67 properties are current on their annual dues.
 3. A motion was made by Paul Hesson to approve the Auditor's and Treasurer's reports. The motion was seconded and approved.

ROAD REPORT

WORK DONE TO DATE:

4. Vice President Airn Hartwig reported that early this spring the Board had consulted Jim Frick, supervisor of dirt road work for Larimer County, about the best way to maintain our roads. His major suggestion that we could afford was to prioritize reshaping of the road to increase pitch and clean ditches. His preferred engineered road base material (with dust suppression, rolling and watering) is too expensive for our regular use – the county spends about \$13,000/mile/year on road maintenance; we have about \$2,000/mile/year to spend. Jim Frick also recommended that we lower our speed limit to 15 mph.
5. Airn Hartwig and Darin Johnson also consulted Justin Foster before work began this spring. (Justin Foster lives on and maintains Whale Rock Rd, where he uses recycled asphalt almost exclusively). He was able to bring up smaller equipment like a skid steer in addition to the motor grader for the 10 days in May that he spent reshaping lower Otter Rd and many of the interior roads as well. Crushed concrete was spread at the time on several of the interior roads, including Raccoon and upper Otter Rd, supplemented by a donation from an Otter Rd resident. Wolverine Ct had some crushed concrete applied also.
6. At the end of July, crushed concrete was spread on several locations on lower Otter between the electronic gate and the lower cattle gate. In addition, Woodchuck residents added significant funding to spread 12 loads (7 BHRA, 5 residents) of recycled asphalt on Woodchuck Dr.

FUTURE ROAD WORK TO BE DONE:

7. Vice President Hartwig reported that BHRA will be purchasing and spreading 5-10 loads of recycled asphalt that is to be milled off the Buckhorn Church parking lot in the village. The majority of these materials will be spread on the bottom 1.5 miles of Otter Rd. The timing of this work is dependent on when Coulson can fit it into their major work on Hwy 34.
8. There will likely be two additional gradings before December.

ROAD DISCUSSION:

9. Airn Hartwig pointed out that engineered road base (which is the material Jim Frick with the county uses) is about twice as expensive as recycled asphalt and crushed concrete, which are similar in price at about \$11-12/ton.
10. Max McGowan emphasized the need to (A) provide exits for drainage through the berm built up on the sides of many of our roads; (B) continue to patch the good recycled asphalt surfaces we still have in a timely fashion to maintain them; and (C) use crushed concrete only in areas that get soft or muddy because it rolls too much.
11. Bob Faris emphasized that while recycled asphalt does need patching after some years, we save money in the long term because it does not require monthly gradings as do other areas. He referred to areas where recycled asphalt was applied and is still holding up well, and also the area on lower Otter that was patched this summer.
12. Andrew Michler raised concerns about ignoring what we've learned in past years and urged the board to consider what has worked best (recycled asphalt), and not worked as well (road base, gravel, dirt and perhaps crushed concrete, depending on how it holds up in future years).
13. Other questions and concerns about the road, road materials, and location of future work were raised by members in attendance.

FIRE COMMITTEE REPORT:

14. Allan Heese was thanked for his leadership in completing the 2,800 gal water tank project.
15. Sue Weber reported that Paul Hesson, she and others were reviewing alternative software/online options to replace *BigTent* as our emergency communications system.

OPEN FLOOR FOR ADDITIONAL BHRA-RELATED ITEMS: The bear that has broken into at least 5 homes and other buildings this summer has not been captured. All residents should be careful to store food and trash in bear-proof locations.

NOMINATION AND ELECTION OF BHRA BOARD MEMBERS

16. The following members were nominated and elected unanimously to fill the three vacant Board positions available: Alan Heese and Luke McOmie to an initial 2-year term and Sue Weber to a second 2-year term.
17. The six-member BHRA Board of Directors for 2018-19 will thus consist of David Gaudio, Allan Heese, Paul Hesson, Darin Johnson, Luke McOmie and Sue Weber. The Board, as per the Bylaws, will meet within 30 days to elect officers from among their members.

DATE FOR NEXT YEAR'S ANNUAL MEETING: The 2019 BHRA Annual Meeting will be held on Friday, August 23, 2019, at 7pm at a location to be determined.

