

West Hill Estates Homeowner Association
Adopted 2018-2019 Budget

| | 2017-2018 Budget | Actual 2017-2018 6/30/2018 | 2018-2019 Adopted Budget |
|---------------------------------|-----------------------------|---|---|
| Ordinary Income/Expenses | | | |
| Income | | | |
| Assessment \$180.00 | 48,000.00 | 49,240.01 | 57,600.00 |
| CC&R Violations | 0.00 | | 0.00 |
| Interest Fee Income | 0.00 | 1,636.51 | 0.00 |
| Late Charges | 0.00 | 1,126.80 | 0.00 |
| Transfer Fees | 0.00 | 3,900.00 | 0.00 |
| Total Income | 48,000.00 | 55,903.32 | 57,600.00 |
| Expense | | | |
| Backflow Testing | 60.00 | 60.00 | 60.00 |
| Bank Service Charges | 0.00 | 22.00 | 22.00 |
| Common Area Maintenance | 8,000.00 | 5,060.00 | 1,500.00 |
| Computer and Internet Expenses | 100.00 | 119.98 | 100.00 |
| Delinquency Control Expense | 500.00 | 0.00 | 0.00 |
| Electric | 700.00 | 895.92 | 1,200.00 |
| Insurance Expense | 5,000.00 | 5,672.00 | 5,633.00 |
| Irrigation Repair | 1,500.00 | 254.00 | 750.00 |
| Landscaping and Groundskeeping | 17,820.00 | 12,520.00 | 15,000.00 |
| Legal Fees | 8,000.00 | 29,426.68 | 15,000.00 |
| Licenses and Fees | 50.00 | 430.83 | 431.00 |
| Meetings | 400.00 | 942.20 | 1,120.00 |
| Office Supplies | 100.00 | 235.54 | 350.00 |
| Printing and Postage | 1,500.00 | 2,580.97 | 3,180.00 |
| Professional Fees | 10,000.00 | 5,196.19 | 5,450.00 |
| Settlements with Homeowners | | 680.00 | |
| Signs | | | 440.00 |
| Water | 6,870.00 | 4,464.91 | 5,000.00 |
| Welcome Gifts | 500.00 | 577.31 | 600.00 |
| Total Expense | 61,100.00 | 69,138.53 | 55,836.00 |
| Net Ordinary Income | -13,100.00 | -13,235.21 | 1,764.00 |
| Other Income/Expense | | | |
| Other Income | | | |
| Interest Income | 0.00 | 19.25 | 0.00 |
| Total Other Income | 0.00 | 19.25 | 0.00 |
| Other Expense | | | |
| Suspense | 0.00 | 0.00 | 0.00 |
| Total Other Expense | 0.00 | 0.00 | 0.00 |
| Net Other Income | 0.00 | 19.25 | 0.00 |
| Net Income | -13,100.00 | -13,215.96 | 1,764.00 |

West Hill Estates Homeowner Association

2018-2019 Budget Information

Income:

Assessment - 320 homes @ \$180.00. The CC&R, Section 18 allows annual assessment increase of up to 25%. Due to increased expenses the Board voted to increase assessments this year by 20%.

CC&R Violations - Fees and fines collected from homeowners for CCR violations. Every effort is made to encourage homeowners to return to compliance rather than pay fines and fees.

Interest Fee Income - Interest charged on late fees and fines. Throughout 2017-2018 significant effort was made to collect accounts both current and past due. Collecting past due accounts brings in the interest fee income associated with past due accounts.

Late Charges - Charges on assessments and fines not paid by due date.

Transfer Fees - Each time a home is sold a \$150 transfer fee is assessed to the new owner to cover administrative cost to WHEHOA for home ownership changes. This fee is generally collected by the title company at closing.

Cash Reserve:

In addition to the annual budget \$16,000.00 is maintained to cover unforeseen expenses. This reserve has remained untouched for at least the past three years.

Expenses:

Backflow Testing - Annual backflow testing of the common area irrigation system. The amount charged for this service has remained \$60 for the past 3 years.

Bank Service Charges - Check printing and other charges from our bank.

Common Area -The 2017-2018 budget consolidated periodic expenses for common area such as backflow testing, electric, irrigation repair and water. The 2018-2019 budget will separate these expenses to more clearly identify expenses for each item.

Common Area Improvements - In the 2017-2018 budget this category was used for expenses such as plant replacement, barkdust and pressure washing. In the 2018-2019 budget these expenses will be moved back into the Common Area Maintenance and Common Area Improvements will not be used.

Common Area Maintenance - Includes periodic services such as bark dust, pressure washing and plant replacement. 2018-2019 will require replacement of about 20 shrubs and 2 trees roughly estimated to cost \$1,500.00.

