

**CHARLESTOWN OWNERS ASSOCIATION**

**LINE ITEM EXPLANATIONS**

**DRAFT OPERATING BUDGET - FISCAL YEAR 2009  
500 UNITS**

**INCOME**

**REGULAR ASSESSMENTS** **30100** **TOTAL = \$1,181,399**

The maximum annual assessment will automatically be increased by the Board of directors without a vote of the Membership, effective January 1 of each year. The actual annual assessment will be set by the Board at an amount at or below the maximum assessment allowed. As provided in the Declaration, the maximum annual assessment shall be set in accordance with the following formula:

The fixed annual assessment for the calendar year preceding the proposed assessment calendar year is multiplied by a fraction, the numerator of which shall be the Consumer Price Index (CPI) now known as the "United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index, Urban Wage Earners and Clerical Workers for the Washington-Baltimore, DC-MD-VA-WV area, Not Seasonally Adjusted, All Items for the month of July of the calendar year preceding the proposed assessment calendar year, and the denominator of which shall be such CPI for the month of July during the calendar year which precedes the proposed assessment calendar year by two years. The current CPI is set at 5.9%.

**REGULAR ASSESSMENTS**

Calculation of 2009 Maximum Annual Assessment:

2008 Annual Assessment                      \$185.93 Monthly x 12 = \$2,231.16 Annually

2009 Calculation of Maximum Annual Assessment:

**Maximum** Annual Assessment:              \$2,231.16 X 5.9% = \$2,362.80

Maximum Monthly Assessment:            \$2,362.80 / 12 = \$196.90

**OTHER INCOME**

**HOMEOWNERS LATE FEES** **30171** **TOTAL = \$ 6,000**

Estimate based on projected year-end actual income and prior year averages.

**NEWSLETTER ADVERTISING** **30221** **TOTAL = \$ 3,000**

Projected receipts for private advertising placed with Association's Newsletter/Website.

**MISCELLANEOUS INCOME** **30260** **TOTAL = \$ 0**

This is a broad-based category and contains provisions for income that may be received throughout the year from any variety of sources.

**INTEREST INCOME (Unrestricted)** **30270** **TOTAL = \$ 2,000**

Estimate based on projected 2006 income from monies deposited in the Association's operating account. No significant increase in rates expected.

**INTEREST INCOME (Restricted)** **30275** **TOTAL = \$ 4,000**

Estimate based on projected 2007-income from the funds deposited in the Association's Reserve (Capital) accounts. In accordance with the governing documents of the Association, interest from these funds is placed in an unallocated reserve account until such time as the Board shall allocate to other reserve accounts. With continued lower yields and increased spending for 2008, returns will be lower than previous years.

**DISCLOSURE PACKET INCOME** **30310** **TOTAL = \$1,000**

Management bills requesting unit owners \$250.00 for a resale disclosure package, \$50.00 of this fee is payable to the Association. The Real Estate Market is very slow at this time.

### **EXPENSES**

#### **ADMINISTRATIVE EXPENSES**

**BAD DEBT** **51000** **TOTAL = \$ 3,500**

This category is where expenses associated with bad debts (foreclosures, bankruptcy, etc) are written off as an expense. Figure is an estimate based upon unknown probabilities.

**TELEPHONE/COMMUNICATIONS** **51000** **TOTAL = \$ 2,500**

This category includes provision for all communications service maintained at the Association's Lakinhurst office. This category includes landlines, mobile and data lines installed at the Association's Lakinhurst Office.

**POSTAGE** **51020** **TOTAL = \$ 1,500**

Estimate is based on expected year-end actual expenses and includes mailings of all types such as routine correspondence, newsletters (non-resident owners), notice of annual meeting, budget, collection letters, policy mailings, etc.



**RECORDING SECRETARY** **51330** **TOTAL = \$ 2,000**

Provision for recording secretary at Board meetings, Membership Meeting(s) as well as Special Meetings as requested. (12 Board, 1 – Membership and 1 Special Meeting – 14 Meetings at \$120/Meeting.)

**ADMINISTRATIVE PAYROLL** **51043** **TOTAL = \$ 25,000**

The Association is responsible for the Payroll and related costs (Benefits, Processing etc.) The above is an aggregate number to cover the cost of administrative staffing the office currently 25 hours per week as well as the taxes, benefits and related payroll costs.

