

ANTHEM VOICE

Anthem Voice
Advisory Board

Volume 2

September 2007

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Special Budget Issue

YOUR DUES ARE GOING UP.....WAY UP!!!

The SCA Board of Directors wants residents to give them an extra \$3,429,120 (a 50% increase) in annual dues over three years, *but the Board still has:*

No hard SCA financial data because RMI changed the accounting system in June

No 5-year financial plan (asked for a year ago by the SCA Finance Committee)

No projections on revenue from a "new" Trumpets Restaurant

No good records on the reserves missing from the developer

No sense of responsibility for lost Trumpets funds, and

No organized records on SCA business performance

Still, here is what they want you to pay!

2007	7,144 units at \$940 =	\$6,715,360
2008	7144 units at \$940 + \$160 =	\$7,858,400
2009	7,144 units at \$940 + \$160 + \$160 =	\$9,001,440
2010	7,144 units at \$940 + \$160 + \$160 + \$160 =	\$10,144,480

See the Newsletter on the Website
www.anthemvoice.org

Express Yourself on the Blog
<http://www.blog.anthemvoice.org/>

Duties of the Finance Committee

SCACAI Finance Committee is composed of resident members of Sun City Anthem, with representation from the Sun City Anthem Community Association Board of Directors, and the office of the Community Association's management firm RMI. The Finance Committee:

Makes recommendations to the Board on matters affecting the financial stability of the organization.

Assists in preparation of an annual SCACAI budget and recommends annual operating and reserve budgets, **including the homeowner assessment.**

Performs reviews of SCACAI Financial Statements at least quarterly.

Reviews the Association's investment program for fund balances and make recommendations.

Reviews reports of audits performed by a CPA as required by law and policy.

Reviews reserve studies performed by qualified external personnel and advises the SCACAI BOD of any recommended adjustments to reserve account funding.

Recommends financial policies, procedures, and processes as needed to reinforce good business practices.

As requested by the BOD, investigates and develops financial policies, procedures, and processes.

As requested by RMI Management, provides assistance and advice with respect to financial policies, procedures, and processes.

Analyzes and advises on expenditure requests and reserve fund appropriations when requested by the SCACAI Board of Directors or SCACAI Management.

Submits written reports to the SCACAI Board of Directors as requested.

The Schedule for 2008 General Budget Meetings (Open to Residents)

September 25, 2007 (Tue) 3:00-5:00pm, Consolidated Budget Review

October 5, 2007 (Fri) 2:00-4:00 pm, Presentation to SCACAI Board of Directors and CAM Staff

October 16, 2007 (Tue) 9:00-11:00 am, Workshop for Presentation with Board of Directors

October 25, 2007 (Thurs) 1:30 p.m. Board of Directors Meeting to adopt 2008 Budget

November 15, 2007 (Thurs) 1:30 p.m. Annual Residents Meeting to Ratify the Budget

“Whether or not a quorum is present, the budget shall automatically become effective unless disapproved at this meeting by persons representing at least 90% of the total votes in the Association.” CC&R, Article 8.1

The Price of SCA's Flabby Governance Bad Collection, Rising Costs and Dues Increases?

With the housing market in a slump, a possible economic downturn for the nation on the horizon, and declining pension income a possibility, this a bad time to propose raising resident homeowner fees. **It is especially bad to raise fees when the reasons for the dues increases are suspect.** Raising fees based on sound financial management and projections makes sense. **Unfortunately, sound financial management analysis does not support the current fee increase request.**

Questions about the financial failures of past and current SCA Boards are popping up everywhere. On August 27th, the **South Valley News** had an article about mismanagement of the Villas funds titled, "No Reason Offered for Increase." The next blast came on September 4th from Ron Johnson, who manages the **SCA View Journal** website. Ron's six page essay, "How Much Does Pulte Owe the Association?" had a laundry list of millions of dollars that may not have been properly transferred to the Association. Then came Board Vice President Bob Frank's open letter to the community, **"Unjustified Board Secrecy and Failures of SCA Boards to Collect Funds From the Developer and From the Trumpets Lessee."** Other people have asked for a projection on revenue that might come in from a restaurant after Trumpets? And then there are possible savings that the RMI management company might be asked to consider.

The Sun City Anthem Community Association Inc. (SCACAI) is a non-profit corporation incorporated on June 17, 1998 in the state of Nevada. The owner of a property lot is a member of the Association. Resident annual fees account for 80% of SCA Association revenue. And with few new homes being built, revenue growth will be flat.

The SCA financial management team that serves the community consists of the board of directors (elected by residents) and officers of the Association, the RMI Management Company and the SCA Finance Committee.

The 22 page management agreement with RMI can be found on the SCA website under documents/contracts: http://www.sca-hoa.org/inside_frame.asp. The Sun City Anthem Community Association decided to contract with RMI (February 1, 2007 to June 31, 2010) for the management and operations of the SCA recreation facilities and maintenance of the common areas. Responsibilities include staffing, financial management, property maintenance, contracts, managing reserve rental agreements, managing office records, paying taxes, and services to residents. The 2007 SCA budget shows the Association paying \$1,715,606 for administration, but there is no precise tabulation available that details all RMI fees, expenditures or expenses. To add to the confusion, RMI has installed a new computer system that changed all accounts in the middle of the budget process. It also mails community fee notices (at considerable SCA expense) to everyone even when the fees have been paid and did all of this with no notice to SCA or the community SCA Finance Committee.

It is time to bring in independent accounting investigators to examine the books and make proposals for a fresh look at community finances. Then, if the only alternative for financial solvency for the community is a resident dues increase, we will have to accept that reality. **Anything short of hard numbers will always be suspect.**

Anthem Voice

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The SCA Finance Committee

Chair, Donald Manning
Vice Chair, E Guy Lalouche
Member, Shirley Cheri
Member, Joseph C De Meo
Member, Jack C. Troia
Member, Everett Haggin
Member, Richard Pendleton
Member, Robert Murphy
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