

Prepared by: [Committee or Management Company name]

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**Board of Directors**

President:  
Vice President:  
Treasurer  
Secretary:  
Member:

**Budget Committee**

Chair:  
Vice Chair:  
Member:  
Member:

## From the Board

We have been working with the Budget Committee for the past few months reviewing plans and costs for the next year. The budget process is a very involved analysis in which we look at every line item to see if we can do it better or in a more cost-effective manner.

One of the great strengths of community association living is the ability to share costs and as a result, achieve volume savings. We took advantage of that strength in scheduling two major maintenance projects for the upcoming year, described below.

The Board would like to thank the members of the Budget Committee and its Chair, John Doe, for all of the hard work they put in. The Budget Committee was formed to assist the Board by providing a wider spectrum of ideas in managing the finances of the association. It is an excellent way for the residents to get an "inside" look at how the association operates.

Please take a few moments to read this report. If you find that you have some questions, members of the Budget Committee will be at November Meeting of the Board to provide answers.

## Major Projects Scheduled For This Year

This year the association will undertake two major projects. The main road, Carver Drive, will be resurfaced in June, from the main entrance to Honeywell Court. During that time the road will be reduced periodically to one lane, with short closures as the work requires. A major part of the project is the repair of the drains and drainage system along the road. The problems with water ponding and slow drainage will be taken care of. This work will take approximately two weeks from start to finish.

The second project will be the raising of the berms and additional landscaping along the highway, to provide a quieter and more private

environment for the owners. An additional 3' of soil will be added and pines will be planted. It is expected that the work will take about three weeks from start to finish.

The report from the engineer that reviewed the noise situation along the road believes that we will see a 60% reduction in noise from the highway.

The funds for the road repairs will be taken from the Capital Repair and Replacement Reserve Fund, as planned. The berm modifications will be paid from the operating budget, under Maintenance.

More information on these two projects is available at the association office.

## Budget Basics



The annual budget is prepared by the Finance Committee, working with the manager. Work begins in August and a proposal is sent to the Board at their October meeting. The fiscal year is a calendar year.

The Budget Committee reviews the expenditures from the prior year, estimated changes to costs for the upcoming year, major projects that have been planned and the status of the Capital Repair and Replacement Reserve Fund. Requests from owners for services or maintenance that isn't routine are reviewed. Contract

proposals are reviewed for ongoing services. Once all of these elements are discussed, a budget proposal is developed for the Board.

Membership on the Budget Committee is open to any owner who wishes to help with the process. It is a great way to gain a better understanding of how your monthly assessment is determined and to get "your two cent's worth" in ahead of the decisions.

The figures shown are for the average unit in our association. Your specific assessment may be higher or lower.

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*The average monthly assessment under the new budget will be \$124.00*

## Income

The main source of income for the association is the annual assessment. The expenses are divided among the owners according the formula detailed in the Covenants to arrive at an annual payment.

The association has other income from interest earnings on the savings and reserve accounts and rental income from the community center. While this is a small percentage of the total revenue, it does help.

The association's money is kept in Federally-insured accounts for

protection. Two signatures are required to process a check for security.



## Expenses

The association is responsible for the maintenance and upkeep of the common areas and the administration necessary to do that. When you moved into this association you made a housing choice that takes care of some of the day-to-day chores for you. There is a cost for that convenience and it is reflected in the annual expenses. The Budget Committee and Board pay very

close attention to these items in order to make sure that they are handled cost-effectively. Major projects follow a rigorous process of specification development, bidding and investigation to ensure the best work for the best price. The Board works to maintain high standards for all of you.

## Administration

Your association, like any other business has annual expenses for postage, copies, printing, and telephone. We produce the annual and budget reports, our newsletter, notices of meetings and important association events, and correspondence to owners.

The association maintains a web site to provide information to you and provide a means of communicating with the Board and management at your convenience. We received over 350 service and information requests via the web site last year.

The management of the association is handled by XYZ Management. They have been our management firm for over 7 years. Management is responsible for carrying out the

policies of the Board and providing the day-to-day administration of the association. Having professional management allows the Board and owners to enjoy the lifestyle they anticipated when we moved into a community association.




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***The average monthly per home cost for the administration of the association is \$41.00.***

***That breaks down to:***

<b><i>Postage</i></b>	<b><i>\$3.00</i></b>
<b><i>Copies</i></b>	<b><i>\$2.00</i></b>
<b><i>Newsletter</i></b>	<b><i>\$3.00</i></b>
<b><i>Telephone</i></b>	<b><i>\$2.00</i></b>
<b><i>Management</i></b>	<b><i>\$18.00</i></b>
<b><i>Web Site</i></b>	<b><i>\$3.00</i></b>
<b><i>Legal</i></b>	<b><i>\$4.00</i></b>
<b><i>Audit/Taxes</i></b>	<b><i>\$4.00</i></b>

## Maintenance

The association is responsible for keeping the common areas maintained to the standards you have come to expect. These common areas are now 11 years old and require the expected upkeep. Although we will not be painting this year, we have an ongoing project to caulk and re-fix the siding of the buildings. Regular maintenance includes gutter work, drain cleaning and power washing.

The landscape line item includes the cutting, trimming and fertilization of the grounds, as well as tree and shrub trimming. Each lawn cutting only costs you about \$7.50. The lawn is fertilized 4 times per year, including twice with insect control. Please note when this

occurs you will see signs posted on all of the fertilized areas.

The maintenance of the roads and walks includes drain clearing and minor patching of cracks or holes. There will be some major work done to the main road as explained on page 1, however the cost of those repairs will come out of Reserves.




