

BARRINGTON NEWS

Barringtonpark.org

March 2005

In an attempt to keep the Barrington Park residents better informed of what is happening in the our community, this news letter is provided on a monthly basis. Our format has changed to offer more explanation and perhaps even make our "monthly" easier and more enjoyable to read. Residents of Barrington Park are encouraged to submit questions or make suggestions as to what is included in this publication. Simply drop off your articles and/or questions at the office drop box. Please submit items at least 1 week before the end of the month.

FINANCES

We have been made aware there may be some miss information circulating throughout Barrington Park concerning Park Finances. Because this is such a sensitive and important subject to each of us who pay HOA fees, we thought it important to try to clear up any misconceptions and explain a little about how the system works. Thus, most of this issue will deal with park finances.

Inspections - We want to start out by reminding all owners of Paragraph (3) Article VIII of the CC&Rs titled "INSPECTION OF ASSOCIATION'S BOOKS AND RECORDS" which states "*Every member shall have the right upon reasonable notice to the Board at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.*" We strongly believe in this right and have many times stated inspection availability in newsletters and meetings. There is nothing to hide in the way business is conducted and we feel that our records are complete and accurate. To our knowledge no one has ever been denied access to any of the books or records of Barrington Park by either the Board or Manager. Anyone who claims such a denial was made, is simply confused or has not made plain their request for access for what, when and where. Our only request concerning access would be that sufficient notice be given so any scheduling conflicts could be worked out.

Audits - Paragraph 8.(c) Article V of the CC&Rs requires an independent audit of the accounts of the Association by a Certified Public Accountant each and every year. We feel this audit is extremely important in that it detects and identifies any inconsistencies, possible fraud, misappropriation or unacceptable accounting practices. Audits have and will continue to be conducted each and every year. This should give owners an additional degree of assurance that their funds are being properly managed and accounted for. Regardless of any rumors, all funds have been accounted for since the inception of Barrington Park except for \$7.50 that occurred during fiscal year 2000 while untrained personnel were assigned accounting duties. HJ & ASSOCIATES, LLC, Certified Public Accountants and Consultants completed this fiscal years audit. It is available to any homeowner who wishes a copy. Simply stop by or notify the office that you want a copy. Our review of the audit identifies suggestions that the CPA would like to see some accounting procedures refined. We will cause the suggested changes to happen. The biggest issue that the CPA raised again for the 5th year in a row is the lack of a valid study for long-term requirements and funding of the reserve account. The auditors concern is of our failure to adequately address the reserve fund. They feel inadequate reserves could be harmful to our property values and ability to market our homes.

Budget and Funding Cycle - Here is a quick synopsis of the budget and funding cycle. Normally about four months before beginning of the of the fiscal year, the Property Manager will prepare a preliminary request including all his know requirements of the items he feels needs to be done. This "wish list" is sent to the Budget Committee comprised of homeowners, a Board Chairperson and the Property Manager.

Together they will prepare a recommended budget for the up coming year. They look at previous years history, anticipated and known requirements, inflationary pressures and any other items that may affect the budget. Once those figures are determined, the recommended budget will be forwarded to the Board of Directors. The Board will then go over each account and make a determination to accept, increase, decrease or delete items or programs. This is where the setting of priorities takes place. Based on the figures agreed to by the Board, a determination is made if an increase to the HOA Maintenance Assessment is required. If an increase is required, it must be presented to and passed by the Homeowners at a legally called meeting. If the homeowners do not agree to the increase, the board must cut items off the budget in order to bring it into balance. The major point here is that there are many people who review where the money is to be spent. Also, it is the Budget Committee and the Board of Directors that set the priority of expenditures and not the Property Manager. The Property Manger can only spend funds on approved budget items and amounts. Once the Budget has been approved the execution portion of the cycle starts. The Property Manager plans the work and expenditures, always being careful not to exceed the line items approved by the Board. Two Board members, normally the President and the Treasurer must sign each check written on the Barrington Park Homeowners Association account. They insure expenditures are proper, correct and in accordance with the plan. The Property Manager has no signature authority. Additionally, the Property Manager cannot commit the association to any expenditure exceeding \$5,000.00 without the consent of the Board. Monthly, a reconciliation report of the checking account is prepared by the Property Manager. This report is circulated and seen by all Board Members at the Directors meeting. All reconciliations, deposits, cleared checks with invoices and other supporting documents are maintained in monthly files in the office.

Expenses – It is always hard to try to explain the costs associated with a complex that is as large as Barrington Park. Most people want to try to compare association fees to what they think it would take to maintain their own little patch of grass and no further than that. Reality is that there are 31 acres of buildings, grass, cement, shrubs, trees, fencing, asphalt, lights, wires, sprinklers, pool, playground, tennis courts, gazebo, ponds, streams, fountains, ice, snow, leaves, garbage, mowers, trucks, trailers, tools, animals, insects, sun, rain and most importantly, our residents and owners that all require funding to some level. We know that some of the “apartment” style communities cost less to operate than ours. But we also know that many communities of our age do not have the open space we have, and cost a great deal more than we do (not to mention most have had several assessments over the years). We think we have managed our funds well and have provided our homeowners a pretty good deal for their money. All one needs to do is get on the Budget Committee for a short period of time to be enlightened and amazed that we are able to do what we do with the monies available. There is always room for improvement and we continually look for better ways of doing things as well as taxing our Property Manager to cut costs. To give you a better idea of how your HOA fees are spent we have broken down a typical HOA payment. We have used a \$161.00 monthly HOA fee as an average example. Your actual may differ slightly depending on your HOA fees. LISTED IS HOW YOU MONTHLY FEES HAVE BEEN SPENT:

\$52.82 Labor Costs – This pays for the crew to mow lawns, fertilize, aureate, trim bushes, shovel snow, fix, sprinklers, complete work orders, plant trees, pick up garbage, clean rain gutters, clean and maintain pool, clean ponds, fix fences, pick up leaves, common area weeding, maintain all drainage systems, pumps and all other items requiring manpower it also include the cost of Workman’s Compensation insurance. It includes the \$3.03 per month charge for pool monitor costs.

