

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

The RHHA Board of Directors has approved a Pro Forma Budget for the fiscal year ending June 30, 2024. The budget contains estimated revenue and expenses on an accrual basis. A copy of the budget is enclosed for your review.

The RHHA Board of Directors has approved a minimal increase in the annual assessments (membership dues) for the 2023-2024 fiscal year. This increase will help cover rising daily operational costs such as payroll, utilities, maintenance, fire abatement and annually required reserve funding. Key factors contributing to the dues increase this year include an increase in reserve funding from \$63,432 in this fiscal year to \$72,960 for the fiscal year ending in 2024, which is necessary as costs continue to rise to sustain future repairs and replacements of RHHA assets. In addition, the state increase in minimum wages from \$14.00 to \$15.50 per hour impacts payroll and related taxes. However, this year RHHA was able to recover all legal fees pertaining to a long-running litigation matter. The Association received a settlement of \$90,669.43. Of this settlement, \$28,120 was used to pay the remaining legal fees related to this matter, \$32,500 was transferred to the reserve account to reimburse reserves for prior legal fees paid for this case, and \$30,050 remains in the operating account and will be used to replace deck railings, repair deck posts, sealing of marina parking area and installation fire safe landscaping around the clubhouse. The BOD hopes to complete these projects by the end of the 2022-2023 fiscal year, dependent on vendor availability.

In preparing the 2023-2024 fiscal year budget, the Board has again streamlined and reduced budget expenditures to an estimated 4% increase (this, combined with recovered legal fees, has helped to offset increased expenses). Accordingly, membership assessments (dues) for the upcoming fiscal year will be increased by only \$1.00 per month or a total of \$12.00 per year, to \$447. This increase is \$3.00 less than last year's dues increase.

The Board of Directors currently does not foresee the requirement for a special assessment to cover planned expenditures. However, they retain the authority as permitted by the California Civil Code to approve a special assessment for unexpected significant expenses if they arise during the upcoming fiscal year.

A summary of the Reserve Funding Plan, which outlines major reserve expenditure component repairs, and an Executive Summary are enclosed. The Board has approved the reserve funding plan for the 2023-2024 fiscal year based on the Annual Reserve Study conducted by Association Reserves. RHHA Reserve accounts are funded through a portion of membership dues. Full copies of the reserve study can be obtained by RHHA members upon request for a nominal fee.

The Annual Reserve Study of RHHA's assets was completed in April 2023 following an on-site inspection in March 2023, as required by Davis Stirling. In 2022-2023, the association's reserve fund covered the following projects: painting the clubhouse exterior and deck posts to prevent building wear and tear, on-going fire abatement of RHHA common area properties, and unanticipated expenses that included replacement of the pool fence damaged by a falling tree in winter snow, removal of downed trees on

RHHA common area properties due to snow , repair of marina parking lot due to erosion and replacement of a swimming pool pump. Major reserve expenses for the 2023-2024 fiscal year will include ongoing fire abatement and tree removal on RHHA common area properties, sealing of the marina parking lot and driveway, replacement of swimming pool equipment room gate, and a deck and balcony inspection as required by law.