

# **MEMORIAL NORTHWEST HOA**

## **2007 BUDGET**

Board Review  
January 2007

# 2007 Budget Agenda

- Objectives
- Assumptions
- Budget Overview /Expense Analysis
- Charts
- Surplus / Deficit & Capital Spend History
- What is not in the Budget
- Future Assessment Recommendation's

# 2007 Budget Objectives

## Priorities

- Fund ongoing HOA security, common area maintenance & administrative activities (former maintenance fund)
- Fund ongoing Community Center expenditures assuming at least one more year before undertaking major renovations start in 2008
- Maintain at least three - six months of total HOA expenses
- Keep total dues constant for 2007 ( $\$196 + \$175 = \$371$ )
- Break-even (if possible)
- Prepare homeowners for a dues increase in the next year or several years

# 2007 Budget Key Assumptions

Revenues similar to this year

- HOA dues constant ( $\$196 + \$175 = \$371$ )
- Similar collections of past dues (~95%) ; interest income up again
- Community Center rentals / miscellaneous revenues slightly lower

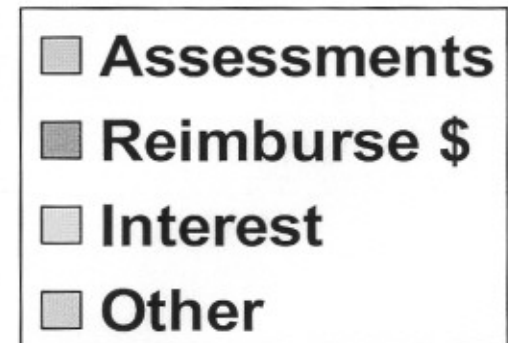
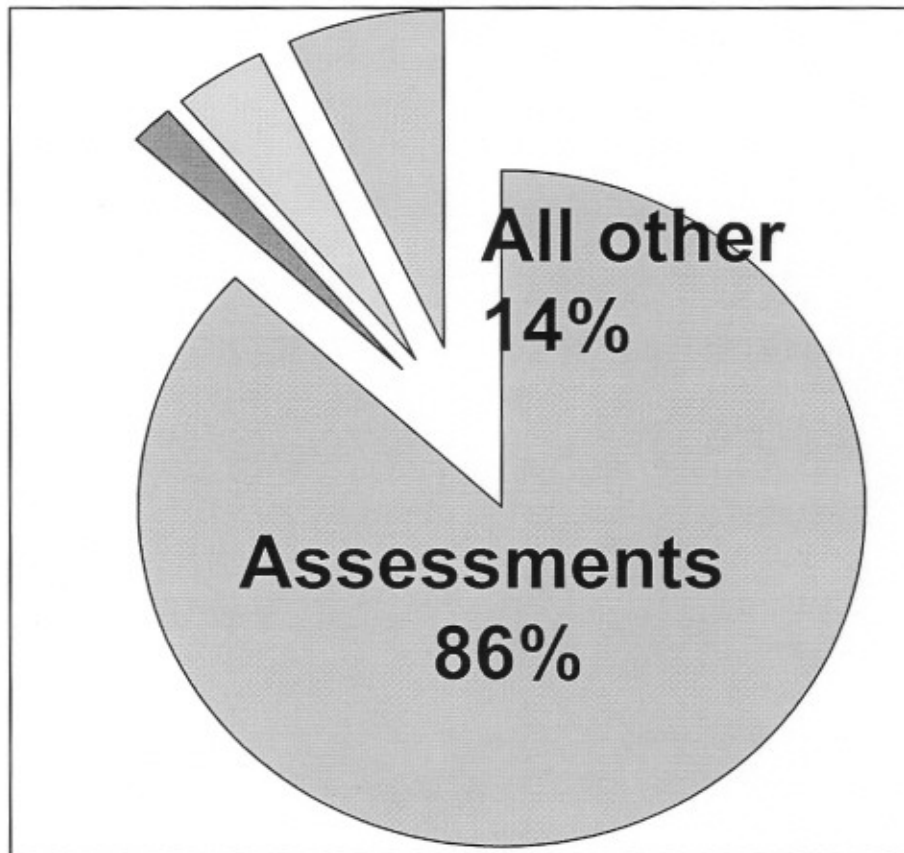
Spending increases for security and contingencies...

