

# **Sunset Condominiums at Northern Bay Owners Association, Inc 2019 Annual Report**

## **INTRODUCTION**

The purpose for this report is to provide Association owners with an overview of the Association 2019 financial picture and a glimpse into the future. The report will focus on the financial status, management of the Association, and capital projects including the major building repair project.

This report is being provided to the unit owners per the requirements of the Association's Bylaws, Article 9.06. Included in this report is the 2019 Profit & Loss Statement and 2019 Balance Sheet attached documents.

2019 was a busy year at Sunset Condominiums at Northern Bay (SCNB). There are challenges ahead specifically completing the building repair project and replenishing our cash balance, but the Association continues to head in a positive direction. The major focus continues to be on making various upgrades and repairs to the fifteen-year old condo building infrastructure.

## **ASSOCIATION STAFF & MANAGEMENT STRUCTURE**

In March 2019, the Association Board of Directors voted to separate from the management firm -Wisconsin Management Company (WMC) of Madison. The Board strongly felt we were not receiving quality property management as promised & spelled out in our contract. It was a mutual separation. As a result, a restructuring of the office and maintenance staff occurred between April and July of 2019. The Board's restructuring consisted of hiring a full-time general manager and a part-time office assistant and reorganization of the maintenance staff.

In July, the Board hired Beth Bomstein as the full-time Association General Manager. Beth oversees all the budget, personnel, maintenance leadership, and other management issues at SCNB. Also hired was Sheryl Palmer, who performs valuable office (secretarial & bookkeeping) duties. With the hiring of Beth & Sheryl and an outside accounting firm, the Board is confident we have a more efficient and capable management structure.

Besides all the normal daily tasks, routine repairs, and Association projects, the maintenance staff completed over 300 NetFacilities owner requested maintenance jobs in 2019.

It is the commitment of the Board to utilize the wealth of knowledge and experience among its members. The Board emphasizes an ad hoc committee structure to involve owner members with ideas and recommendations on important topics. The Association's Board of Directors maintains the ultimate responsibility for the oversight of the Association's operations.

## **ASSOCIATION FINANCIAL STATUS**

The financial status of the Association is good considering the unavoidable building infrastructure repairs completed in 2019. The 2019 balance sheet statement shows an operating account balance of \$96,610.36. In 2019, the Association had a positive cash flow of \$44,777.17. There were several factors that contributed to the present positive financial picture; most notably, the close review of spending & revenue collections by the Board and new management team (Beth & Sheryl). The profit & loss statement and balance sheet provided in this report are subject to the final end-of-year adjustments from our accounting firm Wolosek & Wolosek.

### **Revenue**

SCNB owners have been faithfully paying their Association monthly fees and currently, there is only 3 unit owners with outstanding monthly dues. As of January 9, 2020, we only have \$2,190.00 in maintenance invoices that are 60 days over due. The Board thanks all the owners for their cooperation as we improve our financial picture.

**Amenity Fee** - The amenity fee assessed to renters has generated \$42,592.17 in 2019. These funds are used to offset the rising cost of utilities, building upkeep and other amenities. In August, the Board voted to increase the amenity fee on renters to 7% beginning in January of 2020.

## 2019 Sunset Condominiums at Northern Bay Annual Report

**Reserve Fund**-As of Dec. 31, 2019, our reserve fund balance is \$105,742.17. These funds include a maintenance reserve fund account of \$55,414.09 and a sewer reserve account of \$50,328.08. The 2020 budget will provide an additional contribute of \$86,016 added to our reserves by December of 2020. Increasing the reserve fund will assist with the financial stability of the Association and help cover unexpected expenses.

**Other Revenue Sources**-the Association staff provided revenue income through owner job orders, VRBO rentals fees, boat slip rentals, trailer parking, & boat lift storage.

**Special Assessment Funds**-The Board assessed a \$6,000 special assessment fee to all owners in 2019. Presently only 2 owners are delinquent on paying their special assessment obligation. The total outstanding amount totals \$3830. The Association has made personal calls, sent written messages and formal letters to these owners, and action to impose an interest penalty and place a lien on a property has begun. Also, the Board voted to impose a special assessment in 2020 of \$6,000 to continue to repair buildings. In 2018 & 2019 we exceeded our special assessment budget by a total of \$153,500. Early 2020 Special Assessment payments of \$177,000 by some owners was used to pay for overages. Any outstanding overages paid from the reserve fund will be replenished with the 2021 special assessment.

**Audit** The Association is planning a full financial audit in 2020 as part of the transition away from Wisconsin Management Company. SCNB has had bi-annual financial reviews in 2014 & 2016 but never a full financial audit.

### 2019 CAPITAL EXPENDITURES SUMMARY

The projects completed in 2019 include: well repair; water softener replacement; staining 7 buildings; landscape to protect against shoreline erosion; roof repairs (buildings 16, 21, 23, & 31); increase WIFI bandwidth; insulate exposed water pipes; and continue the major building repair project.

