



Nine Mile Ranch Home Owners Association

President's Letter April 2023

Dear Lot Owner,

It is hard to believe that the Annual Membership Meeting is approaching quickly, Saturday June 24th at 1pm pacific. This year's meeting will be conducted in person and virtually. Please refer to the web site <https://www.9mileranchhoa.org> closer to the event for details.

The Nine Mile Ranch (9MR) Home Owners Association (HOA) budget has been based on an expected three year rolling average. Though the RCW required reserve funds are not yet in place (see below for more details), the Board of Directors (BoD) is accountable to ensure a contingency reserve fund is available for emergency repairs or other periodic needs eg, watershed erosion, lawsuits, etc. In the past three years there has been an increase in road use, more variability in winter conditions and cost hikes for gravel, fuel, chemical spray, etc. To be able to keep up on needed maintenance, conduct the business of the HOA and replenish the contingency CCR required reserve fund, the board has elected to increase this year's assessment by an additional 10% as per Article IV Section 3 in the Covenants, Conditions and Restrictions (CCRs) <http://9mileranchhoa.org/CCRS/CCRs%20complete.pdf>.

During the original development of the ranch some easements were not properly developed, as outlined in the 2021 Voters Pamphlet <https://www.9mileranchhoa.org/wp-content/uploads/2021/10/2021ELECTIONPAMPHLETFinal.pdf>. This is impacting the ability for a number of lot owners to be able to develop or have year round access. The BoD has the fiduciary responsibility to look for ways to make these Capital Improvements. Funds to resolve these issues are required. A special assessment has been added to this year's ballot to address some of these liabilities. Please see the enclosed ballot information sheet for more details.

I would like to pass along a huge thank you to all the volunteers, committee members and board members who spent many hours of their personal time and donated the use of their personal equipment in dealing with the challenges that arise. I encourage everyone to help yourself and your ranch neighbors by:

- 1) Recognizing and appreciating those who have helped make a difference.
- 2) Looking for opportunities to participate. It does not have to be a big or ongoing commitment. There are a variety of maintenance and administrative needs.
- 3) Attend the Annual Membership Meeting Saturday June 24th at 1pm.

Thanks for caring,

Drew Sawchuk

President - Nine Mile Ranch Home Owners Association



PO Box 332
Oroville, WA 98844
9mileranchhoa.org

May 1, 2023

Enclosed is the annual information that we request all members review and participate in. Most documents herein are legally required to be sent to HOA members as per our governing documents as well as Washington State Law. You will find in this mailing:

- President's Letter
- Board-Adopted budget for 2023-2024
- Budget vs. Actual Report – a comparison of budget to actual for last fiscal year, 2022-2023.
- Notice
- RCW required Reserve Fund statement
- Balance Sheet
- Profit & Loss statement
- Ballot information letter
- Bios of Board of Director candidates
- Ballot
- Ballot return envelope

Please note that our HOA's fiscal year is from June 1st through May 31st.

Board-Adopted Budget

State laws for HOAs are set up in a way that the membership has a right to reject the Board-adopted budget by the majority of the membership in the association. This is why you are receiving this budget prior to the annual meeting.

Comparison: Budget vs Actual Fiscal Year 2022-2023

As you will see in the report, there were overages and underage. To address some of the larger overages:

- Snow Plow Expense: The winter brought a substantial amount of snow and cold temperatures, thus there was more needed plowing.
- Road Gravel: Some of the overage in this category is due to *payment* of gravel in this current fiscal year that was *placed* at the end of the prior current year.
- Erosion Prevention Control: In July there was a tremendous downpour of rain that caused damage. Repairs required a lot of rip rap shale to be placed on road embankments. In some years this kind of typical summer storm yields "emergency repairs", but this manifested more as Erosion Prevention/Control; correspondingly, notice Emergency Repairs underage. More details on this can be found on the website under "Road Reports".
- Capital Improvements: As you will see on the enclosed Ballot, we have several road sections that were not built properly or finished by the developer. The funds spent this year in this category was for repair of one of those road areas. A few members volunteered their time and equipment to do work in this road section. The HOA agreed to accept their offer and finish the area with proper gravel coating. This saved the HOA members approximately \$2,300. These funds spent were not budgeted for. The funds came from the HOA CCR required reserve fund. The enclosed ballot special assessment vote includes reimbursement of those funds spent.