\$31.59 Reserve Account Expenses – This pays for building renovations (painting), deck renovations, emergency repair fund, fence replacement, ½ of garage doors, pond pumps, major equipment, office equipment, concrete, patios, rain gutter replacement, roof replacement, streets and sidewalks.

\$17.32 Insurance – This is for insurance that the HOA carries on the exterior of the buildings to include liability. Approx \$7.49 per month of this amount is for earthquake insurance.

\$17.16 Management Cost – Covers all park management for Barrington.. DFI is a licensed, bonded registered company providing all accounting, payroll and maintenance programs to include the purchase and development of software. Cellular phones for employees for 24/7 access. Equipment provided Barrington @ no extra charge is the Concrete Mixer, Leaf Vacuum, Tiller, Trailer, Generator, Pop Machine, Icemaker, grinder, Barbeque, camera, flags, all office supplies except Barrington peculiar. No hidden fees. DFI does not charge extra or make any money based number of employees or employee payroll. Detailed information is contained in contract.

\$16.34 Maintenance Grounds Expenses – This covers supplies only for regular grounds maintenance. Labor is all included in the labor figures previously listed. These supplies include Fence repair, Fertilizer, Garbage disposal, Generator and sewer pump, grounds lighting, pond maintenance, road and sidewalk repair, snow deicer and salt, sprinkler parts, topsoil, and fill, tree and shrub service to include new trees and shrubs, pest control.

\$8.13 Utilities – This is for all natural gas and electricity used for security lighting and heating the pool. It also covers all the irrigation water used for lawns.

\$ 4.38 Owner Buildings – This is for siding, trim and chase covers and other items directly placed on owner buildings other than lights.

\$ 3.82 Office expenses – This covers the independent audit, bank service charges, copy and printing, key and lock services, legal services not reimbursed by owners, network and computer costs, Barrington unique office supplies, postage.

\$ 3.78 Equipment expenses – This covers the cost of fuel and repair parts and service for all ground equipment and vehicles. It also covers any equipment rentals.

\$ 2.79 Bad debt 2004 – This is the amount each homeowner had to pay each month to cover owners who did not pay HOA fees, skipped, were foreclosed on or otherwise left without paying. Collection action continues to take place.

\$ 1.73 Shop Tools and Hardware – This pays for all the little supplies such as nuts, bolts screws, nails, misc lumber& hardware, hand tools.

\$ 1.07 Pool supplies and equipment - This is for chemicals, permits and licenses.

\$.07 Taxes – The cost of our property taxes for vehicles and trailer.

We hope this gives you a better idea of where your HOA fee dollars are being spent. Below you will see a copy of last fiscal year's final breakout. This is a compressed copy of what was passed out at the Annual Meeting. Again there is nothing to hide and if you have any questions or would like some type of clarification on anything specific, do not hesitate to ask either Bruce or a Board member. If we don't have

an immediate answer, we'll get back to you. The negative \$10,711.25 was made up from funds left over from the previous Fiscal Year.

OCTOBER 1 2003 through SEPTEMBER 30, 2004

	<u>TOTAL</u>
Ordinary Income/Expense	
Income	
Common Area Assessment	535,470.56
Fee Income	9,598.73
Interest Income	535.53
Other Income	2,783.22
RV Park Rentals	<u>4,005.00</u>
Total Income	552,393.04
Expense	
Bad Debt 2004	9,759.66
Equipment Expenses	13,218.97
Insurance	60,604.81
Labor Cost	184,747.09
Maintenance, Grounds	57,140.52
Maintenance, Owner Buildings	15,322.05
Maintenance, Pool	3,747.73
Maintenance, ShopTools & Hardw	6,121.82
Management Fees	59,999.94
Office Expenses	13,372.40
Reserve Account Expenses	110,465.49
Taxes	187.00
Utilities	<u>28,416.81</u>
Total Expense	<u>563,104.29</u>
Net Ordinary Income	<u>-10,711.25</u>
Net Income	<u><u>-10,711.25</u></u>

From Finance & Management –Homeowners listed below are at least 90 days in arrears. Others that were on the list have either become current or have been forced from their homes. Liens have been or are in the process of being placed on these properties. There was a significant improvement in delinquent accounts this past month. We appreciate the effort. Current accounts keep the cost down for all of us.

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|----------------|-------------|
| 1191 Norwalk | Hummel |
| 4265 Brunswick | Sichanpheng |
| 4307 Rugby | Jensen |
| 4319 Abby | Bird |

NEXT SCHEDULED BOARD MEETING : 10 March 2005 6:30 PM at the Office