

Ventana Lakes Property Owners Association

Board of Directors Work Session Proposed 2009 Budget Saturday, October 18, 2008 Minutes

Called to Order: by President Sue Alandar at 2:05 p.m.

Pledge of Allegiance

Meeting Location: Ventana Lakes Yacht Club
20015 North 108th Avenue

Board Members Present: Sue Alandar, Tony Fiore, Moe Frenette, Richard (Dick) Matsuishi, Joe McCord, and Lori Norris

NOTE: VP Matsuishi departed the meeting at 3:30 p.m.
(Line item #942-636 was being discussed)

Property Manager present: Jack Donovan

PRESIDENT'S REPORT

President Alandar, everyone thank you for being here, we are working very hard toward the betterment of our Community. I want to lay a couple of ground rules; no criticizing people address processes. We open to looking at changing processes and ways to say money, which is one of the best ways we can change processes. I and other Board Members have looked hard at what we have spent and where, history is important when it relates to the future and what we can fix, but we don't need to go back three and four years to hash over old mistakes. We do want your constructive thoughtful input and questions. We are all in this together, the final decision belongs to the Board and we take our responsibility to the Community very seriously. This is a first draft of the proposed 2009 Budget, this is a working session, there are no decisions going to be made today. We are targeting our November Business meeting to make our final decision on the 2009 Budget. We may or may not have to have another meeting after today.

TREASURER'S REPORT

Treasurer Frenette, I thank everyone for being here today, I do need to correct a mistake on the handouts, on the budget meeting comments page; item 3, column L, I meant 2007, not 2008. As a general overview, Colby Financial Reports are not a real financial statement, they follow what previous Treasurers have put into place and in many cases some income was in sections which skewed the financial statement. Surplus were also budgeted which skewed the reports, it is my goal to have as real of a financial statement as possible and I think after this next one we should be there.

A copy of an Ekmark & Ekmark Tip was also handed out which outlined recommendations and the importance of maintaining sufficient Reserves. Some people believe Reserves should be at 100%, some believe they should be less, I think we'd be in good poster if we maintain our Reserves between 70-80%.

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President Alandar, another important reason for maintaining our Reserves is it helps to maintain the resale value of our homes. Many times people won't buy into a community if you don't have substantial Reserves. We need Reserves behind us to ensure we can handle the future care of our community and to support the resale of our homes.

Treasurer Frenette, one thing I wanted to add, the Reserve recommendation of 70-80% came from a professional company who completed a Reserve Study on our community two years ago; I did not just pull those figures out of the air.

Attach is the proposed 2009 Budget for the Master and Gardens with line by line item comments, amount of increases and percentage of changes. At this time a \$24 dollars a quarter assessment dues increase is being proposed.

REMEMBER: This was only a Work Session; **NO DECISIONS** have been made at this time. The Board is still soliciting input from the Community in order to make an informed decision regarding the 2009 budget. All decisions will be made at a regularly scheduled Open Meeting.

NOTE: The amount and percentage of increase/decrease for the proposed 2009 Budget is based on the Estimated 2008 Actual Expenditures as opposed to the 2008 Budget amounts.