Continue on reverse side

- Road Base Repair: This figure was to repair several dust spots (eroded/submerged road base gravel) that have shown up on our roads. Dust spots have not previously been an issue on our roads but some have shown up and need to be repaired. Being that this is a new issue on our roads it was not budgeted for, and "Road Base Repair" is now an added accounting expense category.
- CCR Legal Case: This figure shows what was spent in this fiscal year over the amount estimated for HOA vs Naysnerski legal suit. More information can be read at the end of this document.

Balance Sheet and Profit & Loss Statement

The enclosed Balance Sheet and Profit & Loss Statement is for this year, through April 30, 2023. Given that our Bylaws and RCWs required that these financials be mailed to the membership a month prior to the year actually ending, the last month of the fiscal year (May 1 through May 31, 2023) is not included in these statements. Year end statements will be posted on the HOA website when the fiscal year ends and is balanced. Please email us at treasurer@9mileranchhoa.org or bod@9mileranchhoa.org with any questions you have.

HOA vs Naysnerski

After years of attempting to create an out-of-court remedy with a Lot Owner regarding their violations of the CCRs, the Board placed a request for a special assessment on the 2021 membership voting ballot for estimated legal costs to pursue the CCR enforcement in court. The members voted in favor of legally pursuing enforcement. The HOA was also seeking collection of fines assessed to this Lot Owner for the violations.

In summary, the court case was filed by the HOA in 2021. The violating member (Mr. Naysnerski) responded stating the CCRs were abandoned. After legal attempts to resolve the dispute failed, a Summary Judgment hearing was scheduled. The court's findings were that the offending Lot Owner indeed violated the CCRs and was ordered to pay all fines and all of our HOA's legal fees. The amount awarded to the HOA was:

- \$39,177.58 Fines and past due assessments
- \$595.90 Filing fees
- **\$20,160.00** Attorney fees
- \$59,933.48

The special assessment funds collected from the membership was \$10,646. The legal fees required was \$20,160. The Board elected to pursue the case and committed funds from the "Legal" budget over several years.

In the end, the HOA won the case. In addition the judge commented that our HOA CCRs are "robust" and that our Fine Policy was "reasonable". The HOA's victory in this case provides legal clarity regarding the validity and effectiveness of the HOA's governing documents and Fine Policy, which ultimately upholds all of our property values.

During this process Mr. Naysnerski moved to another state. This was one of the factors the Board considered when deciding whether to pursue foreclosure on Mr. Naysnerski's Lot/house for the court awarded fees. Other considerations included mortgage owed, conditions of Lot/house, management of a foreclosure, additional legal fees and the HOA eventually owning and needing to sell said Lot/house. After much research and dialog the Board decided it was not in the best interest of the HOA to pursue foreclosure. The HOA has a court-ordered lien filed against the Lot/house. If Mr. Naysnerski sells, or the mortgage company forecloses and sells, the HOA may be able to recoup some of the award depending on the sale price versus the number of outstanding debts.

You can find court documents for this case on the HOA website. The Fine Policy is there as well. Also note that an accounting adjustment was made moving funds from Accounts Receivable and Legal Expense into an asset account on the Balance Sheet called "Court Awarded Fees". This asset account shows the amount the court awarded the HOA.

