

# Albany Park Association Inc 2017 Treasurer's Report

January 12, 2017

## Personal note from the Treasurer

The Board appointed me to the position of Treasurer on 3/20/2017, hoping for greater transparency and better management of finances. The previous treasurer handed over the paper files for 2012-2016 in May and using that I combed through bank statements and receipts to estimate the HOA's expenses in 2016. With a list of creditors and a rough budget I could see that we'd have to improve collections if we hoped to pay the bills. This report shows that I have done so. In the past year the HOA has balanced its books, drastically improved dues collection rates, created a reserve fund, and prepared an advance budget for 2018 (a first). I've maintained excellent communication with the Board, replying to their questions in days, rather than weeks, and I created a cloud-based recordkeeping system to give them transparency and keep me accountable. I've been surprised at how much I enjoyed the process of getting everything back in order and I hope you enjoy the increased transparency that this report represents.

## Income

Annual dues for the HOA have typically been either \$150 (2015, 2016) or \$200 (2014, 2013, 2012). The Board chose to return dues for 2017 to \$200, knowing that expenses in 2016 had depleted the bank account.

At the time I took over the finances, the HOA was owed \$22,900 in prior-year dues. The delinquency rate for prior years was as follows:

2016	2015	2014	2013	2012
33.0%	15.4%	8.0%	5.3%	3.2%

After this year's collection efforts, the overall delinquency rate is 4.8% and the prior-year delinquency rate is:

2017	2016	2015	2014	2013	2012
4.8%	1.1%	1.1%	1.1%	1.1%	0.5%

After repeated attempts to collect (Nextdoor, Facebook, USPS letters) that yielded good results, in November the Board handed over remaining collections efforts to our legal representation, Williams & Strohm LLC (W&S). State Law allows them to send Demand Letters on the HOA's behalf and the costs of doing so are borne by the delinquent homeowner. Thus a homeowner owing \$200 in dues will now owe \$260 after the legal fees are paid. Since this is an ongoing legal matter, the Board and Treasurer cannot comment on specifics of any individual property, though we assure all HOA members that we have not given up on the money owed.

In the Budget below, note that there is a separate line for Previous Year Payments. The \$19,150 in this line represents payments made on dues for 2016 and earlier. Since this is a one-time source of income, a second column to the right of the Description was included to show a) what the HOA's finances would look like if the above efforts had not been made to increase collections, and b) what the HOA's budget will look like in a typical year.

The HOA's regular income for 2017 was \$36,000, with one-time collections of \$19,150 and reimbursements for mailboxes of \$115, for a total income of \$55,265.

## Expenses

The HOA began the year with a single checking account. After meeting with an attorney from W&S the Board created a separate savings account for the Reserve Fund. This money is for occasional expenses, such as repairing the fences in 2016 or replacing the Bosk Pond aerators in 2017, as well as unexpected occurrences like a hit-and-run car accident in the spring of 2017 that damaged the lights and landscaping at the front entrance.

Of the Operating Expenses, note that the biggest expense is landscaping and pond management, followed by legal fees and insurance. A large portion of the legal fees will likely be paid back to the HOA when the outstanding cases are resolved.

Most years snow removal would also be one of the biggest expenses, but 2017 was so mild that only a single round of salt was applied. Still, one round of salt costs nearly \$1,000. When plowing is required, costs go up significantly, which is why the Board has typically only paid for plowing after heavy snowfall.

The HOA's regular operating expenses for 2017 were \$32,252.34, with additional reserve expenses of \$8,551.71, for a total of \$40,804.05. An additional \$10,000 was saved in a new reserve fund, so total expenses on the report are \$50,804.05

## **2018**

The final column in the report is a projected budget for 2018. Where possible, such as the pond maintenance, actual numbers were used, otherwise an estimate was made by inflating 2017 costs by 5%.