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PROPOSED 2009 MASTER BUDGET

GL #	INCOME	2008 Budget Amounts	2008 Year End Estimated Expended Amounts	2009 PROPOSED Budget	10/18/2008 Comments	Amount of Increase/ Decreases	Percentage of Increase/ Decreases
942-401	1,701 Assessment (includes Gardens)	\$1,245,132	\$1,245,132	\$1,408,428	Increase Assessments \$8 per month (Total quarterly assessment \$207)	\$163,296	11.59%
942-402	Admin Income - Misc Income	\$1,000	\$2,670	\$3,000		\$330	11.00%
942-403	Cell Tower Income	\$12,000	\$12,000	\$12,000	Verizon	\$0	0.00%
942-410	Late Fees	\$500	\$2,198	\$2,200		\$2	0.09%
942-415	Boat Registrations	\$500	\$680	\$500		(\$180)	-36.00%
942-420	Transfer Fees	\$30,000	\$38,800	\$35,000	Depends on Real Estate Market	(\$3,800)	-10.86%
942-430	Pool Keys	\$500	\$1,694	\$1,000		(\$694)	-69.40%
942-460	Operating Interest	\$8,000	\$5,278	\$4,500		(\$778)	-17.29%
942-480	Facilities Rental	\$2,400	\$2,150	\$2,400	i.e. YC by Weight Watchers	\$250	10.42%
942-490	Activities Income	\$20,000	\$21,773	\$25,000	Looking for fund raising suggestions; i.e., Tennis/Pickle Ball Competition	\$3,227	12.91%
	TOTAL INCOME	\$1,320,032	\$1,332,375	\$1,494,028	The Master is projected to finish the year end at a deficit of \$106,855 for 2008	\$161,653	12.13%
	EXPENSES						
942-502	Cable	\$1,100	\$1,057	\$1,100	2 TV's at Recreation Center	\$0	
942-504	Electric (Gardens Separate)	\$93,000	\$95,960	\$99,800		\$3,840	4.13%
942-506	Gas	\$42,000	\$53,686	\$55,800		\$2,114	5.03%
942-507	Refuse	\$2,000	\$828	\$1,000		\$172	8.60%
942-508	Telephone	\$7,200	\$7,300	\$7,500		\$200	2.78%
942-510	Water (Gardens Separate)	\$255,000	\$258,916	\$269,300		\$10,384	4.07%
942-512	Audit	\$6,000	\$8,500	\$4,000	2007 Audit being completed shouldn't need one for a couple of years. Some homeowners want one every year?	(\$4,500)	-75.00%

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GL #	INCOME	2008 Budget Amounts	2008 Year End Estimated Expended Amounts	2009 PROPOSED Budget	10/18/2008 Comments	Amount of Increase/ Decreases	Percentage of Increase/ Decreases
942-514	Bad Debt	\$1,440	\$1,486	\$2,500	Delinquent Assessments	\$1,014	70.42%
942-515	Reserve Study	\$0	\$0	\$0	Completed 2 years ago, shouldn't need another one until 2010?	\$0	
942-518	Insurance; Liability; Volunteers, Golf Cart & Worker's Comp (Gardens Separate)	\$36,200	\$30,021	\$30,900	increase by 3%, Property Manager to check with underwriters reference impact from Graeme Safety Act for Pools/Spas	\$879	2.43%
942-519	Computer Service/Repair	\$0	\$850	\$880	Maintenance Contract established	\$30	
942-520	Internet	\$2,600	\$2,055	\$2,100	Office servers, website, research, communications	\$45	1.73%
942-521	Computer Upgrades	\$0	\$3,192	\$3,200		\$8	
942-522	Legal	\$13,000	\$40,833	\$15,000	Reduced from \$25,000 to \$15,000	(\$25,833)	-198.72%
942-526	Accounting/Payroll - Colby	\$27,180	\$25,156	\$26,200	Unknown if Colby will increase fees for 2009. A portion allocated to Gardens expense. Where to place expenses was based on previous Treasurer, still correcting. Suggestions made to look for a new Management Company. Certified audit should identify where expenses should be tracked.	\$1,044	3.84%
942-530	Mileage	\$2,200	\$4,012	\$4,200	Based on Property Manager's response to Community after hours & weekends. Based on federal amount of .585 cents per mile. Includes Board & volunteer mileage reimbursements	\$188	8.55%
942-531	Association signs	\$0	\$1,882	\$1,000	Not budgeted for in 2008, but in an effort to communicate better with community several new signs created and numerous old ones updated.	(\$882)	