ADJOURN

Vice President Airn Hartwig moved to adjourn the meeting at 4:35pm. The motion was seconded and approved.

Respectfully submitted,
Suzanne Weber, Secretary
Buckskin Heights Road Association

EXPENSE/INCOME SUMMARY

NOTES

A	B	C	D	E	F	G		
Category	2016 Actual	2017 Approved Budget	2017 Actual To Date	Owed Not Paid	2017 Expenses Incurred	2017 Budget Remaining (Budget-Actual)	2017 Projected Expenses & Income	2017 Projected Total Expense & Income
Bank Fees	\$6	\$10	\$6		\$6	\$4	\$0	\$6
Emergency Expenses (Snow)	\$1,200	\$0	\$300		\$300	(\$300)	\$0	\$300
Gate Maintenance	\$374	\$150	\$1,030		\$1,030	(\$880)	\$0	\$1,030
Grader Operator	\$7,860	\$10,000	\$10,263		\$10,263	(\$263)	\$0	\$10,263
Grant Expense	\$9,915	\$0	\$0		\$0	\$0	\$0	\$0
Insurance	\$1,155	\$1,200	\$1,311		\$1,311	(\$111)	\$0	\$1,311
Legal/Financial	\$22	\$50	\$86		\$86	(\$36)	\$0	\$86
Mailings	\$82	\$100	\$140		\$140	(\$40)	\$0	\$140
Miscellaneous	\$0	\$0	\$0		\$0	\$0	\$0	\$0
Road Base	\$15,647	\$15,000	\$8,185		\$8,185	\$6,815	\$0	\$8,185
Homeowner Road Base	\$2,095	\$0	\$0		\$0	\$0	\$0	\$0
Signs & Culverts	\$0	\$0	\$0		\$0	\$0	\$0	\$0
Supplies	\$0	\$100	\$234		\$234	(\$134)	\$0	\$234
Other (Fire Mitigation)	\$0	\$0	\$60		\$60	(\$60)	\$0	\$60
Expense Subtotal	\$38,356	\$26,610	\$21,615	\$0	\$21,615	\$4,995	\$0	\$21,615
Dues & Late Fees	\$22,990	\$23,100	\$23,665		\$23,665	(\$665)	\$0	\$23,665
Emergency Income	\$1,735	\$0	\$0		\$0	\$0	\$0	\$0
Interest	\$2	\$2	\$1		\$1	\$1	\$0	\$1
Grant Income	\$9,915	\$0	\$0		\$0	\$0	\$0	\$0
Remote Control Sales	\$128	\$100	\$48		\$48	\$52	\$0	\$48
Homeowner Road Base	\$2,095	\$0	\$0		\$0	\$0	\$0	\$0
Other (Fire Mitigation)	\$0	\$0	\$60		\$60	(\$60)	\$0	\$60
Income Subtotal	\$36,865	\$23,202	\$23,774	\$0	\$23,774	(\$572)	\$0	\$23,774
Cash Flow Balance	(\$1,491)	(\$3,408)	\$2,160	\$0	\$2,160			\$2,160

Budgeted Grader Operator Expense
TO DO: One motorgrading w/RB below gate

Budgeted Road Base Expense
TO DO: Previous practice: 2017=22.4 15 ton loads Recycled asphalt and @ 49 loads recycled concrete , 2016=53 15 ton loads of recycled asphalt @ \$335, 2015=64, 2013=56, 2012=51, 2011=33, 2010=43, 2009=55

Budgeted Dues Income
Assumes 66 of 67 properties pay \$350 annual dues

Cash Flow Gain/Loss
Our targeted cash flow gain/loss is \$0 each year. However, we can sustain a negative cash flow in 2017 because we carried over almost \$4,000 in unspent 2016 grading/roadbase funds.