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***During the past year, the association handled over 1,500 service requests, a 14% increase over the previous year. The average cost for each home to maintain the common areas is***

<b><i>Landscape</i></b>	<b><i>\$12.00</i></b>
<b><i>Buildings</i></b>	<b><i>\$14.00</i></b>
<b><i>Roads/Walks</i></b>	<b><i>\$8.00</i></b>

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**Insurance for the association will cost each home \$23.80 per month. This covers:**

<b>Property/Casualty</b>	<b>\$12.00</b>
<b>General Liability</b>	<b>\$6.00</b>
<b>D&amp;O Liability</b>	<b>\$3.00</b>
<b>Crime/Fidelity</b>	<b>\$2.80</b>

## Insurance

This has been a tough year for the insurance industry and it is reflected in the increases in premiums that everyone is seeing. All premiums went up. The association has undertaken an aggressive Risk Management program which has already helped us reduce the premiums from the original increases the carriers proposed to us. We will continue to work at finding ways to keep this cost under control.

You need to make sure that you are properly insured. The association only covers certain common areas and you don't want to find out that you missed something when it's too late. For more information about what you need to consider for your own insurance contact:




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**“Under the Reserve Plan approved by the Board of Directors in 2008, the average contribution to reserves from each home will be \$18.00 per month.”**

## Reserves

Both for good business practices and to comply with state law, the association maintains a Capital Repair & Replacement Reserve Fund. This Fund is based on the Updated Reserve Plan adopted by the Board in 2008. In the Plan we anticipated the need for major repairs or replacements and began setting aside money to pay for them as they were needed. It is because of this

planning that we will not need to have a major assessment to repair the main road this year.

The Reserve Plan is reviewed annually to make sure we're on track and so far, so good. A copy of the Reserve Plan is available for review at the management office and on the web site.

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**The average monthly cost for Utilities area of the budget is only \$28.00 per home. This breaks down to:**

<b>Gas</b>	<b>\$2.50</b>
<b>Water</b>	<b>\$12.50</b>
<b>Electricity</b>	<b>\$ 4.50</b>
<b>Trash Removal</b>	<b>\$ 8.50</b>

## Utilities

The association is responsible for the water, electricity and gas costs for the common areas. This includes the lawn irrigation, clubhouse, pool and street lighting.

Last year we undertook a major review of the lawn irrigation system and as a result, installed a computer controlled zone system. As a result, we achieved a 23% savings in our water bill from the prior year. Although water rates went up, we were still able to reduce the line item.

This year we are going to investigate new forms of street lighting in order to bring the

cost of that item under control.

Trash removal is contracted with XYZ Waste Management and the increase this year was held to 2%. The contract terms remain the same with trash pickup on Wednesdays.



## Amenities

The costs for maintaining the pool and clubhouse are found in this category. This year we will be changing the hours of operation for the pool. It will be open from 11:00AM to 8:00PM. This will allow us to save on pool cleaning costs by scheduling the cleaning during business hours. The pool costs include cleaning, treatment and minor repairs. It was nice to see how many of you enjoyed this benefit of association living last year. The Pool Party was a great success and we are planning a sequel this summer.

The clubhouse was rented out for private functions 38 times last year and is used by five local clubs and four committees. In addition, we've hosted local planning board and other civic organization meetings. This year we plan to do some minor re-decorating to

replace some worn furniture and equipment. In addition, the Social Committee will begin the planning for the painting and wallpapering scheduled for next year.



***Maintaining the pool and clubhouse cost an average of \$16.00 per home per month. This covers:***

<b><i>Clubhouse</i></b>	<b><i>\$6.00</i></b>
<b><i>Pool</i></b>	<b><i>\$10.00</i></b>

## Extra area for additional items

I left this area blank for any additional items that may need to be covered in the budget.

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***“Assessments are due on the first of each month. They are considered late after the close of business on the fifth day of the month.”***



## Company Name

Address Line 1  
Address Line 2  
City, ST 11111

PHONE:  
(111) 111-1111

FAX:  
(222) 222-2222

E-MAIL:  
name@email.com

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We're on the Web!  
See us at:  
[www.Example.com](http://www.Example.com)

## Budget Detail & Association Records

A copy of the budget with full detail is available at the association office in the clubhouse. Another copy is on the association's web site at [www.xxxxxx.com](http://www.xxxxxx.com)

If you wish to have a copy mailed to you, please send a request to:

[address]

For your information, the association keeps copies of its records, including minutes of meetings, year-end audited financial statements and annual reports, available at the association office. You may review them during normal office hours, but we would appreciate it if you would give us a little notice. If you wish copies of financial records, there is a cost to reproduce them.

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## Payment Policy

In a few weeks, you will receive a booklet of payment coupons. Each coupon will indicate the monthly share your annual assessment. Twelve envelopes will be included, addressed to the lockbox of the association's bank.

Checks should be made payable to *[association name]* and should be for the

exact amount of the assessment. You should place your unit number in the memo area of the check.

In case you should misplace an envelope, the address to send the assessments is:

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## Budget Committee note...

As Chair of the Budget Committee, I would like to thank those who volunteered their time to help put this together. Without their efforts, the job would have been a lot harder and not nearly as thorough.

We would like to extend an invitation to any owner who would like to get involved in the process to attend our next meeting on September 10, 2010

John Doe, Chair  
Budget Committee

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## COMPANY NAME

Address Line 1  
Address Line 2  
City, ST 11111



OWNER NAME  
STREET ADDRESS  
CITY, STATE 00000