

Finance Notes & Comments

Saturday, September 25th 2021

Regarding August Financial Reports:

Balance Sheet

Cash for operations through August, shows a total cash on hand of \$214,908. Excluding the allocated funds totaling \$127,462, this leaves cash of \$87,446 in unallocated operating funds. This is a decrease of \$19,298 from the end of July and compares to \$71,602 at the end of August, 2020, an improvement of \$15,444.

The decrease in cash on hand at the end of August is a result of:

- Payment of a significant accounts payable at the end of July.
- Payment of a retainer to a lawyer engaged to defend against a petition to dissolve the GLA initiated by 8 individuals, including three board members (Ladewig, McAlister, Sedlak) and a former president of the GLA (Riley) and their spouses because of board dysfunction.
- Litigation costs in the case against Scariano Holdings for breach of project application documents.

The outstanding retainers for lawyers involved in board litigation total \$17,500. Unused portions of these retainers will be returned to the GLA budget at conclusion of any court proceedings.

Income

The Collections section shows that income is at 94% of budget and at 84% of invoices at the end of August, a slight improvement from results at the end of July. Income has historically been at approximately 90% of invoiced levels. We are currently below this figure, and we will carefully monitor it throughout the remainder of this year.

Throughout August, there were only a small number of assessment payments relating to the July assessment statement mailings. This was offset in part by higher project application fees and by payments on some delinquent accounts triggered by the sale of those properties in the community in the “hot” real estate market.

Expenses

With the exception of snow removal expenses and legal expenses, all other expense categories are currently significantly under budget

Legal expenses continue to mount. Currently, the litigation category is over budget for the year. Leading spending in this category is action on Scariano followed closely by Tempesta. Newly initiated litigation by board directors have resulted in retainers for attorneys against which their future expenses will be billed. These retainers are

reflected in the financials as expenses, though the money in those accounts has not been allocated at this time.

Admin expenses are currently running at 36% of budget. Two major categories dominate the administrative category and are currently substantially under budget:

- Accounting Fees – fees for independent accountant firm Accounting and Tax Solutions, currently at 55% of budget.
- Administrative Assistant – salary and benefits for a paid administrative assistant for the GLA board currently an unfilled position at 0% of budget.

There is some confusion in the budget categories for Insurance – Roads and Common Lands. Historically this category has appeared in both Road Maintenance and Administrative. This bill was just paid (\$7,700) in July and has been reflected in the category under Admin. This will be cleared up with the accountant for reporting of the September accounts.

Total expenses for the year thus far are under budget by \$59,397, principally from the delay of road maintenance and the absence of an administrative assistant. This surplus will be quickly dissipated by road maintenance, which is underway now.

Road Maintenance

Director Dirkers has stepped forward to assume management of road maintenance. With the assistance of Director Dubiel in North Glastonbury and Director Brockett and a landowner in South Glastonbury, roads were surveyed and bids for road maintenance were received from Standish Excavation. The bids for these maintenance activities exceeded the budgeted amounts for both North and South. However, it was clear to the board that this matter was a high priority one to address. As a result, the current budget surplus will be substantially exhausted by this work.

The board knows how important this matter is to the landowners throughout the community. With the completion of this work, it is the sincere hope of the board that all landowners will resume payment of their assessments.

Delinquent Assessments

There are landowners who have long refused to pay their assessments – not associated with any immediate issues of road maintenance. 3 of these landowners owe more than \$10,000, 18 owe more than \$1,000, 12 owe more than \$500, and 52 owe between \$7 and \$500. The total number of delinquent accounts at the end of August (85) is an improvement to the total at the end of July (96), and the total value of those delinquent accounts has decreased, the total (\$108,928) is still outrageously high. The Office of the Treasurer will engage in an aggressive campaign to collect these delinquent fees and will be working with the collections attorney and using liens to enforce landowner compliance.