NOTE: Renovation of the common area using xeriscaping (minimizing water needs) has been tabled until 2019-2020 due to the 2018-2019 Bylaw and CC&R Amendment and Restatement project. The anticipated total final cost for this landscaping project is estimated to be at least \$20,000.00. The plan is to complete it in phases. The first phase is expected to be the most costly at about \$10,000.00 because it will also include the initial design drawing by a landscape architect drawing up of plans making phase one likely be the most costly phase of the project. It will be a time consuming project and may need to stretch over multiple years. To do this project in 2019-2020 there will need to be a healthy end of 2018-2019 bank balance in addition to the \$16,000.00 reserve.

Computer and Internet Expenses - These are the expenses associated with WHEHOA website maintenance. The amount paid the 2017-2018 budget included purchase of a two-year website Security license that will not need to be renewed until 2019-2020.

Delinquency Control Expense - This may have been used to identify cost of collection agencies used to collect past due accounts. This category is not used now.

Electric - In 2017-2018 the actual paid was \$895.92 for common area electric. This was an increase of about \$300.00 over the previous two fiscal years. The 2018-2019 \$300.00 increase is based on a similar estimated annual increase.

Insurance Expense - The 2018-2019 budget amount is based on what was paid 6/29/2017; Directors and Officers Insurance \$2,536.00 and Liability Insurance \$3,041.00. It was assumed there would be no rate increase since the Tree Height Amendment was passed and that seemed to be a determining factor in the cost for insurance coverage.

Irrigation Repair - Repairs and maintenance needed for the common area irrigation system. 2017-2018 budget had \$1,500.00 that has been reduced to \$750.00 in the 2018-2019 budget. The 2017-2018 had actual irrigation repair cost of \$254.00.

Landscaping and Groundskeeping - Routine services such as common area grass cutting and mole trapping. The cost for Russell's Landscape for 2018-2019 will be \$14,300.00. As of 6/1/18 the Russell's Landscape monthly charge increased by \$90 bringing the monthly cost to \$1,190.00. Their last increase was 6/1/2016. Mole trapping is estimated \$700. The actual mole trapping cost for 2017-2018 was \$410.00.

Legal Fees - Includes any legal consultation for WHEHOA. Total Legal cost for 2017-2018 was \$29,426.68. A 2014 homeowner lawsuit and resulting issues made up \$11,442.66 of that amount. Our law firm is still trying to recover some of that expense. A CC&R violation resulted in \$4,500.00 in legal counsel. The work to date on the Amended and Restated Bylaws and CC&Rs is \$7,071.00. All other legal matters \$6,413.02. Because of the ongoing conflict with a group of homeowners the projected legal costs are estimated at \$7,000 and another \$8,000 for the Amended and Restated Bylaws and CC&R project.

Licenses and Fees - County property tax \$1.00, County filing fees for recording passage of Bylaws and CC&Rs Amendment and Restatement when it is passed - estimated \$380.00, Annual Non-profit Corporation fee \$50.00.

Meetings - Meeting space rent, refreshments, etc. Most of the 2017-2018 Board meetings were held in homeowner homes. That is no longer possible so the 2018-2019 budget reflects that increased cost. Annual meeting room and refreshments \$380.00, Bylaw and CC&R Amendment and Restatement homeowner information meeting \$380.00, Board meetings 12 @ \$7.50 - \$10.00 = \$120.00, Work sessions 24 @ \$7.50 - 10.00 = \$240.00.

Office Supplies - Office supplies and sign making supplies. 2018-2019 is based on 2017-2018 actual cost.

Printing & Postage - Printed mailings to all WHEHOA homeowners estimated at \$3,000.00, postage for mailing single items estimated at \$90.00, rent for Post Office box \$90.00. The printed mailing to all WHEHOA homeowners amount includes estimated cost of printing and mailing for the Bylaw and CC&R Amendment and Restatement project.

Professional Fees - The amounts used in developing the 2018-2019 budget were based on 2017-2018 costs. CPA to prepare tax forms \$450.00. Accounting firm to electronically store financial documents, bill homeowners for annual assessments, late fees and interest, prepare monthly financial reports \$5000.00. The accounting firm also is the failsafe for document keeping to prevent Boards not having documents they need going forward. Blair Grames made the wise decision to begin using this service the fall of 2015.

Settlements with Homeowners - This was a CC&R violation settlement this year. It won't likely be needed again.

Signs - Four (4) printed signs with mounted posts that will be mounted at West Hill Estates entrances to notify homeowners of Board meetings. This will likely be a one-time expense for the sign posts and periodic replacement of printed signs when they become damaged.

Water - The cost of water for common area irrigation for 2016-2017 was \$4,327.52 and 2017-2018 was \$4,461.91. Since the cost has been fairly consistent for the past two years the budget allocation for water has been reduced.

Welcome Gifts - When home ownership changes a transfer fee of \$150.00 is collected to cover administrative expenses including the cost of the welcome gift.

Other Income - Interest Income collected on past due accounts