Comparison: Budget vs Actual Fiscal Year 2022-2023

Nine Mile Ranch HOA

<u>Budgeted Categories</u>	<u>As of April, 2023 Budgeted \$ Amount</u>	<u>Spent YTD</u>	<u>Comparison Budget to Actual</u>
Bank Fees	\$108.00	\$22.00	\$86.00
Quick-books Fee	\$357.00	\$0.00	\$357.00
Website Fees	\$526.00	\$447.00	\$79.00
Office Supplies/Postage	\$2,611.00	\$1,614.00	\$997.00
Corporate License	\$10.00	\$20.00	-\$10.00
PO Box Fee	\$156.00	\$166.00	-\$10.00
Liability Insurance	\$1,351.00	\$1,354.00	-\$3.00
Lien Fees	\$610.00	\$1,018.00	-\$408.00
Attorney Fees/Legal Exp.	\$6,211.00	\$183.00	\$6,028.00
Meeting Expense	\$357.00	\$563.00	-\$206.00
Audit Expense	\$2,749.00	\$0.00	\$2,749.00
Reserve Study Exp.	\$408.00	\$0.00	\$408.00
Tax Return Fee	\$189.00	\$225.00	-\$36.00
Snow Plow Expense	\$20,735.00	\$23,929.00	-\$3,194.00
Sanding Facility Rental	\$800.00	\$0.00	\$800.00
Weed Control	\$13,127.00	\$10,551.00	\$2,576.00
Road Maintenance			
Road Gravel	\$15,188.00	\$20,327.00	-\$5,139.00
Gravel Machining	\$542.00	\$311.00	\$231.00
Raking	\$2,048.00	\$0.00	\$2,048.00
Ditch/Culvert Cleaning	\$5,163.00	\$0.00	\$5,163.00
Other Road Material/Repairs	\$3,131.00	\$0.00	\$3,131.00
Admin. Labor & Materials	\$999.00	\$417.00	\$582.00
Emergency Repairs	\$2,721.00	\$0.00	\$2,721.00
Erosion Prevention/Control	\$1,047.00	\$9,261.00	-\$8,214.00
Roadside/Easement Maintenance	\$178.00	\$439.00	-\$261.00
Road Maintenance Voting Item #3	\$4,960.00	\$4,960.00	\$0.00
CCR Legal Case	\$0.00	\$8,787.00	-\$8,787.00
Capital Improvements	\$572.00	\$2,459.00	-\$1,887.00
Road Base Repair	\$0.00	\$1,799.00	-\$1,799.00
Totals	\$86,854.00	\$88,852.00	-\$1,198.00

Green Highlights are for unforeseen costs that were not included in the 2022/23 budget.

CCR Legal Case shows what was spent in fiscal year 2022/23 beyond collection of special assessment for HOA vs Naysnerski legal costs.

Capital Improvements show unscheduled repairs for needed road area.

Road Base Repair show funds spent on dust spots; new road maintenance item.

Nine Mile Ranch HOA

Adopted Budget for June 1, 2023 through May 31, 2024

Projected Income	Budgeted Amount	Budgeted Categories
Annual Assessments	\$94,612.00	310 Lots x \$305.20
Road Maintenance; voting item #3 (2021)	\$6,405.00	310 Lots x 20.66
Projected Income	\$101,017.00	
Less 4% estimated noncollectable	<u>\$4,040.00</u>	
Total Projected Income	\$96,977.00	
Estimated Expenses		
Bank Fees	\$50.00	
Quick books Fee	\$585.00	
Website Fees	\$108.00	
Office Supplies/Postage	\$2,611.00	
Corporate License	\$20.00	
PO Box Fee	\$166.00	
Liability Insurance	\$1,354.00	
Lien Fees	\$610.00	
Attorney Fees/Legal Exp.	\$6,211.00	
Meeting Expense	\$657.00	
Audit & Tax Preparation Expense	\$2,700.00	
Reserve Study Expense	\$1,075.00	
Snow Plowing/Sanding	\$20,735.00	
Sanding Facility Rental	\$800.00	
Weed Control	\$14,439.00	
Road Maintenance		
Road Gravel	\$18,681.00	
Gravel Machining	\$542.00	
Raking	\$3,420.00	
Ditch/Culvert Cleaning	\$5,163.00	
Other Road Material/Repairs	\$3,131.00	
Admin. Labor & Materials	\$999.00	
Capital Improvements	\$572.00	
Emergency Repairs	\$2,721.00	
Erosion Prevention/Control	\$1,047.00	
Roadside/Easement Maintenance	\$178.00	
Emergency/Savings Deposit	\$1,854.00	
Road Maintenance; voting item #3 (2021)	\$8,092.00	
Gravel/Driveway Culverts	<u>\$98,521.00</u>	
Total Estimated Expenses	\$98,521.00	
Net Income/Loss	-\$1,544.00	



HOMEOWNERS ASSOCIATION

PO Box 332
Oroville, WA 98844
9mileranchhoa.org

NOTICES

ANNUAL MEMBERSHIP MEETING

JUNE 24, 2023

Meeting begins at 1:00 p.m.