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GL #	INCOME	2008 Budget Amounts	2008 Year End Estimated Expended Amounts	2009 PROPOSED Budget	10/18/2008 Comments	Amount of Increase/ Decreases	Percentage of Increase/ Decreases
942-532	Misc. General Administrative Costs	\$4,500	\$3,119	\$3,200		\$81	1.80%
942-533	Membership Dues/Magazines	\$300	\$420	\$500	WHOA membership, etc.	\$80	26.67%
942-534	Office Equipment Leases	\$12,000	\$11,460	\$6,660	Currently leasing 2 copiers, plan to reduce to one, saving \$400 per month	(\$4,800)	-40.00%
942-536	Office Supplies	\$6,800	\$9,928	\$10,200	Switching Newsletter and other publications to the DOC Printing should reduce this drastically	\$272	4.00%
942-538	Office Equipment Repair/Replacement	\$5,500	\$2,566	\$2,600		\$34	0.62%
942-542	Permits, Licenses, Fees	\$3,800	\$3,070	\$3,200	Covers each pool permit for 1 year and the new kitchen permit	\$130	3.42%
942-544	Postage	\$3,000	\$2,500	\$3,000		\$500	16.67%
942-546	Printing - Off Site	\$3,000	\$299	\$1,000		\$701	23.37%
942-548	Taxes - Income	\$4,000	\$33,805	\$23,900	Previous Board did not account for increased income from CD's, therefore estimated Taxes were not planned and we were charged penalties, may still have to pay the estimated tax as well	(\$9,905)	-247.63%
942-550	Taxes - Real Estate	\$400	\$386	\$400		\$14	3.50%
942-552	Volunteer Appreciation Dinner	\$1,500	\$2,584	\$1,500	With the decline in volunteers those who remain are being tasked with carrying the load for all. Went 2 years without recognizing our volunteers who save the Association multiple expenses, equates to \$10 per volunteer	(\$1,084)	-72.27%
942-554	Training/Education/Seminars	\$500	\$452	\$500	Peoria HOA Academy, WHOA Training Seminars, etc.	\$48	9.60%
942-556	Water Cooler Lease	\$2,085	\$2,253	\$2,300	Covers 5 Coolers placed throughout Community. Place on November Agenda for possibly removal	\$47	2.25%

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942-560	Salaries - 3 FT Staff; 2 PT Staff	\$156,000	\$152,806	\$157,400		\$4,594	2.94%
942-561	Payroll Taxes 941/SUTA/FUTA Taxes	\$15,000	\$13,186	\$13,700		\$514	3.43%
942-562	Benefits - Employee's Medical Insurance	\$3,600	\$3,446	\$3,600	\$300 a month for 2 employees(Mngr & Asst Mngr)	\$154	4.28%
942-602	Backflow Inspections/Repairs/Replacements	\$4,800	\$4,804	\$5,000	Had 3 extensive repairs in 2008, includes Lakes plus other areas with backflows	\$196	4.08%
942-604	Maintenance by VL	\$3,000	\$1,815	\$3,000	Covers supplies used by volunteers to make repairs throughout community, free labor	\$1,185	39.50%
942-606	Maintenance by Outside Contractor	\$9,000	\$41,646	\$21,000	Covered safety issues (side walks uneven - \$17,000), computer upgrades, lighting supplies, & electrical work. Last month cleaning out lake baskets were also included, but not before lost a \$4,500 pump	(\$20,646)	-229.40%
942-607	Fitness Equipment Maintenance	\$3,400	\$5,783	\$6,000	Just signed a maintenance contract for \$5,800	\$217	6.38%
942-608	Electrical Repairs by Outside Contractor	\$1,800	\$1,077	\$1,100		\$23	1.28%
942-610	Equipment Maintenance	\$2,500	\$1,145	\$1,200	Golf Cart tires, lake baskets, etc.	\$55	2.20%
942-612	Fish Removal/ Replacement	\$0	\$1,000	\$1,000	Removed food from label, as we do not feed our fish	\$0	
942-616	Inside Furniture Repairs/ Replacement	\$1,800	\$285	\$1,000		\$715	39.72%
New	Pool Room Furniture Upgrade	\$0	\$0	\$1,800	All 8 Chairs are falling apart need to be replaced	\$1,800	