ASSET SUMMARY

A	B	C	D	E	F	G
Category	2016 Actual Ending Balance	Budgeted 2017 Ending Balance	2017 Actual To Date Balance			2017 Projected Ending Balance
Checking Balance	\$3,914	\$506	\$6,114			\$6,074
Savings Balance	\$5,001	\$5,001	\$5,002			\$5,001
Total Assets	\$8,915	\$5,507	\$11,116			\$11,074

Budgeted Checking Ending Balance...
...for 2017 is the 2016 ending balance (\$3,914) plus the net projected 2017 cash flow balance. The target (about \$700) should allow about \$50 for January mailings, plus \$150 margin of error and the \$500 minimum deposit to avoid bank

Fiscal Year 2017 Data Respectfully Submitted for Audit by:

David Gaudio
David Gaudio, Treasurer September 2017-Present Date

Suzanne Weber 8/1/18
Suzanne Weber, Secretary September 2017-Present Date
Suzanne Weber, Treasurer September 2016-Sept 2017

Fiscal Year 2017 Data Audited and Approved by:

Linda Biring 7/7/18
Linda Biring, BHRA Resident Date

Allan Heese 7/7/18
Allan Heese, BHRA Resident Date

Qualified, see Audit Report dated July 3, 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Buckskin Heights Road Association
P.O. Box 352, Masonville, CO 80541

Report on the Financial Statements

We have audited the bank statements, check register, Quicken reports, Expense/Income Summary, and Asset Summary of Buckskin Heights Road Association as of December 31, 2017.

BHRA's Board of Directors Responsibility for the Financial Statements

The Board is responsible for the preparation and fair presentation of these statements, and management of them to be free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we perform the audit to obtain reasonable assurance about whether the statements are free of material misstatement.

The procedures we have performed include but are not limited to: 1) reviewing invoices, receipts and deposits of the organization; 2) reviewing the check register, bank statements, and BHRA Property Owner Records, comparing the three for consistency; 3) reviewing expenses for reasonableness as to their use; 4) confirming all bank statements had notations that they had been reviewed; and 5) confirming the beginning and ending cash balance in the checking and savings accounts match the Asset Summary report.

Conduct of Audit

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, specifically those defined by the Association of International Certified Professional Accountants (AICPA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. **An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.** An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Basis for Qualified Opinion

We requested, but were unable to obtain, sufficient appropriate audit evidence supporting the expenditures for grading, materials, and trucking.

- We were unable to verify the invoices for grading in the amount of \$10,263, as there is no supporting documentation about when or where grading occurred.
- We were unable to verify the invoices for materials in the amount of \$3,888, as there is no supporting documentation about how much material was applied.
- We were unable to verify the invoices for trucking in the amount of \$4,297, as there is no supporting documentation about when or where the material was applied.

Note that dates on the invoices do not align with when work was actually done. For example, material was invoiced on June 26, 2017; trucking was invoiced on August 19, 2017; and none of the grading invoices align with either of those dates. Further, there is no documentation showing the Vice President's authorization of these expenditures. Therefore, we have no evidence supporting the invoiced amounts.

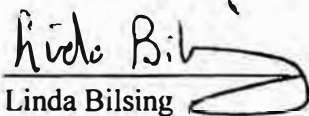
Qualified Opinion

In our opinion, except for the effects of being unable to obtain sufficient appropriate audit evidence supporting the expenditures for grading, materials, and trucking, the financial statements present fairly, in all material respects, financial position, results of operations, and cash flows of Buckskin Heights Road Association as of December 31, 2017 in conformity with generally accepted accounting principles in the United States of America.

Notes

- We determined that emergency snow removal expenditures were authorized without prior approval of the board, contrary to the by-laws (Article II, Section 6).
- In order to provide an unqualified opinion, additional supporting evidence is needed to verify the expenditures for grading, materials, and trucking. This information has historically been provided in the Vice President's Road Report, and includes dates of grading and material application, and general location, e.g., Lower Otter, Upper Otter, Raccoon, etc. Supporting documentation on materials is commonly provided through load tickets from the trucking companies, showing net weight, type of materials, and number of loads.
- A Vice President's Road Report containing information about dates and location of grading, materials and trucking would be considered sufficient for supporting evidence.
- In the absence of a Road Report or authorizing signature on the invoices, we are unable to verify the invoices.

Both Linda Bilsing and Allan Heese are residents of Buckskin Heights Road Association and have performed this audit free of charge.


