

# 2010 Treasurer's Report

The first page of the attached figure shows the account balances the Homeowners Association has had over the last 3 years. In 2008, the HOA dues were set at \$90 and we increased reserves approximately \$5000 in that year. After that, they were lowered to \$60 and we had to dip into reserves in 2009. In 2010, they were set at \$75 and although we were budgeted to have a sizable deficit, we actually had a surplus of about \$1200.

I do not see any sizable expenses coming to the Homeowners Association in the next several years. The fences that I have seen along Sunset and Plateau Roads require periodic maintenance, but are in decent shape. Using very rough estimates (\$10.75 per linear foot), these would cost approximately \$30,000 to replace. Similarly, for the fences behind the homes along Sumitview and Ridgeview Drive, those would cost another \$30K to replace. Additionally, replacing the entrance signs someday would cost about \$10-15K (very rough estimate). That means to replace everything, \$75K would be needed in reserves. I don't foresee any of these expenses being incurred in the foreseeable future.

On the second page, interest income was way down in 2010. I, along with the board, have no appetite for risk with HOA monies, and as such, are investing in CDs. Rates on CDs continues to drop, and were set to be 0.5% on our 6 month CDs. It's not much, but we started moving money into 2 1-year CDs maturing 6 months apart. The goal is to maintain access to funds within 6 months if an emergency arises, but at least we will be earning a 0.7%. It's not a large improvement, but is 40% more. Looking at the December 2010 balances, you will see the money has been redistributed to try to maximize the interest earned, while exposing us to no additional risk.

The second page shows 2010 income and expenditures. Going over the differences between the received incomes, one thing to note is that late fees were not broken out in 2010 as Re-invoicing Fee Deposits as they were done in the past. This money is now recorded as 2010 Dues. Beyond that, the next large difference is that interest income was way down in 2010.

For expenses, we had budgeted \$1500 for an accounting service to review and maintain the books. Looking over the books available (In Quicken), I didn't see any value in this, and as a board, we decided not to incur this expense. Also, in efforts to keep expenses down, we were able to find volunteers to maintain the Entrance Sign Maintenance and fix broken boards in the fence. Sign Maintenance charges and Vandalism charges are also much lower than budgeted largely due to finding volunteers. Other than that, no legal expenses were incurred, and we overall worked to keep expenses to a minimum.

I've adjusted the expected income to be in line with current income/expectations. For expenses, I've eliminated the Accounting Services budget item, and tried to be realistic with the budget, reducing items where our expenses were much below budgeted, and increasing electrical. Based on the current expenses, I'm still proposing we keep the HOA dues at \$90.00 with a \$15.00 credit resulting in \$75 per property. If we have no major unexpected expenses in the coming year, this should allow our reserves to maintain near their current levels.