

2007 T.L. Budget Proposal

- Submitted 10/24/06
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Topics

- Finance Committee Recommendations
- Why increase transfers to reserves
- Expense trends *2003 through 2007*
- Revenue trends *2003 through 2007*
- Budget comparisons *2006 and 2007*
- 2007 expenses by category
- Summary

Finance Committee Recommendations

- 2006 assessment is adequate for 2007 operations
- \$275K yearly transfer to Reserves is inadequate
 - Our complex ‘ages’ at about \$650K per year
 - Another ‘Special Assessment’ needed in 8 years
 - Spreadsheets follow which illustrate this point
- Recommend \$75,000 increase for Reserves
 - \$33/month increase/homeowner on average
 - 3.8% increase in overall assessment

Why Increase Transfers to Reserves

2005 Reserve Study

Year	Expenditure	Assessment	Yr End Bal	% Full Fund	FF
2005	\$2,938	\$740	\$186	3%	\$6,216
2006	\$1,571	\$1,875	\$490	9%	\$5,627
2007	\$78	\$1,225	\$1,637	26%	\$6,197
2008	\$621	\$1,225	\$2,241	36%	\$6,240
2009	\$637	\$1,225	\$2,829	45%	\$6,278
2010	\$1,818	\$1,225	\$2,236	43%	\$5,148
2011	\$1,128	\$1,225	\$2,333	50%	\$4,630
2012	\$788	\$275	\$1,820	41%	\$4,471
2013	\$920	\$275	\$1,175	28%	\$4,192
2014	\$1,143	\$275	\$307	8%	\$3,698
2015	\$1,695	\$275	-\$1,113	-42%	\$2,647
2016	\$850	\$275	-\$1,688	-69%	\$2,429
2017	\$82	\$275	-\$1,495	-50%	\$2,987
2018	\$62	\$275	-\$1,282	-36%	\$3,580
2019	\$75	\$275	-\$1,082	-26%	\$4,176
2020	\$89	\$275	-\$896	-19%	\$4,773

Why Increase Transfers to Reserves

2005 Reserve Study - With Current Information

Year	Expenditure	Assessment	Yr End Bal	% Full Fund	FF
2005	\$2,938	\$740	\$186	3%	\$6,216
2006	\$1,817	\$2,115	\$484	9%	\$5,627
2007	\$443	\$1,177	\$1,218	20%	\$6,197
2008	\$621	\$1,177	\$1,774	28%	\$6,240
2009	\$637	\$1,177	\$2,314	37%	\$6,278
2010	\$1,818	\$1,177	\$1,673	32%	\$5,148
2011	\$1,128	\$1,177	\$1,722	37%	\$4,630
2012	\$788	\$275	\$1,209	27%	\$4,471
2013	\$920	\$275	\$564	13%	\$4,192
2014	\$1,143	\$275	-\$304	-8%	\$3,698
2015	\$1,695	\$275	-\$1,724	-65%	\$2,647
2016	\$850	\$275	-\$2,299	-95%	\$2,429
2017	\$82	\$275	-\$2,106	-71%	\$2,987
2018	\$62	\$275	-\$1,893	-53%	\$3,580
2019	\$75	\$275	-\$1,693	-41%	\$4,176
2020	\$89	\$275	-\$1,507	-32%	\$4,773

Why Increase Transfers to Reserves

2005 Reserve Study - Updated + \$75,000 Increases Through 2011

Year	Expenditure	Assessment	Yr End Bal	% Full Fund	FF
2005	\$2,938	\$740	\$186	3%	\$6,216
2006	\$1,817	\$2,115	\$484	9%	\$5,627
2007	\$443	\$1,252	\$1,293	21%	\$6,197
2008	\$621	\$1,327	\$1,999	32%	\$6,240
2009	\$637	\$1,402	\$2,764	44%	\$6,278
2010	\$1,818	\$1,477	\$2,423	47%	\$5,148
2011	\$1,128	\$1,552	\$2,847	61%	\$4,630
2012	\$788	\$650	\$2,709	61%	\$4,471
2013	\$920	\$650	\$2,439	58%	\$4,192
2014	\$1,143	\$650	\$1,946	53%	\$3,698
2015	\$1,695	\$650	\$901	34%	\$2,647
2016	\$850	\$650	\$701	29%	\$2,429
2017	\$82	\$650	\$1,269	42%	\$2,987
2018	\$62	\$650	\$1,857	52%	\$3,580
2019	\$75	\$650	\$2,432	58%	\$4,176
2020	\$89	\$650	\$2,993	63%	\$4,773

