

**HERITAGE ACRES PROPERTY OWNERS ASSOCIATION ('HAPOA')**

**SEWER MAINTENANCE ACCOUNT**

**ANNUAL REPORT FOR FISCAL YEAR 2020 (12/01/2019 - 11/30/2020)**

<b>Beginning Balance Cash and Bank Accounts (12/01/2019):</b>		<b>\$ 35,897.98</b>
Adjustment from prior years		\$ 0.00
<b>Beginning Balance - Adjusted:</b>		<b>\$ 35,897.98</b>
<b><u>Income</u></b>		
Sewer service fees collected - City of Carterville remittances to HAPOA		\$ 24,554.26
(Note 1) Sewer Delinquencies Operating Account - In (from property owners)		\$ 1,081.60
<b>Total Income:</b>		<b>\$ 25,635.86</b>
<b><u>Expenses</u></b>		
Electric Utilities		\$ 2,624.56
Sewer Delinquencies Operating Account - Out (monies paid out by HAPOA)		\$ 0.00
(2) Infrastructure - Sewer Lift Station Equipment Maintenance		\$ 4,880.17
(3) Infrastructure - Sewer Lift Station SMS Alerts, Quarterly Inspections		\$ 1,323.96
Infrastructure - Sewer Lines		\$ 0.00
Professional and Legal		\$ 0.00
Misc Fees, Charges, Office Expense		\$ 18.68
<b>Total Expenses:</b>		<b>\$ 8,847.37</b>
<b>Net Income (Income less Expenses):</b>		<b>\$ 16,788.49</b>
<b>Ending Balance Cash and Bank Accounts (11/30/2020):</b>		<b>\$ 52,686.47</b>

**Sewer Account Reportable Assets and Liabilities**

- Current Non-depreciable Assets \$ 0.00
- HAPOA sewer account currently has no outstanding accounts payable.

**Other Notes and Supporting Information**

**Income**

(1) *From property lien settlement*; portion of the total amount attributable to Sewer Account monies owed.

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### Expenses

(2) *Lift station isolation valves were replaced.* The proper functioning of these valves is essential for isolating the upstream system flow in the event of certain emergency conditions, and it was determined the existing valves were inoperable due to corrosion and disuse.

(3) *Lift station automated monitoring and alert system, and quarterly inspection.* Payment to Mr. Matt Napier, in the amount of \$588.96 for renewal of an annual contract for provision of SMS real-time electronic monitoring and alerts of lift station controls. The Association also continued agreement with Mr. Napier to provide time-and-materials quarterly manual/visual lift station inspections, evaluation and reports @ \$245.00 per quarter. These inspections continue to be of value as they have brought attention to potential lift station problems, and as a part of his service, Mr. Napier has on multiple occasions attended to urgent maintenance outside of his quarterly scheduled visits. It is recommend these inspections continue.

### Other

#### Carterville Sewer Account Delinquencies - 90 days past due

As of October 31, 2020 (the latest available report), there was one City of Carterville sewer account in the HA development in excess of 90 days past its due date, in an amount that is too small to require any action at this time.

#### Pro-active Sewer Network Inspection

Pursuant to an HAPOA Board recommendation to investigate the cost for a remote camera inspection of HA sewer lines, Ace Pipe and Visu-Sewer providers were approached. Informal quotes ranged from \$50,000 to upwards of \$75,000. A formal proposal from Visu-Sewer was received in an amount upwards of \$136,000 to inspect four sections of HA sewer network over a four year period. The city of Webb City (has its own equipment) was also approached, but little interest was shown. The HA Board agreed a remote camera inspection of the HA sewer network is financially unaffordable at this time, and the accounts assets would be better served to address repairs as they may arise.

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### **Obligation of Heritage Acres property owners regarding payment of City of Cartersville bills for sewer service.**

The following information is provided as a courtesy to Heritage Acres property owners in order to clarify a situation wherein HA property owners may have received sewer service from the City of Cartersville for multiple months, though the owner may not have been receiving a monthly bill. This occurs - and has occurred - when the City is unaware a property is occupied, or did not have a property owner's name for bill mailing. At the time the City becomes aware of the date of occupancy of an HA property, any and all sewer account charges for prior months from the date of occupancy to the current date are considered delinquent if unpaid, and are liable for payment by the property owner.

If a property owner is unsure (or disputes) whether the improvements on his/her property is connected to the HA sewer system (or, whether the improvement uses a septic system), the owner is advised to contact an Association Board member, who will be able to provide confirmation of whether or not a sewer connection is being used on the property.

It is the *property owner's* responsibility to ensure the City of Cartersville has been apprised of the date of occupancy of an HA property, and that the City has a correct billing name and address for the owner.

#### How City of Cartersville delinquent sewer service accounts are treated

Bi-annually on March 31st and September 30th of each year, the City of Cartersville is contractually within its rights to demand full payment from the HAPOA to satisfy the amount in arrears on any and all HA property owner's delinquent sewer accounts with the City that are 90 days past due on those dates.

When and if such payment demand by the City is made, the Association is contractually obligated to make payment to the City of Cartersville. Payments are disbursed from the HAPOA Sewer Maintenance Account, and delinquent property owner(s) become debtors to the Association. This does not relieve the property owner of any obligation to the City of Cartersville with respect to payment of the City's bills for sewer service to the affected property(ies).

The Sewer Delinquencies Operating Account on the Annual Report is used to reconcile:

- amounts paid by the Association to the City of Cartersville on behalf of HA property owners with City of Cartersville sewer service accounts in arrears, and for which the City has demanded (or is anticipated to demand) payment of a past due amount;
- costs associated with the Association's attempts to communicate with and collect such amounts from HA property owners; and
- receipts of any monies paid back to the Association by debtor property owners.

#### Collection by the Association of HA property owner obligations

In the Association's contracted capacity set forth in the Association's sewer agreement with the City of

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Carterville, and the Association's rights and obligations pursuant to the HA Covenants, the Association's Board will utilize all available means for collecting amounts owed the Association by an HA property owner. In the past, the Board has retained the services of an attorney to assist in collecting monies owed the Association as a result of its settlement on behalf of an HA property owner of City sewer accounts that were in arrears, and the Association customarily files liens - which are duly recorded - against affected properties to protect the interests of the Association's property owners.

The amount owed the Association by an HA property owner will (in addition to the total amount of any monies paid by the Association to the City on the property owner's behalf) include all professional, legal and administrative fees, and other necessary expenses associated with collecting monies owed to the Association by the property owner. These expenses include professional, legal and administrative fees necessary for removing any property lien(s), that may have been filed and recorded, and which have been satisfied.

Interest at the rate of 18% is added annually on June 8th to any outstanding balance of all HA property owner sewer account debts owed to the Association, independent of any lien that may have been filed.