

The Stonehill Community Association Budget

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This is an attempt to provide owners in Stonehill Community with information on how the budget for the Homeowners Association is prepared. This process is carried out over several months culminating after the annual homeowners meeting in late November with the approval by the Board of Directors of a budget which includes the amount of the annual assessments for the coming year.

Each year at its October meeting, the Board reviews revenues and expenditures for the current and several preceding years. This year it included figures dating back to 2003. The Board also attempts to anticipate any large scale projects which might be necessary or desirable for the coming year. It balances the need for continued maintenance and improvement of our community with a realistic view to keeping the annual assessment as low as possible.

Expenses for Grounds are often the most uncertain for a given year. They depend a great deal on weather. However, by looking at several past years, estimates are made for snow removal (an increase from the current budget to an amount closer to current year expenses) and lawn mowing (no change in budget). Lawn care, i.e. fertilization, weed control, etc. was also held almost constant. Several trees in our community are dying and need to be removed and others require trimming. The Association has increased the use of a landscape professional to provide recommendations and service and thus that budget amount was increased.

The amount for electricity for lights in our parking lot varies with inflation.

The association no longer pays property tax on the common ground. The city and county now include the value of that property in assessing values of individual units. The association does pay federal and state income tax. This year federal payments include the 2006 tax and estimated payments for 2007. Next year payments should be lower. To protect owners, association officers are bonded against misuse of funds and liability insurance covers possible additional claims against the association. Taxes are prepared by a CPA firm and officers occasionally consult with an attorney on legal matters. These expenses are included under the Taxes, Insurance, and Professional categories.

Building maintenance accounts for a large portion of expenditures. Staining is carried out on five year cycle which means three buildings are done each year. Since most of our buildings are over thirty years old, they require more maintenance and repair. This includes replacement of rotted or broken siding and flower boxes as well as cleaning and replacement of gutters and downspouts. The trash collection areas have also been showing their age. Several have been reconditioned this year and others will be done next year. We have also been subject to an increase in drainage problems as ground is washed away. All of these factors led the Board to propose budget amounts similar to the current year.

The Association is in the midst of a roof replacement process. It began in 2006 when four buildings were re-roofed and five more are being done this year. The cost for these nine buildings has been approximately \$150,000.00 The remaining six buildings are scheduled for 2008 at an anticipated cost of approximately \$90,000.00 The funds for this project have come from an annual budget line and from drawing on reserves which the Association has accumulated. It has NOT required any special assessments despite the total cost of one quarter million dollars!

The Board anticipates additional expenses related to maintenance of our parking lots. In addition to routine crack filling and patching, there are concerns over the condition of water shut-off valves located on our property. This caused an increase in next years budget for this area.

Expenses for administration of the Association currently include postage, copying, internet services for hosting our web site, as well as subsidizing the annual picnic. These are projected to stay at the same level next year.

The roof project has used a sizeable portion of our Reserves. Total Association assets were approximately \$175,000 at the end of 2005 and they will be only \$55,000 at the close of 2008. While we should not have large expenditures for roofs for many years, other large scale projects will arise. These include additional work on our parking lot. When it was rebuilt in 1997, one portion was in good condition at that time and not included, but it might soon require servicing. Other projects might involve increased expenses on the exterior of our buildings. The current Board wishes to continue the policy of establishing reserves so that these may usually be carried out without the need of special assessments. The Board feels that this policy adds to the well-being and economic value of our property by providing prospective buyers well maintained surroundings at a stable cost and the ability to maintain them without large additional cost.

After considering all the above factors, the board examined how they could be funded. It was decided to propose an increase of \$60.00 in the annual assessment for 2008. This amount falls within the level which the Association by-laws permit the Board to authorize.

NOTE: One other important issue has been discussed by the Board, namely the necessity and benefits of employing a professional management firm to take over some of the day to day operation of the Association and to reduce the time commitment of those who volunteer to serve on the Board. Several Board positions require a large, on-going time commitment. It is becoming harder to identify individuals who have the time, willingness, and ability to serve. The Board has been trying to develop ways to spread the responsibility among a larger group. It may be that an outside firm will need to be used to accomplish this. This would be an additional charge against the budget. The Board anticipates that it might cost up to \$12,000 per year for such a service. While the Board is reserving the right to enter into such an agreement sometime during 2008 with funds drawn from the Reserves, the Board is hopeful that by reorganizing responsibilities within our community and with more individuals volunteering to assist, it will not be necessary to use funds for this purpose. The Board welcomes suggestions on how this reorganization can best be accomplished and encourages all owners to participate in the Annual meeting which will be held at **7:00 on Monday, November 26 at Mt. St. Francis Convent** where this and other important matters can be discussed.