Discussion of these details, are a topic for executive session of the Board.

**BANK CHARGES** **51200** **TOTAL = \$ 1,500**

This category provides for bank charges by the Association's financial and other institutions for items such as T-Bills and wire transfers associated with movement of Association funds. Also includes fees for check printing charges, NSF fees, payment coupons, and lock box charges.

**CIVIC COORDINATING** **51276** **TOTAL = \$ 0**

Estimated provisions for various community events.

**OTHER ADMINISTRATIVE EXP.** **51500** **TOTAL = \$ 300**

The provisions in this category include expenses budgeted for Memberships & Subscriptions, as well as unforeseen expenses of an administrative nature.

### **MAINTENANCE EXPENSES**

**CONTRACT PAINTING** **61026** **TOTAL = \$ 140,000**

Painting of the exterior of the buildings is perhaps one of the most important things that the Association does, not only in terms of maintenance, but also from the standpoint of enhancing property values through the maintenance of "curb appeal." The Community is currently maintaining a 5-year paint cycle.

**OFFICE CLEANING** **61050** **TOTAL = \$ 250**

Based on the cost of cleaning supplies (paper towels, vacuum bags, chemicals, etc.) and professionally cleaning the Lakinhurst office carpet as needed.

**GROUNDS CONTRACT** **61180** **TOTAL = \$ 88,450**

Based on a three (3) year term that started on January 1, 2007. The contract provides contract cost for mowing, edging, fertilization, weed control, aeration and over-seeding of the community at an annual rate for 200 of \$83,641.48 with a provision to cover gas prices and inflation in future years.

**SEED SOD & MULCH** **61170** **TOTAL = \$2,500**

Expiated cost for seed, straw, sod and mulch used by the in house or by contract for lawn restoration.

**TREE SERVICES** **61188** **TOTAL = \$ 40,000**

An estimate for the cost of tree pruning, removal of dead branches, tree removal etc. As the trees within the community mature, Management recommends that the Association continue to fund this category and remain committed to maintaining these assets.

**LANDSCAPE ENHANCEMENTS** **TOTAL = \$ 4,000**

Tree replacements throughout community as decided by The Board of Directors and the Tree Committee.

**TOT LOT MAINTENANCE** **61195** **TOTAL = \$ 2,500**

Cost to maintain the eleven (11) tot lots installed in 2002. Cover cost of dressing the mulch, replacement of parts due to wear or vandalism.

**LAMP REPAIRS/GAS CONVERSION** **61199** **TOTAL = \$ 1,000**

Replacement of parts, globes, mantels, transformers and bulbs of the Association's gas and electrical lights throughout the community. An allowance has been included for the possibility of conversion of existing gaslights to electric.

**EXTERIOR BUILDING REPAIRS** **61200** **TOTAL = \$ 8,000**

Provision for all contracted and in-house building repairs. Examples would include but not limited to repair of railings, masonry repairs to walls and chimneys, and carpentry repairs that the Association is responsible to make during the painting cycle. Exterior building repair cost was reduced for 09 because most of the cost of the work is labor cost that are not done in-house by the maintenance staff.

**EQUIPMENT REPAIR AND MAINT.** **61201** **TOTAL = \$ 750**

Maintaining the community pick-up truck and all other equipment that needs to be serviced (chainsaw, etc.).

**EQUIPMENT RENTAL** **61208** **TOTAL = \$ 5,000**

Equipment rental has increased for 09 to accommodate the maintenance staff on grading and drainage projects, tree removal, tot lot mulch installation and hauling away debris from property.

**TRASH/RECYCLING CONTRACT** **61250** **TOTAL = \$ 93,000**

In July of 2006, the Association signed a new agreement for trash removal with Trash Away, Inc. This figure reflects the contract adjustments for 2007 and 2008.

**BULK TRASH CONTRACT** **61251** **TOTAL = \$ 1,800**

Projected costs for 6 yard dumpster emptied once a week, Association use only.

**BUILDING MATERIALS** **61286** **TOTAL = \$ 20,000**

Expected cost for shutters, caulk, lumber, roof supplies, splash blocks, paint, drain pipe etc. used for in-house repairs made by the Association.

