

Budget Related Qs and As

Q: It appears that the expenses for the website and the BOG have increased over last year's budget. Is that because they have absorbed personnel costs that were previously reflected on a separate personnel sheet that now shows no expense?

A: Yes, that is correct. The Budget Committee and Board of Governors decided that it would be helpful to see the personnel costs associated with each committee/function in order to have a full picture of its associated costs. Accordingly, personnel costs previously included in the personnel budget have been moved to specific budgets as follows:

1. the cost of the web administrator moved to the website budget;
2. the costs of the recording secretary and treasurer moved to the BOG budget; and
3. the cost of the zoning secretary moved to the zoning commission budget.

Q: In light of needing to upgrade or remove the tennis court, should we consider keeping the capital account funding at \$65,000 this year rather than reducing it to \$25,000?

A: The Budget Committee and Board of Governors considered the amount to contribute to the capital fund very carefully. We are cognizant of the fact that we have always said – in response to periodic concerns about the size of the capital fund contribution and its effect on the mil rate – that those high contributions would not go on forever and we would lower the capital fund contribution in years that we could. We believe that this is such a year. Accordingly, we worked diligently to be sensitive to the tax burden on our members, while still ensuring a meaningful contribution to the capital fund. In addition, with respect to the tennis court in particular, the most recent charter amendments allow special assessments for capital projects.

Q: Should there be a line item for tennis court expenses in the operational budget?

A: No; any major work to be done to the court would be a capital expense and would not come out of the operational budget. Moreover, if money in the operational budget is not spent by a particular committee it does not roll over from year to year. Budget surpluses are swept each year and added as revenue to a subsequent budget to reduce the mil rate for that year. So we cannot "stockpile" funds for the tennis court by including expense items that we know will not be used.

Q: Are all the expenses for the cottage reflected in the line item, and what is the value of the Cottage?

A: Yes, the expense line for the cottage shows all associated expenses, and the revenue for the year will outweigh those expenses, so that the cottage will not negatively impact the mil rate. The appraised value of the cottage last summer was \$500,000.

Q: What is the amount of rent being paid for the cottage? When does the tenancy begin and end, and is it a written lease?

A: It is a one-year written lease commencing June 1, 2020, at an annual rental of \$22,800 as reflected in the revenue column. The tenant is responsible for all utilities.

Q: Can you break down the requested amount of \$21,000 for the Association Cottage?

A: It is important to note that despite the expense line item there is no amount being requested for the Association Cottage – the revenue coming in from the tenant exceeds the expenses. The cottage is net positive and therefore will reduce rather than increase the mil rate. The \$21,000 in projected expenses is comprised of property taxes and insurance. We have projected a 10% increase in insurance for both the Cottage and the Clubhouse to be safe, but hope that this will end up being less.