Counting of the Ballots begins at 10:00 a.m.

Annual Meeting will be held in person at the Oroville Elementary Library located at 808 Main Street, Oroville, WA. There is an option to attend the meeting via Zoom. All registration information can be found on the HOA website closer to the date of the meeting.

Counting of the Ballots: For those members who would like to witness the counting of the ballots, the counting will take place at America's Restaurant located at 1518 Main Street, Oroville WA. Counting will begin at 10:00 am.

Agenda for the Annual Meeting:

- Announcement of outcome of ballot counting
- Introduction of new Board members
- Ratification of proposed 2022-2023 budget
- Announcement of next Board Meeting
- Open floor for Membership discussion

Important:

Notice:

Per the HOA CCRs, Article IV, Section 3 the Board made the decision to raise the assessment rate 10%. This decision was based on unforeseen increased costs. The primary reason for increased costs is inflation; example being that gravel has increased 45% since 2021. Another reason is the appearance of several dust spots on the roads, this being a new road maintenance expense that the HOA needs funds to repair.

Notice:

Invoicing for fiscal year 2023-24 will be mailed June 1, 2023, due by July 1, 2023. The amount invoiced is based on the passing of ballot measures in 2021 plus a CCR allowed Board approved 10% raise. The annual assessment will be \$325.86.

Notice:

Per Nine Mile Ranch CCRs, Article III, Section 1 a. and the Collection Policy adopted by the Board of Directors: **All past due Lot Owners, and/or those in breach of the CCRs, have their voting privileges suspended until assessments are paid in full, and/or in compliance.** Make your vote count! Pay your past due assessments!



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Reserve Study Statement for 2023/2024 Budget

Our HOA is required by state law RCW64.38 to disclose the following information every year along with the proposed Annual Budget.

RCW64.38 requires our HOA to "...estimate the anticipated major maintenance, repair, and replacement costs..." of maintenance/repair items "...whose infrequent and significant nature make them impractical to be included in an annual budget"; these items are referred to as "reserve components".

We do have some of these "reserve components", which are specific road sections we're aware of that need improvement either now or in the future in order to make sure Lot Owners can reasonably access their Lots year around (see a schedule of these reserve components on the HOA website under "Reports, "MASTER 2021-2022 Reserve Study). In 2021 the membership voted down a special assessment to start collecting long-term funds to pay for these items, and now this year everyone is offered an opportunity to vote for some of them again in the enclosed Ballot. So as of right now there is no funding for "reserve components".

RCW64.38 also requires that every three years (which is this year) we hire an "independent reserve study professional" to create a report identifying all reserve components, their prices, and a 30-year schedule of annual assessment rates needed to pay for them. That professional report is scheduled to happen during May/June, so once it is complete it will be posted to the HOA website.

Nine Mile Ranch Homeowners Association

Balance Sheet As of April 30, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1000 Wells Fargo Checking	28,604.20
1001 Wells Fargo Savings	13,368.40
1002 Wells Fargo CD	34,375.00
Total Bank Accounts	\$76,347.60
Accounts Receivable	
1500 Accounts Receivable	12,529.24
1505 Accounts Receivable - Fines	0.00
1506 Miscellaneous/Reimbursable	2,500.00
Total 1500 Accounts Receivable	15,029.24
Total Accounts Receivable	\$15,029.24
Other Current Assets	
1300 Court Awarded Fees (maybe uncollectable)	59,933.48
Undeposited Funds	0.00
Total Other Current Assets	\$59,933.48
Total Current Assets	\$151,310.32
Fixed Assets	
2000 Poor Boys Grader	18,560.09
2010 Sanding Facility Structure/Cover	985.26
Total Fixed Assets	\$19,545.35
Other Assets	
2005 Accumulated Depreciation	-7,424.00
Total Other Assets	\$ -7,424.00
TOTAL ASSETS	\$163,431.67
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	0.00
Total Accounts Payable	\$0.00
Total Current Liabilities	\$0.00
Total Liabilities	\$0.00
Equity	
1110 Retained Earnings	73,129.31
3000 Opening Bal Equity	78,505.01
Net Income	11,797.35
Total Equity	\$163,431.67
TOTAL LIABILITIES AND EQUITY	\$163,431.67