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942-618	A/C Maintenance Contract/Repairs	\$14,100	\$13,845	\$14,300		\$455	3.23%
942-620	Improvements	\$1,800	\$395	\$0	Considered a "catch all" - removed category	(\$395)	-21.94%
942-622	Irrigation Supplies	\$8,000	\$5,885	\$6,100		\$215	2.69%
942-623	Irrigation repairs	\$0	\$30,500	\$34,488	Looking for Volunteers to assist with an audit/evaluation of all irrigation systems and come up with a plan to replace a group of sections at a time. With a replacement plan in place, could reduce budget and place as a Reserve fund item.	\$3,988	
942-624	Janitorial Contract	\$34,500	\$33,735	\$34,800		\$1,065	3.09%
942-626	Janitorial Supplies	\$6,000	\$6,042	\$6,200		\$158	2.63%
942-628	Lake Maintenance	\$19,000	\$15,322	\$15,800	Have not had major Lake problems for 2 years	\$478	2.52%
942-630	Lake Chemicals	\$8,700	\$5,562	\$5,800		\$238	2.74%
942-631	Lake Equip Repairs - Minor	\$2,500	\$3,282	\$3,300		\$18	0.72%
942-632	Landscape Conversion/Granite	\$11,000	\$0	\$11,000		\$11,000	100.00%
942-634	Landscaping Contract	\$273,000	\$273,500	\$273,500	Only covers maintenance, does not cover add ons (irragations, trees, shrubs, etc). Recommend replacing with new Company	\$0	0.00%
942-636	Exterminating	\$3,000	\$4,958	\$5,000	Problems with rats have driven costs up	\$42	1.40%
942-637	Fence Welding & Painting	\$0	\$1,967	\$6,000	General spot welding on fences throughout community. The Shore's project \$4,500, half will come back from Shore's lake owners	\$4,033	
942-638	Plant/Shrub Replacement	\$4,000	\$3,743	\$4,000		\$257	6.43%

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942-640	Pool/Spa Maint. Contract	\$32,000	\$30,540	\$31,400	The Graeme Pool Safety equipment \$7,200 will be a Reserve Item.	\$860	2.69%
942-641	Pool Chemicals	\$9,000	\$8,953	\$9,200		\$247	2.75%
942-642	Pool Area Furniture Repair	\$2,400	\$0	\$2,400		\$2,400	100.00%
942-644	Pool/Spa Repairs	\$4,100	\$19,334	\$19,900	Per Property Manager, costs were a result of replacing Heat exchanges, chlorine traps, etc. Not based on the age of the pool/spas. Upgrading technology would not improve expenses as they are ongoing issue, no matter the grade of equipment.	\$566	13.80%
942-646	Security	\$2,000	\$1,022	\$1,100	Only covers Brink's alarm monitoring. Per Property Manager security camera research was cost prohibitive. Suggest upgrading Yacht Club alarm system.	\$78	3.90%
942-648	Seed/Sod	\$4,000	\$3,301	\$4,200		\$899	22.48%
942-649	Tree Trimming/Removal/Replacement	\$32,000	\$15,169	\$34,000	City passed a law in 2001 that all road easements in Communities shall be maintained by the Communities. Budgeted amount includes \$14,000 to trim Palms in 2009.	\$18,831	58.85%
942-671	Electric supplies	\$0	\$936	\$1,000		\$64	
942-672	Sound & Lighting Upgrade/Repair	\$1,000	\$444	\$1,500	Need new sound equipment. Hellquist offered possible sound equipment at wholesale pricing.	\$1,056	105.56%
942-673	Flag Replacement/Repairs	\$800	\$400	\$800	30 new flags were purchased this year at a cost of \$240	\$400	50.00%
942-683	Activity Expenses -	\$20,000	\$22,556	\$25,000		\$2,444	12.22%
EXPENSE SUB-TOTAL		\$1,230,105	\$1,336,960	\$1,350,028		\$13,068	

