

Spanish Peaks Owners Association, Inc.

FY2017 Budget

Updated: 8/25/2016

	Budget FY2017 Operating	Budget FY2017 Transfer	Budget FY2017 Reserve	Budget FY2017 Consolidated	Budget FY2016	Budget Variance FY17 to FY16	Comments
Income	100%		0%				
Assessments	702,500		-	702,500	793,750	(91,250)	2016 Reserve contribution \$345,000 ; No Reserve contribution needed in FY17 (see bottom)
ARC Fees Income	30,000		-	30,000	30,000	-	Assessments reduced 20% from \$3,125/unit in FY16 to \$2,500/unit in FY17.
Interest Income	13,000		-	13,000	10,000	3,000	
Developer Subsidy (voluntary)	52,022		-	52,022	135,610	(83,588)	10 Developer owned properties (down from 25 in FY2016) + \$31,400 for plowing Highlands
Finance Charges	3,800		-	3,800	1,500	2,300	
Late Fees	3,000		-	3,000	3,000	-	
Transfer Fees	-	235,000	-	235,000	235,000	-	
Total Income	804,322	235,000	-	1,039,322	1,208,860	(169,538)	

Operating Expense							
Security Service	150,000		-	150,000	150,000	-	
Landscape Maintenance	20,000		-	20,000	3,000	17,000	New line item in FY16; Increase based on FY16 actuals & improved plantings at existing
Road Maintenance	15,000		-	15,000	15,000	-	Misc repairs resulting from wear and damage
Snow Removal	260,604		-	260,604	255,426	5,178	Contract with K7 Snow Works
Weed Control	30,000		-	30,000	20,000	10,000	Increased to aggressively address problem areas in addition to normal spraying
Trail Maintenance/Enhancement	40,000		-	40,000	43,750	(3,750)	Map and signs in 2016; continued improvement of existing trails in 2017
Ditch Maintenance/Improvement	5,000		-	5,000	5,000	-	Misc repairs resulting from wear and damage
Maintenance and Repairs (Cairns)	-	150,000	-	150,000	150,000	-	12 new monuments @ \$12,000.00 + \$6000 to remove cairns; none spent in FY2016
Accounting/Bookkeeping	12,700		-	12,700	14,400	(1,700)	Switch to Knaub & Co.
Architectural Review Committee	30,000		-	30,000	30,000	-	Similar activity anticipated
General and Administrative	920		-	920	670	250	
Bank Fees	8,400		-	8,400	8,400	-	
Meeting Costs	440		-	440	440	-	
Insurance	6,820		-	6,820	6,835	(15)	Per quote received 8/23/16
Professional Fees	2,500		-	2,500	9,000	(6,500)	Reduction based on actuals from previous years
Income Tax Expense	10,000		-	10,000	3,000	7,000	Increase to cover tax on net investment income
Management Fee	61,800		-	61,800	60,000	1,800	3% increase
Collection Expense	300		-	300	300	-	
Bad Debt Expense	25,000		-	25,000	25,000	-	Anticipated \$24,670 in FY16 based on actuals through June 2016
Forestry Management	25,000		-	25,000	25,000	-	Funds to pursue matching grants
Contingency	95,000		-	95,000	-	95,000	
Reserve Study	-		-	-	3,050	(3,050)	
Total Operating Expense	799,484	150,000	-	949,484	828,271	29,263	

Net Operating Income	4,838	85,000	-	89,838	380,589		
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Forecasted reserve balance based on anticipated year end balances

Current Balance 7/1/16	\$1,739,987.02
Projected Contribution FY2017	\$0.00
Total Projected Class Balance (10/31/2016)	\$1,739,987.02
Recommended Balance as of 10/31/2017	\$1,709,762.00
Difference	\$30,225.02