Operating Expense Trends

OPERATING EXPENSES	2003 <i>Actual</i>	2004 <i>Actual</i>	2005 <i>Actual</i>	2006 <i>Budget</i>	2007 <i>Budget</i>	Average Increase Since 2003
ADMIN & MANAGEMENT	\$196,362	\$182,328	\$199,288	\$187,241	\$217,126	2.6%
BLDG REPAIRS & MAINT	\$357,471	\$308,451	\$268,172	\$338,268	\$325,018	-2.3%
EQUIPMENT MAINT	\$76,908	\$97,985	\$62,193	\$97,775	\$75,873	-0.3%
LANDSCAPE	\$75,876	\$65,774	\$64,999	\$80,100	\$60,740	-5.0%
SECURITY/FIRE/SAFETY	\$218,095	\$234,770	\$231,693	\$234,000	\$232,600	1.7%
GYM	\$2,268	\$3,356	\$889	\$1,200	\$1,940	-3.6%
UTILITIES	\$596,079	\$624,229	\$676,361	\$767,588	\$789,900	8.1%
TOTAL EXPENSE	\$1,523,059	\$1,516,893	\$1,503,795	\$1,706,172	\$1,703,197	3.0%

Revenue Trends

OPERATIONS ACCOUNT	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Budget</u>	2007 <u>Proposed</u>	Difference 2003 to 2007	Ave Increase Since 2003
REVENUE							
Assessments	\$1,256,195	\$1,256,195	\$1,329,823	\$1,366,237	\$1,422,866	\$166,671	
Gas, Elect & Cable Billing	\$434,543	\$434,543	\$434,543	\$586,529	\$604,900	\$170,357	
Msc Revenue	\$52,581	\$49,762	\$50,930	\$28,430	\$25,480	(\$27,101)	
TOTAL REVENUE	\$1,743,319	\$1,740,500	\$1,815,296	\$1,981,196	\$2,053,246	\$309,927	4.4%
TRANSFER TO RESERVES	(\$275,183)	(\$275,183)	(\$275,183)	(\$275,000)	(\$350,000)	(\$74,817)	
NET OPERATING REVENUE	\$1,468,136	\$1,465,317	\$1,540,113	\$1,706,196	\$1,703,246	\$235,110	4.0%
TOTAL OPERATING EXPENSES	\$1,523,055	\$1,516,895	\$1,503,795	\$1,706,172	\$1,703,197	\$180,138	3.0%
NET INCOME (LOSS)	(\$54,923)	(\$51,576)	\$36,318	\$24	\$49	\$54,972	

Overview of Budget Differences

2006 - 2007

\$	2006 BUDGET	2007 PROPOSAL	DIFFERENCE
TRANSFER TO RESERVES	275,000	350,000	75,000
ADMIN & MGMT	187,241	217,126	29,885
BLDG REPAIRS	338,268	325,018	(13,250)
EQUIPMENT MAINT	97,775	75,873	(21,902)
LANDSCAPING	80,100	60,740	(19,360)
SECURITY	234,000	232,600	(1,400)
UTILITIES	767,588	789,900	22,312
TOTAL	1,981,172	2,053,197	72,025

Detailed Comparison 2006 to 2007

CHART OF ACCOUNTS	2006 <u>Budget</u>	2006 <u>est act</u>	2007 <u>Proposed</u>
REVENUE			
Assessments	\$1,366,237	\$1,366,237	\$1,422,866
Gas, Elect&Cable Billing	\$586,529	\$586,529	\$604,900
Late Charges	\$5,000	\$15,950	\$10,000
Interest Billed	\$200	\$1,250	\$700
Interest Earned	\$950	\$5,744	\$1,000
Special Assessments	\$1,600,000	\$1,818,610	\$950,000
Comcast Revenue	\$2,280	\$2,280	\$2,280
Move In/Move Out Fees	\$16,000	\$16,750	\$10,000
Fine & Penalties		\$0	\$0
Parking Space rental	\$1,500	\$1,500	\$1,500
Miscellaneous Revenues	\$2,500	\$500	\$0
TOTAL REVENUE	\$3,581,196	\$3,815,350	\$3,003,246
TRANSFERS			
Transfer to reserves	(\$275,000)	(\$275,000)	(\$350,000)
Transfer Special Assessment	(\$1,600,000)	(\$1,818,610)	(\$950,000)
Transfer Net Income			
NET OPERATING REVENUE	\$1,706,196	\$1,721,740	\$1,703,246

Detailed Comparison 2006 to 2007

CHART OF ACCOUNTS	<u>2006</u> <u>Budget</u>	<u>2006</u> <u>est act</u>	<u>2007</u> <u>Proposed</u>
ADMIN AND MGMT EXPENSES			
Property Insurance	\$70,882	\$64,041	\$68,000
D & O Policy	\$2,078	\$1,968	\$2,000
Fidelity Policy	\$3,850	\$3,850	\$3,850
Workman's Comp	\$1,250	\$1,285	\$1,285
Postage	\$3,200	\$3,655	\$3,700
Copies	\$8,500	\$6,500	\$7,000
Office Supplies	\$1,200	\$1,950	\$2,000
Secretarial	\$500	\$250	\$250
Audit & taxes	\$4,095	\$4,195	\$4,195
Accounting & Billing	\$12,336	\$12,336	\$12,996
Misc. Financial Mgmt	\$3,800	\$2,800	\$3,800
Management Contract	\$48,000	\$48,000	\$78,000
Legal	\$16,000	\$30,000	\$20,000
Dues & Publications	\$550	\$0	\$550
Budget/Reserve Study	\$2,000	\$2,000	\$2,000
Meeting / Social	\$2,800	\$1,500	\$1,500
Admin Phones	\$4,200	\$3,900	\$4,000
Misc. Admin	\$2,000	\$1,775	\$2,000
SUBTOTAL	\$187,241	\$190,005	\$217,126