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GL #	INCOME	2008 Budget Amounts	2008 Year End Estimated Expended Amounts	2009 PROPOSED Budget	10/18/2008 Comments	Amount of Increase/ Decreases	Percentage of Increase/ Decreases
	Recommended Reserve Contribution	\$60,000	Reserve recommendation is \$14,500 per month (\$174,00 per year)	\$174,000	2008 Reserves were not adequately funded and are going to be short. Recommend funding Reserves at 70% - 80%	\$144,000	240.00%
942-910	Less: Expected Reserve Interest			<u>\$30,000</u>	Treasurer estimates the Master Reserves will be funded at 73.6% as of 12/31/08		
942-905	Allocated to Reserves	\$60,000	\$60,000	\$144,000	Need to develop an Expected Reserve Expenditures for up coming year		0.00%
EXPENSES & RESERVE TOTALS		\$1,290,105	\$1,396,960	\$1,494,028		\$170,092	13.18%
Summary of Financial Spreadsheet		Projected	Income	\$1,494,028	Projected Income Increased Amount	\$161,653	Projected Expenses exceed Projected Income Increases
		Projected	Expenses	\$1,494,028	Projected Expense Increase	\$170,092	
		Projected	Surplus	\$0	Projected Difference	(\$8,439)	
The Gardens fairness issues could have additional impact on Master Budget line items.							

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PROPOSED 2009 GARDENS BUDGET

	Gardens	2008	2008	2009	10/18/08 Meeting
GL#	INCOME	Budget	EST YTD	Budget	COMMENTS
802	Assessments-Gardens	\$116,640	\$116,640	\$116,640	No Dues increase
804	Interest Bank Acct	\$2,500	\$1,581	\$1,700	Better investing within their CD accounts
		\$119,140	\$118,221	\$118,340	
	EXPENSES				
812	Electric	\$700	\$594	\$700	
813	Accounting	\$0	\$1,932	\$1,932	New expense
814	Income Tax	\$0	\$1,927	\$1,950	New expense
815	Legal	\$0	\$2,136	\$2,200	New expense
817	Irrigation Labor	\$0	\$1,456	\$1,600	New expense
820	Water	\$8,000	\$4,952	\$5,300	
831	Miscellaneous Maintenance	\$500	\$2,040	\$2,200	
833	Irrigation Supplies	\$1,000	\$223	\$1,000	
834	Landscaping Contract	\$24,000	\$24,000	\$24,000	
836	Plant/Shrub Replacement	\$4,100	\$1,701	\$4,100	
838	Roof Maintenance/Repairs	\$4,600	\$4,192	\$4,600	
840	Special Projects	\$4,500	\$3,200	\$0	Due to water damage between a couple of Garden's residence. McCord - should have been out of Reserves. Fiore - Do not recommend zero, because of Garden's layout and issues.
842	Tree Trim./Remove/Replace	\$8,000	\$11,057	\$11,200	Loss of Landscape Committee has shifted overseeing responsibilities to Office Staff
852	Granite Replenishment	\$9,000	\$4,497	\$6,000	Looking to break up into 3 different areas and replace over 3 year period. Part of problem, one landscaper installed 1/4 granite and another landscaper installed 3/4 quarter granite.
856	Collections	\$1,080	\$360	\$1,100	
858	Insurance	\$12,000	\$13,605	\$14,200	Jack follow up with Insurance Company to provide potential rate increase. Donovan - they are not going to provide this.
Total Expenses Before Reserves				\$82,082	
	Recommended Reserve allocation			\$37,200	Treasurer estimates the Gardens Reserve will be funded at 73.8% as of 12/30/08. Estimate the Gardens will have a surplus to contribute to reserves after closing of 2008 books.

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704	Less: Gardens Reserve Interest	\$29,997	\$2,322	<u>\$4,000</u>	
890	Reserve Allocation	\$36,000	\$36,000	\$33,200	Reserve recommendation for 2009 \$3,100 per month (\$37,200 per year).
TOTAL EXPENSES & RESERVES		\$143,477	\$116,194	\$115,282	
Summary of Financial Spreadsheet		Projected	Income	\$118,340	The Gardens fairness issues may increase or decrease budget lines items. No dues increase projected for the Gardens. Under the 2009 budget the Gardens may realize a surplus for 2009.
		Projected	Expenses	\$118,340	
		Projected	Surplus	\$0	

Norris moved, Fiore seconded, THERE BEING NO FURTHER BUSINESS TO DISCUSS, MOVED TO ADJOURN.

Motion passed

Board Meeting adjourned at: 4:53 p.m.

Lori Norris, VLPOA Secretary

Date: _____