**PT LABOR** **61432** **TOTAL = \$ 3,000**

Part time labor for large projects or when a second person is needed.

**MAINTENANCE PAYROLL** **61420** **TOTAL = \$72,000**

The Association is responsible for the Payroll and related costs (Benefits, Processing etc.) The above is an aggregate number to cover the cost of maintenance staff, and seasonal help as needed. The maintenance staff presently works 40 hours a week, as well as the taxes, benefits and related payroll costs.

**ROOF & GUTTER REPAIRS** **61460** **TOTAL = \$ 3,000**

Expected maintenance cost for repairs to roofs, gutters, downspouts, scuppers, party wall coping. Also provides for the repair and cleaning of downspouts and gutters twice a year. 09 cost has been reduced for this line item due to the on-site maintenance staff performing these projects which cuts down on labor costs if the work was contracted out.

**SNOW REMOVAL** **61581** **TOTAL = \$ 6,000**

Based on contract for the removal of snow and ice from the Association's roadways. Very difficult category to predict. Prior years' weather has been assessed as follows: 1998 - Mild, 1999 - Average, 2000 - Mild, 2001 - Very Mild, 2002 - Mild, 2003 - Severe, 2004 - Average-severe, 2005 - Average, 2006 - Mild - 2007 - Mild - 2008 Mild.

**DRAINAGE REPAIRS** **61700** **TOTAL = \$ 3,000**

Funds in this category are to address foundation and ground water drainage problems throughout the community. 09 cost for this line item was decreased due to the maintenance staff working on these projects.

**UTILITIES & OTHER EXPENSES**

**GAS FOR LAMPS** **71023** **TOTAL = \$ 5,000**

Cost for gas that operates the Association's gas street lamps.

**FUEL AND OIL** **71026** **TOTAL = \$ 3,000**

Cost of fuel and oil for the Association's trucks and power equipment.

**ELECTRICITY FOR LAMPS** **71032** **TOTAL = \$ 8,845**

The expected cost of electricity consumed by the 48 converted gas lamps (payment to unit owner providing power - \$22.46 usually per light sponsored), one street lamp in the maintenance yard on Haverhill Court and electricity to power watch lights provided and maintained by Dominion Virginia Power.

**OFFICE UTILITIES** **71033** **TOTAL = \$ 2,500**

Projected cost of electricity, water and gas at the Association's Lakinhurst office.

**INSURANCE** **71050** **TOTAL = \$ 5,500**

This category includes provision for all matters of insurance coverage for the Association. Coverage includes, but is not limited to, broad form casualty, umbrella liability, vehicle insurance, equipment coverage, and Directors & Officers liability. Management continues to see increases in this category, and the above rate could significantly change should we find it necessary to enter a claim.

Current provider is Nationwide Insurance. \$2 Million per incident/aggregate for General Liability, \$50,000 for Employee Dishonesty, and \$2 Million for Directors and Officers Liability.

**INCOME TAXES** **71140** **TOTAL = \$ 3,500**

Estimate based on projections from the Association's auditors considering the Association's most recent income tax liability. Tax liability is due to income from interest.

**PERSONAL PROPERTY TAX** **71143** **TOTAL = \$ 350**

County tax assessed on Association-owned motor vehicles. Also included Office Equipment for the Lakinhurst office. Could rise significantly with the purchase of the new used truck.

**CONTINGENCY** **XXXXX** **TOTAL = \$ 0**

Expenses of an unforeseen nature

**REPLACEMENT RESERVES** **VARIOUS** **TOTAL = \$ 550,179**

This category provides for the future repair and replacement of long-lived assets. Current categories include Tot Lots, Roofs, Equipment, Road/Sidewalk, Masonry Walls, Stoop Replacement, and Beautification. Interest from these funds may only be used for the repair or replacement of long-lived assets. Percentage of the total to be allocated to individual accounts to be determined by the Board prior to the beginning of the fiscal year.

This amount includes the following: % TBD

25534	Tot Lot	%
25548	Roof	%
25591	Equipment	%
25650	Road & Sidewalk	%
25687	Walls	%
25688	Stoop Replacement	%
25689	Beautification	%