Detailed Comparison 2006 to 2007

CHART OF ACCOUNTS	2006 <u>Budget</u>	2006 <u>est act</u>	2007 <u>Proposed</u>
BLDG Repairs/Maintenance			
Bldg Maintenance Payroll	\$223,750	\$210,000	\$220,500
Management Payroll			
Manager's Office	\$5,820	\$5,820	\$7,820
Bldg Maintenance Supplies	\$7,500	\$14,115	\$10,000
Bldg Maint. Repairs	\$35,000	\$47,475	\$45,000
Lighting Supplies/Maint	\$5,000	\$0	\$5,000
Pest Control	\$1,248	\$1,248	\$1,248
Plumbing Repairs	\$5,000	\$11,475	\$10,000
Electrical Repairs	\$2,000	\$1,000	\$1,500
Paint Maintenance	\$7,500	\$0	\$0
Engineering/Consulting	\$10,000	\$0	\$0
Asbestos Annual Air Test/Train	\$3,200	\$0	\$3,200
Garage Drain Cleaning	\$750	\$0	\$750
Leak Damage Repairs	\$0	\$0	\$0
Building Contingency	\$30,000	\$26,675	\$20,000
SUBTOTAL	\$338,268	\$317,808	\$325,018

Detailed Comparison 2006 to 2007

CHART OF ACCOUNTS	2006 <u>Budget</u>	2006 <u>est act</u>	2007 <u>Proposed</u>
EQUIPMENT MAINTENANCE			
HVAC/WH/Sauna Maint.Contract	\$12,933	\$12,933	\$12,933
HVAC Maint. Repairs	\$40,000	\$12,000	\$18,000
Elevator Contract	\$37,582	\$37,565	\$39,180
Elevator Supplies/Repairs	\$2,500	\$1,800	\$2,000
Elevator License	\$1,260	\$1,260	\$1,260
Garage GATE Repair	\$3,500	\$2,000	\$2,500
SUBTOTAL	\$97,775	\$67,558	\$75,873
LANDSCAPE			
Landscape Contract	\$45,600	\$32,990	\$27,240
Landscape Supplies/Color	\$9,000	\$6,700	\$17,500
Irrigation Maintenance	\$3,000	\$1,000	\$2,000
Drainage Maint.	\$6,500	\$0	\$6,500
Tree Trimming & Removal	\$10,000	\$1,000	\$4,500
Inside/Outside Tile Maint	\$6,000	\$0	\$3,000
SUBTOTAL	\$80,100	\$41,690	\$60,740
RECREATION AREA EXPENSES			
Gym Equipment Maintenance	\$800	\$940	\$940
Equipment Repairs	\$400	\$1,000	\$1,000
SUBTOTAL	\$1,200	\$1,940	\$1,940

10/24/2006

Detailed Comparison 2006 to 2007

	2006 <u>Budget</u>	2006 <u>est act</u>	2007 <u>Proposed</u>
Security/Fire/Safety			
Security Contract	\$210,000	\$212,791	\$214,000
Security Equip Repair/Parts	\$5,000	\$2,825	\$5,000
Life Safety System	\$3,000	\$0	\$1,000
Locks & Keys	\$3,000	\$0	\$1,000
Fire Inspection	\$8,000	\$7,000	\$8,000
Fire Sprinkler Inspection	\$1,000	\$1,600	\$1,600
Camera/Doors	\$1,000	\$0	\$500
Emergency Lights	\$1,000	\$0	\$500
Fire Equip Inspection/Maint	\$1,000	\$0	\$500
Fire Extinguisher Maintenance	\$1,000	\$0	\$500
SUBTOTAL	\$234,000	\$224,216	\$232,600
UTILITIES			
Gas	\$171,004	\$172,500	\$175,000
Electricity	\$352,366	\$360,275	\$362,000
Water	\$26,765	\$30,000	\$30,000
Sewer	\$55,600	\$69,200	\$70,000
Garbage	\$98,700	\$80,000	\$85,000
Cable Television	\$63,153	\$64,575	\$67,900
SUBTOTAL	\$767,588	\$776,550	\$789,900
TOTAL EXPENSE	\$1,706,172	\$1,619,767	\$1,703,197
NET INCOME (LOSS)	\$24	\$101,973	\$49

2007 Expenses by Category

Expense Category	Ave Monthly Assessment	% of Assessment
Utilities	\$346	38.4%
Transfer to Reserves	\$154	17.1%
Building Repairs and Maintenance	\$143	15.9%
Security	\$102	11.3%
Management	\$95	10.5%
Equipment Maintenance	\$33	3.7%
Landscaping	\$27	3.0%
Gym	\$1	0.1%
Total	\$901	100.0%

Summary

- Finance Committee Recommends
 - No increase to cover operations
 - \$75,000 increase to transfer to Reserves