Nine Mile Ranch Homeowners Association

Profit and Loss

June 2022 - April 2023

	TOTAL
Income	
4000 Annual Assessments	83,910.80
4003 Special Assessment/Additional Road Maintenance	4,960.00
4010 Interest Income (members)	1,153.08
4015 Late Fees Income	585.00
4016 Bounced Check Fees	12.00
4025 Lien Fees Income	1,221.00
Total Income	\$91,841.88
GROSS PROFIT	\$91,841.88
Expenses	
6120 Bank Service Charges	22.00
6125 Office Supplies & Postage	1,614.00
6141 Post Office Box Fee	166.00
6185 Liability Insurance	1,354.00
6230 Licenses and Permits	20.00
6235 Website	446.77
6255 Meeting Expense	563.49
6270 Accounting Fees/Tax Return	225.00
6280 Attorney Fees	183.00
6282 Legal Fees - Special Asses. CCR Enforcement	0.00
6285 Lien Expense	1,017.50
6700 Road Maintenance	
6705 Road Gravel	25,287.06
6706 Gravel Machining	311.07
6725 Admin. Labor & Materials	417.21
6730 Capital Improvements	2,458.50
6736 Road Base Repair	1,798.83
6740 Erosion Prevention/Control	9,260.91
6741 Road side/Easement Maintenance	439.02
6745 Weed Spray	10,550.94
6750 Snow Plowing Labor & Materials	22,195.21
6751 Winter Sanding	1,734.40
Total 6700 Road Maintenance	74,453.15
Total Expenses	\$80,064.91
NET OPERATING INCOME	\$11,776.97
Other Income	
7010 Interest Earned	20.38
Total Other Income	\$20.38
NET OTHER INCOME	\$20.38
NET INCOME	\$11,797.35



PO Box 332, Oroville WA 98844
9mileranchhoa.org

BALLOT INFORMATION

Ballots must be returned no later than June 23, 2023

**It is required that you place your completed ballot in provided return ballot envelope.
Ballot envelope MUST be signed, dated and completely filled out to be valid.**

Election of Board Members

Two Lot Owners have submitted their names for this year's election of Board members. You can vote for more than one candidate.

Audit of Association Financials

Per HOA RCW 64.38.045 (3) "...The financial statements of associations with annual assessments of fifty thousand dollars or more shall be audited at least annually by an independent certified public accountant, **but the audit may be waived if sixty-seven percent of the votes casts by owners....at which a quorum is present, vote each year to waive the audit.**" (bold added.)

In other words, Washington State Law allows HOA members the right to choose whether to spend funds on a yearly audit of their HOA financials. This vote will take place every year. Although the majority of the audit will be looking at our accounting books and practices, it also reviews Board actions including proper disclosure of funds spent, proper meeting minutes, and internal controls. This audit would be regarding one (1) fiscal year: June 1, 2022 through May 31, 2023. The cost of this audit is \$2,700.00 which includes preparation of the HOA tax return.

The last audit conducted was for fiscal year 2020-21. It was determined by the auditors the HOA's standards of accounting practices are "in conformity with accounting principles generally accepted in the United States." The auditors found no irregularities or issues. (Audit report is available on the HOA website)

Special Assessment – One Time \$114.00

Several short road sections in our HOA were originally built by the developer through very challenging/rough terrain; those road section are also therefore exceptionally rough, steep or narrow, etc. Due to the condition of these road sections, the HOA cannot snowplow or rake/grade adequately without destroying equipment. The CCRs are clear that the HOA provides all Lots year round access.

