

Rosengren, Franca

From: C. William Dahlin <bdahlin@hartkinglaw.com>
Sent: Monday, July 17, 2017 3:25 PM
To: Rosengren, Franca; Thomas, Denice
Cc: Edward F. Gogin, Jr. CPA; Gotthardt, Greg (Greg.Gotthardt@fticonsulting.com); Larry Mar (larry@marandassociates.com); Paul (Paul@newportpacific.com); JamesK (Jamesk@newportpacific.com); Laurie Moan
Subject: OJAI VALLEY/ADDITIONAL INFORMATION/38567.001/CPA RESPONSE
Attachments: Copier220170717145341.pdf

Denice and Franca, 7-17-17

Attached is a one page worksheet to address the questions your staff had about expenses and the Park's accounting ledger.
I hope this attachment answers the county's final questions.

The "certification" requested by the county on its NOI worksheet has not been signed by a CPA to date.

The "Certification By Certified Public Accountant" which is on the county's "Net Operating Income Worksheet" is problematic. A CPA is only allowed to "certify" based upon audit standards. The rent increase application and the books and records reviewed for same is not an audit.

Also, the wording of the form implicates CPA licensing problems as the county's ordinance and code do not track Generally Accepted Accounting Standards [GAAP] or the Internal Revenue Code. Thus it is incorrect for the CPA who assisted in the application to state:

"I hereby declare under penalty of perjury and certify that all accounting information presented in connection with this application is accurate and computed in the same manner as books and records kept for income tax purposes and is true and correct to the best of my knowledge." For example, Capital items for rent control under the county code do not mirror the IRS code.

A statement such as that used in tax returns [like the following] can be provided if this issue is of bona fide concern. [The park's general ledger and receipts have been provided and thus any "concern" that expenses have not been incurred as represented would seem to be form over substance.]

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of income I received during the tax year. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Please advise if such a certification by the CPA who assisted is desired.

In earlier emails it was stated your office was "completing" its staff report last week. Has that been done? Is a report finished? The attached worksheet was not available until today and thus please advise as to status of any staff report.

Thanks. Bill d.

Hart | King

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From: bdahlin@hartkinglaw.com [mailto:bdahlin@hartkinglaw.com]

Sent: Monday, July 17, 2017 2:54 PM

To: C. William Dahlin

Subject: Scan from Copier2

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OJAI VALLEY ESTATES, LLC
DISCRETIONARY RENT INCREASE APPLICATION
ADDENDUM

RESPONSE TO COUNTY OF VENTURA LETTER DATED 6/15/2017, PAGE 2, QUESTION #2

ANALYSIS OF OJAI VALLEY'S GENERAL LEDGER ACCOUNTS GROUPED INTO "MANAGEMENT & ADMINISTRATION"
THE FOLLOWING ACCOUNTS IN THE GENERAL LEDGER COMPRISE THE TOTAL:

<u>DESCRIPTION</u>	<u>ACCOUNT #</u>	<u>AMOUNT</u>
PAYROLL - MANAGER	5010	29,272.83
PAYROLL - MAINTENANCE	5040	51,087.28
PAYROLL TAXES	5070	8,169.04
INSURANCE & OTHER BENEFITS	5071	15,004.86
EMPLOYEE APARTMENTS	5072	22,079.56
EMPLOYEE RELATED EXPENSES	5075	1,193.40
CREDIT CHECKS	5406	211.75
BILLING SERVICE	5409	2,324.00
DUES & SUBSCRIPTIONS	5410	931.50
MISCELLANEOUS	5413	175.00
LEGAL FEES	5414	4,452.93
SECURITY SERVICE	5415	1,537.34
SUPPLIES	5416	3,436.91
MILEAGE EXPENSE	5418	1,897.21
POSTAGE	5419	742.57
EDUCATION	5425	1,959.00
BANK SERVICE CHARGES	5435	284.65
COMPUTERS EXPENSE	5438	994.20
LICENSE FEES	5512	5,705.75
PRINT & OTHER MEDIA	5310	741.15
SIGNAGE	5311	1,562.33
TENANT PROMO - RECREATION	5312	4,222.86
MANAGEMENT FEES	5612	38,414.00
ASSET MANAGEMENT FEES	5613	15,000.00
TOTAL MANAGEMENT & ADMINISTRATION		<u>211,400.12</u>

ANALYSIS OF OJAI VALLEY'S GENERAL LEDGER ACCOUNTS GROUPED INTO "MAINTENANCE & REPAIRS"
THE FOLLOWING ACCOUNTS IN THE GENERAL LEDGER COMPRISE THE TOTAL:

<u>DESCRIPTION</u>	<u>ACCOUNT #</u>	<u>AMOUNT</u>
AIR CONDITIONING & HEATNG	5210	3,020.08
APPLICANCES REPAIRS	5211	1.25
BUILDING STRUTURE	5212	79,121.34
CLEANING & CLEANING SUPPLIES	5214	1,041.40
DRAPES MAINTENANCE	5215	199.88
ELECTRICAL MAINTENANCE	5216	256.81
MAINTENANCE SUPPLIES	5217	3,845.99
EQUIPMENT PURCHASES AND REPAIRS	5218	38.68
FURNITURE	5219	3,084.52
OTHER MAINTENANCE	5220	5,589.07
LANDSCAPE	5221	9,442.73
PAINTING	5222	2,425.44
PEST CONTROL	5223	4,195.91
PLUMBING	5224	1,823.00
POOL & SPA (CREDIT)	5225	(9,370.08)
SWEEPING SERVICE	5226	2,121.12
TOOL PURCHASE	5227	1,385.22
ALARM SYSTEMS	5230	329.89
EQUIPMENT RENTAL	5232	702.00
RENTAL & PARK HOMES REPAIRS	5233	745.61
FENCES & WALLS MAINTENANCE	5234	9,576.30
STREET REPAIRS (AS ADJUSTED FOR CAPITAL ITEMS)	5235	57,936.25
VEHICLE MAINTENANCE	5298	473.99
ELECTRIC SYSTEM MAINTENANCE	5151	11,682.70
WATER SYSTEM MAINTENANCE	5160	950.89
GAS SYSTEM MAINTENANCE	5170	4,900.86
CABLE TV MAINTENANCE	5190	153.70
LESS RECLASSES FOR CAPITAL IMPROVEMENTS		(60,963.72)
TOTAL MANAGEMENT & ADMINISTRATION		<u>134,210.83</u>