Linda Bilsing


Allan Heese

July 3, 2018

Buckskin Heights Road Association Annual Meeting Budget Update August 19, 2018

EXPENSE/INCOME SUMMARY as of August 18, 2018

NOTES

A	B	C	D	E	F	G			
Category	2017 Actual	2018 Approved Budget	2018 Actual To Date	Owed Not Paid	2018 Expenses Incurred	2018 Budget Remaining (Budget- Actual)	2018 Projected Remaining Expenses & Income	2018 Projected Total Expense & Income	2018 Expected Over (Under) Budget
Bank Fees	\$6	\$10			\$0	\$10	\$10	\$10	\$0
Emergency Expenses (Snow)	\$300	\$0			\$0	\$0	\$0	\$0	\$0
Gate Maintenance	\$1,030	\$1,000			\$0	\$1,000	\$1,000	\$1,000	\$0
Grader Operator	\$10,263	\$12,000	\$12,784		\$12,784	(\$784)	\$ 5,500.00	\$18,284	\$6,284
Grant Expense	\$0	\$0			\$0	\$0	\$0	\$0	\$0
Insurance	\$1,311	\$1,350			\$0	\$1,350	\$1,350	\$1,350	\$0
Legal/Financial	\$86	\$75	\$10		\$10	\$65	\$65	\$75	\$0
Mailings	\$140	\$150	\$132		\$132	\$18	\$30	\$162	\$12
Miscellaneous	\$0	\$0	\$175		\$175	(\$175)	\$0	\$0	\$0
Road Base	\$8,185	\$17,150	\$8,045		\$8,045	\$9,105	\$ 2,500.00	\$10,545	(\$6,605)
Homeowner Road Base	\$0	\$0	(\$1,684)		(\$1,684)	\$1,684	\$0	(\$1,684)	(\$1,684)
Signs & Culverts	\$0	\$0			\$0	\$0	\$0	\$0	\$0
Supplies	\$234	\$200			\$0	\$200	\$100	\$100	(\$100)
Other (Fire Mitigation)	\$60	\$0			\$0	\$0	\$0	\$0	\$0
Expense Subtotal	\$21,615	\$31,935	\$19,462	\$0	\$19,462	\$12,473	\$10,555	\$30,017	(\$1,918)
Dues & Late Fees	\$23,665	\$26,400	\$26,400		\$26,400	\$0	\$400	\$26,800	\$400
Emergency Income	\$0	\$0			\$0	\$0	\$0	\$0	\$0
Interest	\$1	\$2	\$1		\$1*	\$1	\$1	\$2	(\$0)
Grant Income	\$0	\$0			\$0	\$0	\$0	\$0	\$0
Remote Control Sales	\$48	\$48	\$112		\$112	(\$64)	\$0	\$112	\$64
Homeowner Road Base	\$0	\$0			\$0	\$0	\$0	\$0	\$0
Other (Fire Mitigation)	\$60	\$0			\$0	\$0	\$0	\$0	\$0
Income Subtotal	\$23,774	\$26,450	\$26,513	\$0	\$26,513	(\$63)	\$401	\$26,914	\$464
Cash Flow Balance	\$2,160	(\$5,485)	\$7,051	\$0	\$7,051		(\$10,154)	(\$3,103)	\$2,382

Do 1 day grading following by a material drop

Budgeted Grader Operator Expense
Assumes 0 Gradings by JR @ \$750 each & 8 Gradings by Foster \$1,500. This was the multi day road work.

Budgeted Road Base Expense
Assumes 49 loads @ \$350 per load. Homeowner Road Base is contributions by Woodchuck Residents

Budgeted Dues Income
Assumes 66 of 67 properties pay \$400 annual dues. We are missing 7 property payments. 3 Are promised, 2 Are selling.

Cash Flow Gain/Loss
Our targeted cash flow gain/loss is \$0 each year. However, we can sustain a negative cash flow in 2018 because we carried over \$6,114 cash in 2017 due to underspending on the road funds.

ASSET SUMMARY

A	B	C	D	E	F	G
Category	2017 Actual Ending Balance	Budgeted 2018 Ending Balance	2018 Actual To Date Balance			2018 Projected Ending Balance
Checking Balance	\$6,114	\$629	\$13,164			(\$4,040)
Savings Balance	\$5,002	\$5,004	\$5,003			\$5,004
Total Assets	\$11,116	\$5,633	\$18,167			\$964

Budgeted Checking Ending Balance...
...for 2018 is the 2017 ending balance, \$6,114, plus the net projected 2018 cash flow balance, (\$5,085) for a balance of \$1,029.