The HOA is legally responsible to proceed with making these road sections maintainable.

The one-time special assessment placed on the ballot this year is for upgrading some of these road sections, those which impact the highest number of Lots and involving the most reasonable upgrade costs. These sections include:

- end of West Corral, Division 7
- End of Mallard Drive, Division 5
- end of Gold Rush Ridge Road, Division 8 (upgrade completed last year)
- end of Blue Grouse, Division 5

A complete breakdown of costs is available on the HOA website; 9mileranchhoa.org; Itemization of Costs for 2023/2024 Special Assessment.

Should the assessment not pass, the Board will have to start setting aside funds from the HOA's basic maintenance budget. This will have an impact on basic care on our roads. The current savings account (CCR required reserve fund) is in place for emergencies and regular fluctuation in road maintenance costs. Using existing CCR reserve funds for upgrading these road sections would put the HOA in position of NOT having adequate CCR reserve funds for emergency situations (one serious weather related washout could deplete the majority of this fund).

Some other proposed road upgrades which are not covered under this special assessment will require more extensive planning and debate to determine the best way to fund and conduct the work needed.

The Board is considering the use of a blog on the HOA website to communicate to members on various topics and allow members to post comments to help identify other potential ballot items. Please keep checking the website for updates.

It cannot be overly expressed the importance that you participate in the HOA voting process. We need a quorum (20% = 62 members voting) of votes to make the voting process valid.

Any questions please contact the Board at bod@9mileranchhoa.org.

Sonya Bachmann

Greetings Nine Mile Ranch Homeowners! I am excited to announce my candidacy for a position on our Board of Directors. My family joined this community in 1994 and have made some progress in our long term goal of building, and living, in this beautiful peaceful part of the country.

I am interested in being involved on our Board, and offer these reasons for consideration. I have always had a hand in Volunteering and Event Coordination. When Volunteering, I have worked alongside people with diverse qualities, interests, and viewpoints. I tend to advocate for people, I am fair and consistent, I understand that our HOA Board of Directors has governing rules, basic operations, and responsibilities.

Attributes that I bring to the table include that I am independent, and self-motivating. I am generally competent, and feel that I am capable of performing, and supporting board duties, projects, and people. I have a background in accounting and understand the importance of fiscal responsibility, evaluating criteria, and making best choices for long term benefit of our Community.

I would appreciate your vote of confidence, I look forward to my newfound and ongoing relationships with my neighbors, both new and established!

My Name is Dan McLelland. My wife Jacqui and I own Lot 29, Div 1.

I am eager to be a part of helping our HOA achieve goals that we all share: protecting our property values by keeping the roads in good repair, ensuring CCR's are upheld and a Board that upholds its fiduciary responsibilities. We all wish to enjoy our wonderful 9Mile Ranch!

I started a therapeutic counselling practice in 1997 that morphed over the years into a full service employment agency. Currently, we have three offices and a staff of 10, serving three towns in the Central Interior of BC. Over the years I have written numerous proposals, financial forecasts and company policy; attended countless meetings with industry and government. We are retired but continue as the company Board of Directors.

I have served terms as a Director for the Vanderhoof Chamber of Commerce and the Community Futures Development Corporation (CFDC).

I hold a Master's of Science degree, Summa Cum Laude, (Psychology), Diploma Counselling Practice and Diploma Counselling Hypnotherapy.



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BALLOT 2023

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Election of Board of Directors

Please place "X" in front of name of the candidate(s) for whom you are voting. You may vote for one or both of the candidates running. Bios of each candidate is enclosed in this mailing.

Position #1: _____ Sonja Bachmann

Position #2: _____ Dan McLelland

Position #3: no candidate submitted

Position #4: no candidate submitted

To Waive, or not, the CPA Audit of Fiscal Year 2022/23

___ Yes, I vote to waive (**to not have**) this year's audit.

___ No, I vote to not waive (**to have**) this year's audit performed.

One-Time Special Assessment: Capital Improvements Road Upgrades \$114.00

___ Yes, I vote for the one-time special assessment for road repairs.

___ No, I do not vote for the one-time special assessment for road repairs.