

CHARLESTOWN OWNERS ASSOCIATION

LINE ITEM EXPLANATIONS

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

INCOME

REGULAR ASSESSMENTS **30100** **TOTAL = \$1,171,947**

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 .992% of the previous year's index.

REGULAR ASSESSMENTS

Calculation of 2010 Maximum Annual Assessment:

2009 Annual Assessment \$196.90 Monthly x 12 = \$2,362.80 Annually

2010 Calculation of Maximum Annual Assessment:

Maximum Annual Assessment: \$2,362.80 X .992% = \$2,343.90

Maximum Monthly Assessment: \$2,343.90 / 12 = \$195.32

OTHER INCOME

HOMEOWNERS LATE FEES **30171** **TOTAL = \$ 7,000**

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 = \$ 3,000**

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 = \$ 1,000**

Estimate based on projected 2009 income from monies deposited in the Association's operating account. No significant increase in rates expected.

INTEREST INCOME (Restricted) **30275** **TOTAL = \$ 1,000**

Estimate based on projected 2009 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 2010, returns will be lower than previous years.

DISCLOSURE PACKET INCOME **30310** **TOTAL = \$750**

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 = \$ 3,800**

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.

OFFICE EXPENSE & EQUIPMENT **51030** **TOTAL = \$ 8,000**

Provisions for all matters of office supplies, equipment, and expenses. Examples include maintenance/supplies for the printer, copy machine, stationery, envelopes (several types), violation stickers as well as associated contracted charges for set up of new unit owner accounts, direct debit

accounts, account status requests, etc. Based on projected year-end actual expense, historical averages and an allowance for the increased administrative expatiations of the Lakinhurst Office.

PRINTING **51031** **TOTAL = \$ 4,000**

Projected cost for the printing and layout of the Association's newsletter and meeting notice(s).

Layout/Design	12 Issues @ \$225	\$ 2,700
Typical Printing	8 Issues @ \$100	800 (Assumes Key Middle School)
Outside Printing	4 Issues @ \$700	2,800 (During Summer Months)
Miscellaneous Printing		700 (Posters, Notices Etc)

TRAINING **51050** **TOTAL = N/A**

Cost associated with employee training. Computer training or continuing education.

LEGAL FEES **51090** **TOTAL = \$15,000**

The estimate for this category is based on prior experience and represents funds for routine legal counsel, collections, and related work. Current monthly retainer is \$250.00/Month. This category could be significantly higher if the Association enters litigation, either as a plaintiff or a defendant.

LEGAL FEE REIMBURSEMENT **51092** **TOTAL = \$ (8,000)**

The Association is responsible to cover legal fees on accounts placed for collection. This account is used to track legal fees that have been collected from Unit Owners.

AUDITING AND ACCOUNTING **51110** **TOTAL = \$ 5,500**

Fee for FY 2009 audit and tax preparation.

MANAGEMENT FEE **51120** **TOTAL = \$ 51,818**

Contract between Charlestown Owners Association and CMG to provide full-service management to the Association. The contract on which these projections are made covers through December 2010. This contract includes a provision for renewals on an annual basis.

MANAGEMENT SCHEDULE B **51125** **TOTAL = \$ 3,000**

For management services not included in standard contract which do not have an applicable budget category. As the routine Schedule B charges are included in office expense, this category is to track Management attendance at additional meetings, Board meetings that run in excess of allotted 2-1/2 Hours allotted time, engineering, consultants, 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.)

BUILDING MATERIALS **61286** **TOTAL = \$ 22,000**

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 = \$ 0**

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

MAINTENANCE PAYROLL **61420** **TOTAL = \$105,000**

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 = \$ 2,000**

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. 2010 cost has been maintained 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 - 2009 Mild.

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

Funds in this category are to address foundation and ground water drainage problems throughout the community. In 2010 cost for this line item was maintained 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 = \$ 4,000**

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

ELECTRICITY FOR LAMPS **71032** **TOTAL = \$ 8,500**

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 = \$ 7,000**

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 = \$ 0**

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.

LIGHT REIMBURSEMENT **71031** **TOTAL = \$ 102**

Reimbursement to owners for light usage

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	%