

RIVIERA HEIGHTS HOMEOWNERS ASSOCIATION
ANNUAL BUDGET REPORT
(Civil Code Section 5300)

After thoughtful review and consideration, the RHHA Board of Directors has approved a Pro Forma Budget for the fiscal year ending June 30, 2022, which it believes is reasonable and prudent to meet the funding needs of the Association. The budget shows estimated revenue and expenses on an accrual basis. A copy of the budget is enclosed for your review.

This year, there are several major expenditures that impact the financial picture for RHHA. As such, after analysis of the RHHA Operating Budget and Annual Reserve Study, the Board has determined that an increase in annual assessments (membership dues) is essential to maintain the financial stability and integrity of the RHHA. The RHHA Reserve Study for the 2021-2022 fiscal year requires an increase in reserve funding for the upcoming years to offset the cost of major expenditures, for marina pier replacement, fire abatement and fuel load reduction. These reserve fund monies will be recovered over time through increased annual reserve fund contributions. Daily operational costs of the HOA have also increased. The assessments (membership dues) have been increased by 10% for the 2021-2022 fiscal year to \$420, an increase of \$38.00 (\$3.17 per month) over the current annual fee of \$382.00.

The Board of Directors does not, at this time, anticipate the need to levy a special assessment for planned expenditures, but reserves the right in accordance with California Civil Code to approve a special assessment for unplanned major expenses, if necessary, in the upcoming fiscal year.

A summary of the Reserve Funding Plan prepared per Section 5565 for major reserve expenditure component repairs and an Executive Summary are also enclosed. The Board has adopted a reserve funding plan as recommended in the Full Reserve Study just completed by Association Reserves for the 2021-2022 fiscal year. RHHA Reserve accounts are funded through a portion of membership dues. Copies of the full reserve study plan are available upon request to RHHA members for a nominal fee.

Major reserve projects completed by fiscal year end June 2021 include the replacement of the destroyed marina pier, float and pilings, erosion repairs of the pier embankment and landing, and erosion repairs of the marina boat ramp. The installation of security cameras at the Marina to protect this asset from future vandalism will also be completed. Fire abatement projects included the development of an expansive shaded fuel break below the RHHA Clubhouse connecting to Marina View Drive, as well as the maintenance of firebreaks and reduction of fire fuel loads on RHHA common area properties behind Westridge Drive and at the Marina. Outstanding legal fees pertaining to on-going civil court proceedings with a RHHA homeowner were paid in installments, with the payment balance due in July 2021.

An Annual Reserve Study of the association's assets as required by law was completed in May 2021 by Association Reserves. Please see additional enclosed information for a rationale of 2020-2021 reserve projects that were deferred this year, including the painting of the Clubhouse Exterior and new CC&R's. Priority projects for 2021-2022 will include Clubhouse exterior painting and repair as well as on-going fire mitigation, including dead tree removal, to reduce the fire fuel load in Riviera Heights.