Budget Assumptions

Fiscal Year November 1, 2016 - October 31, 2017

REVENUES			
SPOA Base Assessments			\$ 702,500
Total Base Units	291	289 in FY2016; 2 Highlands added in FY2017	
Unsold Developer Units	10	SP platted lots owned by CH SP Acquisition LLC per Montana Cadastral	
Net Base Units	281	Billing units confirmed by accountant, Doug Shanley	
	\$ 2,500	FY2017	
	\$ 3,125	FY2016	
1/ Annual assessment per unit:	\$ 2,960	FY2015 annual assessment	
2/ Per Decl 10.2.3 - Definition of calculation & Developer not required to pay for unsold units			
Architectural Review Committee ("ARC") Fees			\$ 30,000
1/ Based on 4 ARC reviews at fees of \$5,250 fees per unit and 4 minor reviews at \$200			
	FY2017	\$30,000	Assumes continued building activity from FY2016
	FY2016	\$30,000	
	FY2015	\$30,000	
Nov thru Jun	FY2014	\$17,650	
	FY2013	\$19,307	
	FY2012	\$12,793	
	FY2011	\$22,713	
	FY2010	\$22,600	
	FY2009	\$17,150	
	FY2008	\$30,500	
	FY2007	\$30,500	
	FY2006	\$24,000	
	FY2005	\$55,250	
Interest Income			\$ 13,000
1/ FY2016 return through June is \$8703.89.			
Developer's Subsidy			\$ 52,022
1/ CH SP subsidy based 10 unsold, developer units	\$	25,000	
2/ Plowing expense for Highlands roads (1.65 mi @ \$15,900/mi) in 2016	\$	27,022	\$26,235 in 2016; anticipated 3% increase for 2017
Other Income - Late Fees			\$ 3,000
1/ Late fees on 15 past due accounts at \$75 per quarter. Assume 10 late fees imposed each quarter that are not written off at request of owner.			
Other Income - Finance Charges			\$ 3,800
	FY2017	\$3,800	Based on FY2016 Nov 2015-Jun 2016 (\$2573.14)
	FY2016	\$1,500	
	FY2015	\$1,003	
	FY2014	\$4,890	
	FY2013	\$3,480	Through the bankruptcy period, there has been leniency towards writing off interest charges.
	FY2012	\$621	Reduction due to write-off of \$12,700 in interest relating to 14 delinquent accounts to be sent to collection
	FY2011	\$26,507	
	FY2010	\$33,830	
Transfer Fees			\$ 235,000
1/ Based on anticipated sales			
	FY2017	\$235,000	Similar to 2016
	FY2016	\$235,000	FY2016 \$159,388 through 7/1/16; anticipated \$241,496 in FY2016
	FY2015	\$102,186	
	FY2014	\$204,860	
	FY2013	\$98,379	
	FY2012	\$57,923	
	FY2011	\$136,930	
	FY2010	\$115,510	
EXPENSES			
TRANSFER FEE EXPENDITURE			
1/ Remove dry-stacked Ranch neighborhood cairns and install new design			\$ 150,000
Security Services			\$ 150,000
1/ FY2016 estimate from SPMC			
2/ Historical security costs for the SPOA:			
	FY2017	\$150,000	3% increase + additional shift (from GV)
	FY2016	\$117,427	2016 actual Nov15-Jun16 \$78,284 (Budgeted \$150,000)
	FY2015	\$116,413	
	FY2014	\$114,130	
	FY2012	\$84,137	
	FY2011	\$180,631	
	FY2010	\$180,652	
	FY2009	\$171,667	
	FY2008	\$227,971	
	FY2007	\$213,953	
	FY2006	\$168,180	
	FY2005	\$11,023	
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> From FY2006 until the bankruptcy on 10/10/11, security was 24/7 with a staff of several men. I do not know how the SPOA charges were determined since they appeared via intercompany journal entries. </div>			
Landscape Maintenance			\$ 20,000
1/ Spring and fall cleanup, plant and tree replacements, and minor wetland repairs as needed			
2/ SPOA is responsible to maintain the entry area at Ousel Falls and Wildridge; as of 2014, SPMC took over gatehouse landscape maintenance			
3/ SPOA maintaining landscape at Wildridge and gatehouse			
	FY2017	\$20,000	Maintain existing and continue improvement of common area landscaping
	FY2016	\$3,000	2016 actual as of June \$10,504 (numerous irrigation repairs at both locations)
	FY2015	\$0	As of June 2015; CH SP paid to landscape Wildridge entrance