- Security contract up 5% (same deputy level)
- Electricity rates essentially flat (TXU LT contract for Community Center)
- Mgt Company / Maint contracts for common areas & Community Center flat
- Run and Maintain for Community Center flat (most major repairs in 2005 / 2006) but may have club house HVAC and some structural issues and tennis court refurbishing...so several contingencies
  - ✓ Tennis flat (any major court refurbishment part of LT facilities Plan)
  - ✓ Reduced spend for fitness center (purchased new equipment in 2006)
  - ✓ Pool contract slight increase from last year
  - ✓ Assumes no major renovations for club house
- No planned old maintenance fund “capital spending” – new entrance monuments, etc.
- Significant “extra” legal expenses or Lawsuit settlement not included...

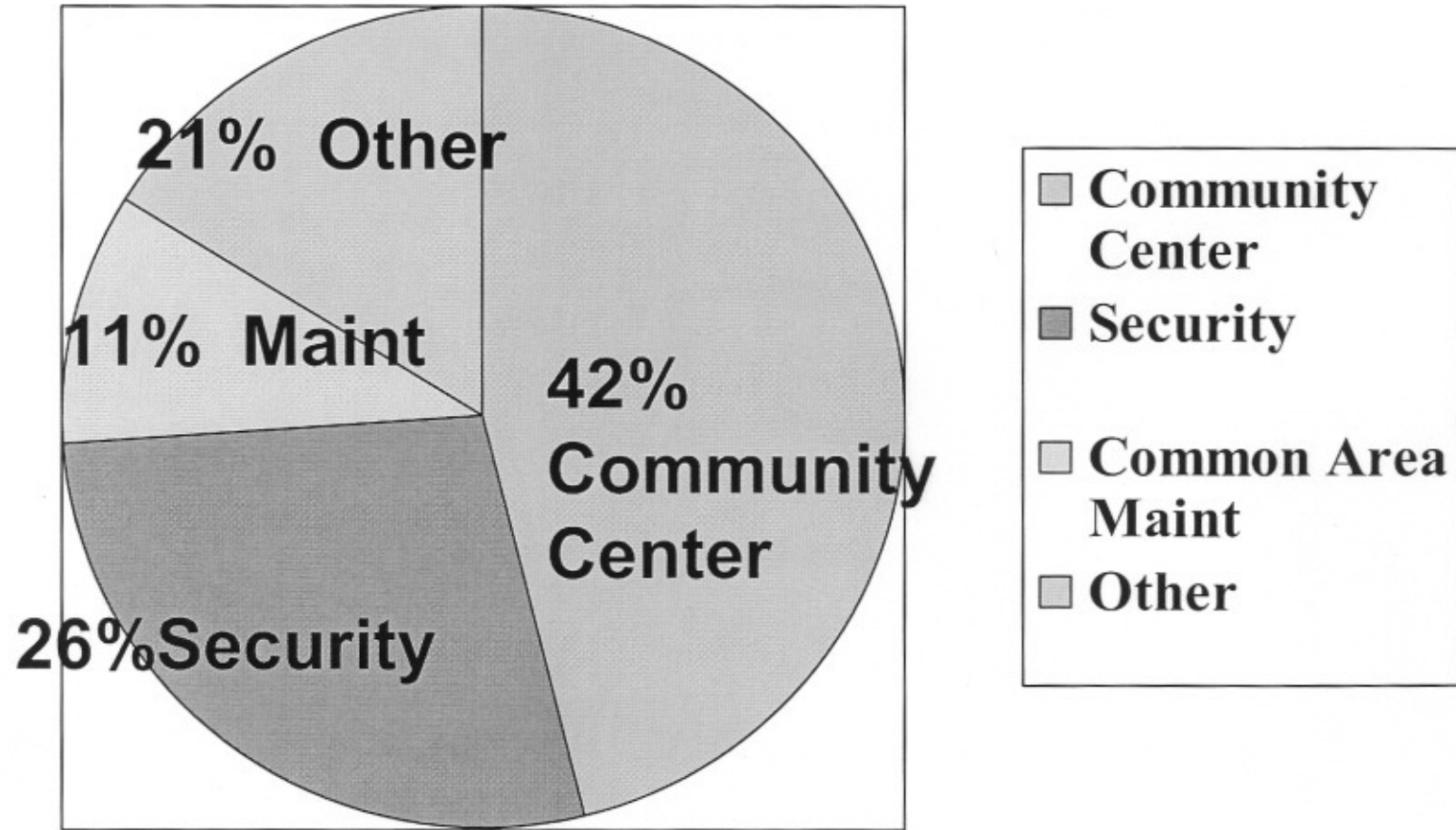
# 2007 HOA Budget

<b>Revenue</b>	<b>\$804,000</b>
Assessments ( 86 % )	
Reimbursements, Interest ( 7 % )	
Community Center rentals, misc. ( 7 % )	
<b>Expenses</b>	<b>\$804,000</b>
Community Center ( 42% )	
Security ( 26% )	
Common area maintenance / pest control ( 11 % )	
Management Company ( 7% )	
Other - Insurance, Legal, Collections, Other ( 14% )	
<b>Excess Rev / expenses</b>	<b>\$-0-</b>