## PROJECT STATUS

### MAJOR BUILDING REPAIR & REHABILITATION PROJECT

The Association is working with Holtz Builders Inc. (HBI) and General Engineering Company (GEC) to repair & rehabilitate the defective condominium buildings. In April of 2016, the HBI & GEC identified the major cause for the building damage as poorly installed flashing around windows, doors, and behind decks, causing water damage behind the siding and into the condo units. As they inspected each building, they found more structural issues than predicted. In 2019, 7 buildings (1-3 & 28-31) were rehabilitated. A tentative schedule has been developed for 2020. Our goal in 2020 is to repair buildings: 4-12. The schedule may be adjusted due to weather and as discovery and repair occurs. We cannot neglect the buildings and have them fall into disrepair. Our goal is to complete the repairs to all buildings by Nov. 2020. The final phase of the repair project will be to repair roofs & chimney/elevator shaft leaks and stain the final 9 buildings in 2021. As a result, the Board anticipates a final \$2,000 building repair special assessment in 2021.

It is understandable that these repairs have been extremely disruptive, and we empathize with our fellow owners regarding the special assessment costs. The only thing we can do is move forward and work hard together to put this unfortunate negative situation behind us. These corrections will not only protect your financial investment, but the safety and well-being of all our families and guests at Sunset Condominiums.

### FROZEN WATER PIPES

Besides the major building repairs, the Association's other concern is the inadequate building insulation in some areas, causing water pipes to freeze. We foamed exposed infrastructure steel beams and insulated water pipes susceptible to freezing. The major focus is on the unit 4 & 6 laundry room area, which have had chronically frozen pipes. In 2019, Dellwood Plumbing rerouted pipes in 7 buildings (4, 6, 10, 21, 22, 29, 31) targeting the 4 and 6 units to eliminate pipe freezing in those areas. As a result, those corrected had no frozen pipes. Other buildings (14, 12, 9, 3, 11 & 30) with similar problems are planned to be corrected in 2020.

## 2019 Sunset Condominiums at Northern Bay Annual Report

### **POOL AREA**

The pool, hot tub, & kiddie pool have been a very popular destination for owners and guests. Pool pump mechanicals were overhauled and piping replaced in 2018. The drainage pipes under the pool froze and were repaired in 2019. The hot tub is scheduled for repairs in the spring of 2020.

### **BOAT SLIPS AND PERSONAL WATER CRAFT (PWC) DOCKING STATIONS**

The Association has 24 Personal Water Craft (PWC) lifts, 16 Kayak racks and 102 boat slips for annual rental. All marina structures are fully paid for and DNR approved. There are 35 names presently on the boat slip waiting list. Please contact the Association office if you want to be added to the waiting list.

### **GROUNDS**

Shore land buffers around the lagoon and beach area have been implemented and are compliant with current Adams Co. Water and Soil Department and the WI DNR regulations. The project included cutting down some trees on the beach, installing rip-rap stone to stop erosion, and planting a shoreline buffer to help protect from shoreline runoff as well as having a beneficial effect on the future water quality. Upon completion of this project, we can open some access corridors for owners to the beach. The SCNB maintenance staff began planting vegetation and wild flower seeds to improve aesthetics and erosion protection.

Also, there are small projects being planned, such as, replacement shrubbery and adding rock in shrubbery beds as the building repair project progresses. An emphasis will be on proper sprinkler head locations and spray patterns and proactive weed control in the rock beds and on the overall turf management. Please contact the maintenance department if water is directly hitting your building, as these irrigation heads need to be adjusted.

### **OTHER PROJECTS**

Limited projects will occur in 2020 with the continued major emphasis on the building repair project. Additional projects that are currently underway or in the planning stages for 2020 include: painting/staining buildings; telephone land line reductions/changes, internet upgrades, repairs & replacement of reserve water tanks; well pump electrical switch repairs; water softener repairs & replacements; hot tub repairs; and insulate/re-route frozen water pipes.

### **CONCLUSION**

Efforts continue to focus on improving the value and quality of the resort since it opened in 2005. The future looks bright for the Association led by a conscientious and knowledgeable general manager and office assistant, as well as a skillful, hardworking maintenance staff. The Board will continue its focus on maintaining/improving the quality of the existing facilities and adding cost effective amenities to the resort. The major goal for 2020 is to complete the building repair project.

The Board of Directors would like to thank the membership for their support. We are unified and dedicated to you, the owners. We will continue to advocate for the ownership and will continue making improvements to keep SCNB clean and safe and strive to make improvements to raise our property values. Sunset Condominiums at Northern Bay continues to evolve into a quality, upscale destination to live, relax, and enjoy. We value our partnership with Northern Bay Resort and the Golf Course at Northern Bay and look forward to a mutually benefitting long term relationship.

Respectfully submitted,

Sunset Condominiums at Northern Bay Owners Association Board of Directors

**Feb. 7, 2020**

-----  
Following this annual report narrative is a spreadsheet detailing the 2019 Budget Balance Statements and Profit/Loss Statement. If any owner desires more information, there is more information in the 2019 President's Report, 2020 approved budget, meeting notes and other documents on the owners section of the Association's web site: [www.sscnab.com](http://www.sscnab.com). Use the password: [Sunset@1843](mailto:Sunset@1843) to access the owner's section.

The Association's business is conducted at the Office & Maintenance Building at 1843A East 20th Ct. Pvt., Arkdale, WI 54613. The Association phone number is 608-339-8600.