	FY2014	\$1,015	FY2014 cost	
Road Maintenance				\$ 15,000
1/ Miscellaneous road repair (crack seal, patch, etc)		\$10,000		
* 2014 Reserve study states, "The Board informs us the Association maintains an allowance in the operating budget for crack repairs throughout the community."				
2/ Budget assumes (1) spring/ summer sweeping event at \$3,500/each		\$3,500		
3/ Miscellaneous minor repairs (signs, shoulder work, etc..)		\$1,500		
Maintenance and Repairs				\$ -
1/ This category traditionally included repairs of such items as stone pillar and fence repairs				
2/ Stone pillars to be removed/replaced in 2016				
3/ Most fence to be removed in 2015 (leave fence sections to protect cairns)				
	FY2016	\$0	Existing removed in FY2015, no maintenance anticipated	
	FY2015	\$3,417	Budgeted amount	
	Cairn monument repair:	\$1,850	FY2014 cost	
	Jack link fence repair:	\$1,500	FY2014 cost	
Snow Removal				\$ 260,604
1/ Quote is for \$35,883 per month (November thru April--\$215,298) plus per event in October and May (assume 8 at \$1,200 per event)				
	FY2017	\$260,604	K7 Quote \$219,604 + \$9,600 for extra snow events + \$31,400 for Settlement extention and Highlands roads	
	FY2016	\$255,426	K7 Quote \$215,298 + \$9,600 for extra snow events + 1.92 mi @ \$15,900/mi for Settlement extention and Highlands roads	
	FY2015	\$224,898	Contractor: K7 Snow Works, Inc.	
	Projected Cost FY2014	\$218,779	Contractor: K7 Snow Works, Inc.--assumes two snow events in October 2014	
	FY2013	\$212,197	Contractor: K7 Snow Works, Inc.	
	FY2012	\$200,097	Contractor: K7 Snow Works, Inc.	
	FY2011	\$219,865	Contractor: K7 Snow Works, Inc.	
	FY2010	\$239,866	Contractor: American Land Development	
Weed Control				\$ 30,000
1/ SPOA only sprays Open Space - FY2016				
	FY2017	\$30,000	Aggressively address noxious weeds	
	FY2016	\$20,000	Increase for narrow trail spraying	
	FY2015	\$16,830		
	FY2014	\$16,500		
Trail Maintenance and Enhancement				\$ 40,000
1/ Annual repairs and maintenance for removal of fallen trees, gravel replacement, etc.				
	FY2017	\$40,000	Clear trees, fix trail damage and improve surface on several trails.	
	FY2016	\$5,750	Assumes 2% increase for inflation plus additional trails	
	FY2015	\$4,080	Assumes 2% increase for inflation plus additional trails	
	FY2014	\$2,000	Contractor: Forever Green Landscaping	
	FY2013	\$2,000	Contractor: Forever Green Landscaping	
	FY2012	\$858	Contractor: Forever Green Landscaping	
	FY2011	\$0	Year bankruptcy declared	
	FY2010	\$12,240	Contractor: American Land Development	
Ditch Maintenance				\$ 5,000
1/ Beginning summer of 2013, the SPOA is responsible to maintain ditches				
	FY2017	\$5,000	Minimal, spot maintenance	
	FY2016	\$5,000	Minimal, spot maintenance	
	FY2015	\$25,000	Contract with Secor Excavating; each year not to exceed \$25,000	
	FY2014	\$18,000	Beginning summer of 2013, the SPOA is responsible to maintain ditches	
	FY2013	\$10,511		
Accounting/ Bookkeeping				\$ 12,700
1/ Knaub & Co at \$12,700/yr				
2/ Includes all accounting, billing, accounts receivable/ payable, financial statements, tax returns, reserves etc.				
	FY2016	\$12,700	Switch to Knaub & Co.	
	FY2016	\$14,400		
	FY2015	\$14,100		
	FY2014	\$12,600		
	FY2013	\$12,600		
	FY2012	\$14,674		
	FY2011	\$15,401		
	FY2010	\$25,402		
Architectural Review Committee ("ARC")				\$ 30,000
1/ \$75 /hr for non-SPOA committee members time + pro-rata Gen & Adm				
2/ ARC responsibilities include review/approval of new home applications (fees), and covenant enforcement (no fees)				
	FY2016	\$30,000	Expense is equal to expected income.	
	FY2015	\$30,000		
	FY2014	\$1,670		
	FY2013	\$5,492		
	FY2012	\$7,102		
	FY2011	\$11,115		
	FY2010	\$17,355		
General and Administrative				\$ 920
1/ Website registration		\$100		
2/ Hosting and domain name charges		\$100		
3/ Eagleweb subscription-- Gallatin County document download		\$200		
4/County filing fees:		\$200		
Madison County @ \$7 per page; assume 5 2-page documents		\$70		
Gallatin County @ \$10 per document; assume 10 documents		\$100		
5/ Subscription to Community Association Institute		\$150		

