

**LAKWOOD HILLS #1 COMMUNITY ASSOCIATION  
BUDGET NARRATIVE  
2009 OPERATING BUDGET - APPROVED**

**INCOME**

**ASSESSMENTS** **30100**

Estimated income derived from quarterly assessments. Calculated to exactly equal operating expenses and reserves, less income derived from all other sources. Assessments increase 5.5% from \$172.50 to \$182.00 per unit per quarter, or \$728. annually per unit.

**TOTAL = \$ 187,824**

**LATE FEES** **30171**

Estimate based on projected year-end actuals from 2008.

**TOTAL = \$ 5,000**

**INTEREST INCOME** **30270**

Projection based on interest earned on the cash operating account and reserve funds invested in money market account and treasury bonds.

**TOTAL = \$ 8,500**

**TOTAL INCOME:   \$ 201,324**

**EXPENSES**

**ADMINISTRATIVE EXPENSES**

**BAD DEBT** **50400**

Provision for "writing off" bad debts due to bankruptcy, foreclosure and the like. The Board has chosen not to fund this line item for the fiscal and calendar year of 2009.

**TOTAL = - 0 -**

**POSTAGE** **51020**

Figures are based on 2008 projected actuals and include mailings of all types such as routine correspondence, ARC letters, notice of annual meeting, budget, coupons, etc.

**TOTAL = \$ 1,000**

**OFFICE EXPENSE** **51030**

This category includes general office supplies such as stationary, envelopes, coupons, printing and copy expenses, etc. Based on 2008 projected expenditures.

**TOTAL = \$ 5,500**

**MEMBERSHIP/LICENSES** **51080**

This line item provides provision of membership to Community Association Institute and an allowance for Board members to attend periodic seminars offered by CAI. Management recommends that this category be lightly funded in the event that Board members become interested in these activities. The Association, however, has made a decision not to fund this budget item for the calendar and fiscal year of 2009.

**TOTAL = - 0 -**

**LEGAL FEES** **51090**

Projected expenses for Association legal counsel. Includes allowance for collection and routine consultations. Based upon projected 2008 expenditures.

**TOTAL = \$ 3,500**

**LEGAL FEE REIMBURSEMENT**

**51092**

Projected legal fees reimbursed (paid by homeowners) to the Association. Based upon projected 2008 reimbursements.

**TOTAL = (\$1,600)**

**AUDITING AND TAX PREPARATION**

**51110**

Estimated fees for a year-end audit and preparation of the tax returns by Goldklang, Cavanaugh and Associates. P.C.

**TOTAL = \$ 2,200**

**MANAGEMENT EXPENSE**

**51120**

Fees based on the current management agreement between Cardinal Management Group, Inc. and Lakewood Hills. This line item includes an increase in the contract from 2008 to 2009. This will bring the contract price from \$32,500.00 to \$34,615.00. The balance of the management expenses is due to possible application of Schedule "B" items during the calendar year of 2009.

**TOTAL = \$ 34,615**

**BANK CHARGES**

**51200**

Estimated bank charges for direct debit assessment payments, lock box processing, post office box fee from Virginia Commerce Bank.

**TOTAL = \$ 200**

**RECORDING SECRETARY**

**51330**

Estimated charges for taking minutes at the monthly board meetings and the annual meeting.

**TOTAL = \$ 1,400**

**MISCELLANEOUS EXPENSE**

**51500**

As per the recommendation of the Associations auditors, a general "rainy day" fund is being established to provide capital for unforeseen, hence unbudgeted, expenses of an administrative nature.

**TOTAL = \$ 300**

**TOTAL ADMINISTRATIVE EXPENSES           \$ 47,115**

**MAINTENANCE EXPENSES**

**GROUNDS CONTRACT** **61180**

Based upon the grounds contract with Pine Ridge Landscaping. The grounds contract includes turf maintenance, edging, pruning, crabgrass and broadleaf control, fertilization, mulching and leaf removal.

**TOTAL = \$ 45,600**

**PROPERTY REPAIRS AND MAINTENANCE** **61200**

Provision for maintenance and repairs on common areas including light repairs, tree removals and other general maintenance.

**TOTAL = \$ 1,000**

**WASTE REMOVAL/RECYCLING CONTRACT** **61250**

Based upon the current trash removal contract with American Disposal Services at \$20.07 per unit, per month, plus minor incidental costs for special pick-ups.

**TOTAL = \$ 73,000**

**LANDSCAPE IMPROVEMENTS/REPLACEMENT** **61570**

Provision for contracted landscaping maintenance and improvements on the common areas such as grass and shrub plantings for aesthetic and erosion control purposes, tree plantings to replace dead trees and other miscellaneous landscape projects.

**TOTAL = \$ 4,500**

**SNOW REMOVAL CONTRACT** **61581**

Estimated provision based on 2007/8 actuals for contract snow removal from private streets and parking areas. Amount is bases on an average winter with an average amount of snowfall.

**TOTAL = \$ 3,509**

**TOTAL MAINTENANCE EXPENSES** **\$127,609**

## **UTILITIES AND OTHER EXPENSES**

### **ELECTRICITY**

**71030**

Provision based upon projected 200 actuals for streetlights under the existing power billing schedule with Dominion Power Company with an announced eighteen (18%) increase in utility rates for the calendar year of 2009. Also included in this line item is the additional cost of additional lighting for the installation of several Night Watch Pole Lights in the R.V. Lot located on Grandstaff Court.

**TOTAL = \$ 4,400**

### **INSURANCE**

**71050**

Estimated provision for the Association's insurance policies currently with State Farm Insurance through Baxter Griffith Insurance Agency.

**TOTAL = \$ 2,400**

### **INCOME TAXES**

**71140**

Estimated tax liability based on interest earned on operating and capital reserve funds.

**TOTAL = \$ 1,800**

**TOTAL UTILITIES AND OTHER**

**\$8,600**

**TOTAL EXPENSES BEFORE RESERVES**

**\$183,324**

### **REPLACEMENT RESERVES**

**90000**

The projected replacement reserve contribution to cover the costs of future capital improvements for streets, curb & gutter, sidewalks, tot lots and playground equipment,.

**TOTAL = \$ 18,000**

**TOTAL EXPENSES – ALL CATEGORIES**

**\$201,324**