# 2007 HOA Revenues

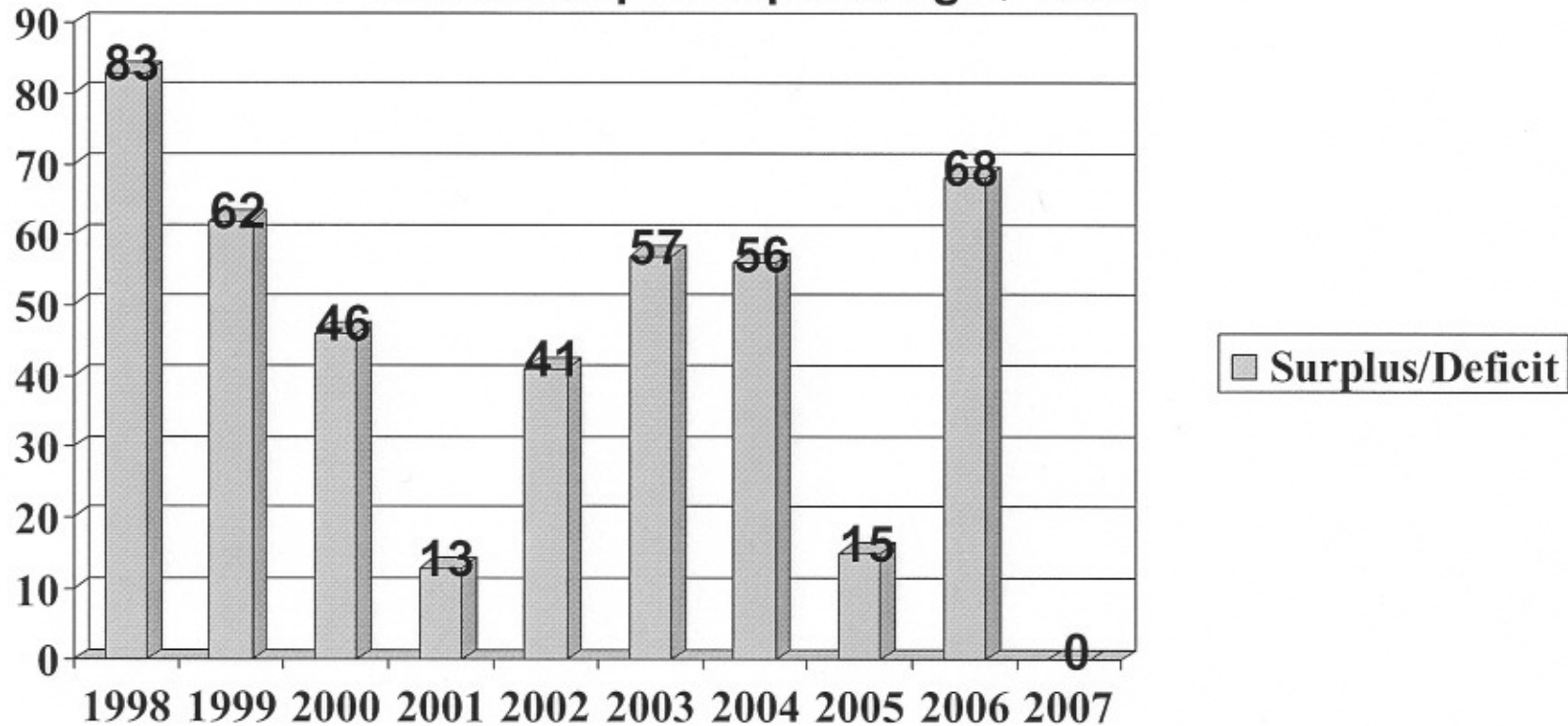


# 2007 HOA Expenses



# Overall Surplus / Deficit

Before Capital Spending \$ 000s



2003 primarily due to Section 18,25 revenues

2004 primarily due to security contract reduction

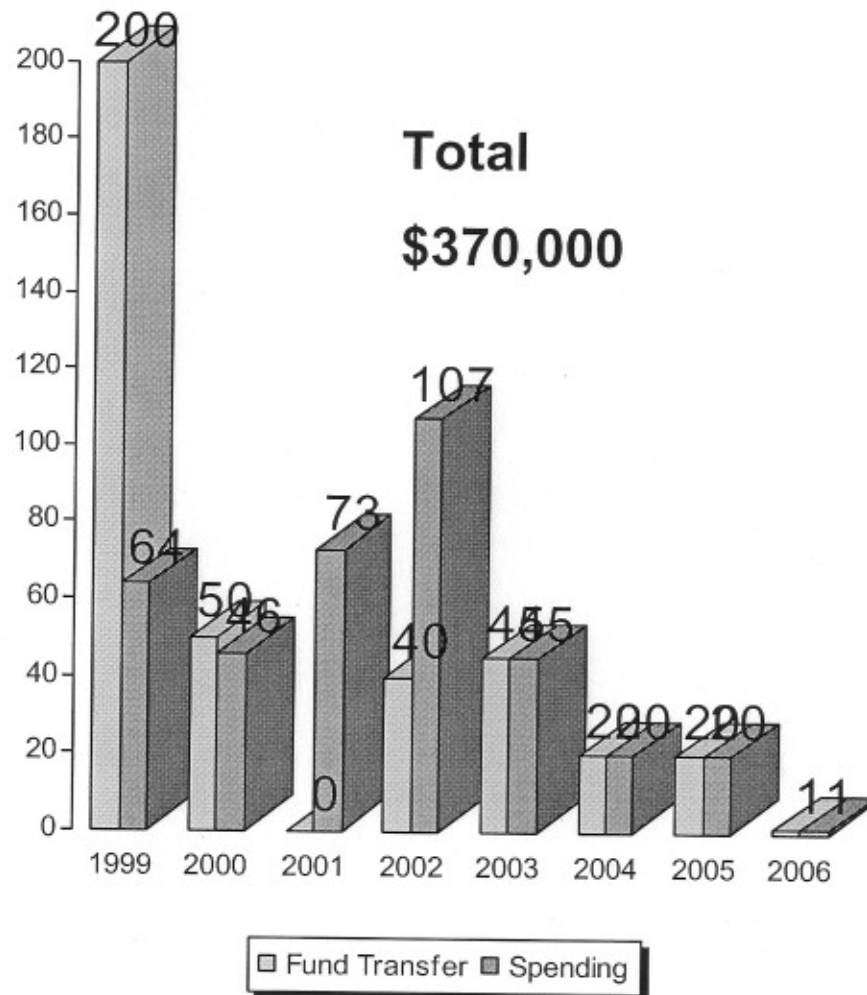
2005 primarily due to Community Center

2006 primarily delayed Community Center spend & increased revenues partially offset by maint fund overspend



# Capital Fund Activity

\$ 000s



- Originally funded \$200 in 1999 / Transfer surplus funds in succeeding years
- 1999 Stuebner Airline Entrance
- 2000 Champion Forest South
- 2001 Champion Forest North / Sprinkler project
- 2002 Deep Pines / Sprinkler project / Started Narmore Entrance
- 2003 Complete Narmore Entrance / Sec #18,25 Entrance, (no pocket park although was originally in budget)
- 2004 Limited spend for minor interior entrance monuments
- 2005 No substantive Capital Spending

# What is *not* in the 2007 Budget

- “Major” Community Center renovations / additions / major repairs  
Assume any options for new facilities such as a new pool, clubhouse, tennis courts, etc. would be under a long term “Master Plan” presented to the homeowners for a vote along with the required assessments to finance a long term debt program
- Major exterior entrance monuments  
Last significant improvements were #18,25 entrances in 2003 and sprinklers in 2004 with some moderate spend to update cul de sacs in 2006
- Repairs to pillars or homeowner fences
- Major legal spend /adverse settlement on any HOA / Homeowner lawsuit(s)

# HOA Assessments Overview

## HOA Assessment is constant for 2007

- Homeowner funds well managed / No HOA Maintenance assessment increases for 11 years
- Community Center assessment of \$175 was designed to be sustainable for at least several years
- Lower or comparable assessments to other well run local HOA's
- Continued inflation for security, maintenance, energy costs and administration will eventually result in a need to raise assessment
  - Recommend preparing Homeowners for increase in 2008
  - Depending on the vote of the homeowners to authorize a major rebuild of the community center we would likely need to raise assessments from \$50-100 per year to repay debt required to fund major renovations / new buildings at Community Center