	<u>\$920</u>	
Bank Charges		\$ 8,400
1/ Budget based on FY2016 actual excluding .35% earnings credit		
2/ Annual lockbox rental of \$225		
Estimated monthly fee based on average charge over last 12 months: \$700		
Meeting Costs		\$ 440
1/ Meeting costs for board meetings and annual member meeting: \$20 per month for board meetings plus \$200 for the annual meeting		
Insurance		\$ 6,820
3/ Insurance premiums per invoices; 3-5% increase per Denise Schaults		
	FY2017	
	Crime \$ 366.00	
	Commercial \$ 566.00	
	Umbrella \$ 4,100.00	
	Directors & Officers \$ 1,788.00	
	<u>\$ 6,820.00</u>	
Professional Services		\$ 2,500
1/ Budget is based on the annual report filing fee of \$75 and \$5,000 for misc legal issues		
2/ Proposed costs for FY2015 per Mindy Nowakowski:		
60 hours at \$200 per hour for contracts and service agreements: \$ 9,000		
	FY2017	\$2,500 Based on pre-2016 actuals
	FY2016	\$9,000 Acutal through June 2016 = \$5.00
	Nov thru Jun FY2014	\$0
	FY2013	\$2,239
	FY2012	\$1,070
	FY2011	\$2,852
	FY2010	\$1,548
	FY2009	\$1,801
	FY2008	\$1,500
Income Tax Expense		\$ 10,000
1/ Required by IRS rules to withhold approx 30% of anticipated interest income		
	FY2017	\$10,000 Increase due to tax on net investment income (per Doug Shanley)
	FY2016	\$3,900
CH SP Acquisition Management Fees		\$ 61,800
1/ LMLC staff members will manage resposibilities previously covered by Karen Roberts and APM		
2/ Previously budgeted amounts		
	FY2016	\$61,800 3%
	FY2016	\$60,000 From Mark Thorne
		APM CH SP
	FY2015	\$18,000 \$15,000
	FY2014	\$9,360
	FY2013	\$9,360
	FY2012	\$11,132
	FY2011	\$56,203
	FY2010	\$53,871
	FY2009	\$70,918
	FY2008	\$54,193
	FY2007	\$38,009
	FY2006	\$33,587
Collection Expense		\$ 300
1/ Assume \$75 per quarter for certified mail/return receipt		
Contingency for Uncollected Assessments		\$ 25,000
1/ \$25,000 for remaining delinquent accounts and other write-offs		
	FY2015	\$25,000 2016 actual (Nov15-Jun16) = \$16,447.95
	FY2016	\$25,000
	FY2015	-\$24,019 As of June 2015
	annual assessments:	\$2,500
Reserve Fund		\$ -
1/ Reserve Fund established per Reserve Advisors study for long term replacement and repair of Common Elements		
	FY2017 reserve contribution per 2016 update study:	\$0 2016 Reserve study recommends \$345,000, but \$1.7 mil recommended balance already exists
	FY2016 reserve contribution per 2014 update study:	\$335,000 2014 Reserve study recommends \$357,800; \$335,000 funds balance to recommended \$1,896,499
	FY2015 reserve contribution per 2014 update study:	\$345,000
	FY2014 reserve contribution per 2012 update study:	\$332,000
Forestry Management		\$ 25,000
1/ Forestry inspections spring and fall \$2,000		
2/ Wildfire mitigation (tree removal, budworm spraying, etc) \$23,000 If spraying is recommended, offer to homeowners at their expense.		
		<u>\$25,000</u>
Contingency		\$ 95,000