The Board requested bids for more extensive landscaping coverage and snow removal coverage. Unfortunately the combination of these quotes was too expensive to cover with annual dues of \$200. Rather than raise dues for a second year in a row, the Board opted to keep 2018 dues at \$200 and maintain current landscaping and snow coverage. This allows the Board to test the current budgeting process on a year without unusually high collections, ensuring that it does not make financial commitments without being sure it can keep them.

In 2018 The Board may solicit input from homeowners on whether an increase to \$250 for 2019 would be tolerable if it meant significantly improved attention to areas of homeowner concern, such as landscaping and snow coverage.

# Albany Park Association Inc, 2017 Financial Report

Notes	Actuals	Description	w/o catch-up	2018 Budget
	<b>\$5,662.48</b>	<b>Checking Balance 1/1/2017</b>	<b>\$5,662.48</b>	
	<b>\$0.00</b>	<b>Reserve Balance 1/1/2017</b>	<b>\$0.00</b>	
		<b>Income</b>		
9 households unpaid 2017	\$36,000.00	\$200 per household x 188 households	\$36,000.00	\$37,600.00
*ONE TIME Catch-up	\$19,150.00	Previous Year Payments		
	\$115.00	Mailboxes bought by residents	\$115.00	
<b>Total Income</b>	<b>\$55,265.00</b>		<b>\$36,115.00</b>	<b>\$37,600.00</b>
		<b>Operating Expenses</b>		*5% inflation estima
	\$11,309.04	Landscaping Contract (McWhorters)	\$11,309.04	\$11,874.49
Algae and Cattails	\$8,971.19	Pond Maintenance (ACLPM-summer, MH Aquatics-current)	\$8,971.19	\$1,918.47
*SINGLE occurrence, salt only	\$967.50	Snow Removal Contract (McWhorters)	\$967.50	\$10,000.00
Legal	\$4,280.25	Professional Fees	\$4,280.25	\$2,000.00
File 2014, 2015, 2016	\$675.00	Accountant, Federal Taxes	\$675.00	\$225.00
	\$2,200.00	Insurance (State Farm)	\$2,200.00	\$2,310.00
5 parcels	\$775.13	Property Taxes (Franklin County)	\$775.13	\$1,560.20
Closed 10/17	\$376.26	Water (City Columbus)	\$376.26	\$0.00
increased when pond fixed	\$1,293.47	Electricity (AEP)	\$1,293.47	\$2,586.94
	\$120.00	NCC Membership	\$120.00	\$126.00
	\$133.42	Summer Block Party	\$133.42	\$140.09
	\$175.97	Halloween Party	\$175.97	\$184.77
	\$75.00	Bank Fees (Huntington)	\$75.00	\$15.00
	\$133.23	Website Hosting and Security	\$133.23	\$139.89
	\$269.43	Collection/Lawn Policy Notice	\$269.43	\$0.00
HOA Voter Meeting Notificat	\$215.48	Printing Services	\$215.48	\$226.25
	\$159.96	DRB Notices	\$159.96	\$167.96
Envelopes/Paper/Stamps/Fil	\$122.01	Office Expenses	\$122.01	\$128.11
		PO Box		\$60.00
<b>Operating Expenses</b>	<b>\$32,252.34</b>		<b>\$32,252.34</b>	<b>\$33,663.18</b>
		<b>Reserve Expenses</b>		
Fix Bosk Pond Aerators	\$7,573.56	Aerator Repairs	\$7,573.56	
Backflow Inspect/Remove	\$218.00	Plumbing	\$218.00	
Uninsured Car Accident at Fr	\$535.33	Electrical Repairs	\$535.33	
Available for Residents	\$196.83	Mailboxes	\$196.83	
	\$27.99	Lightbulbs	\$27.99	
	\$10,000.00	Create Reserve Fund required by State Law	\$10,000.00	
<b>Reserve Expenses</b>	<b>\$18,551.71</b>		<b>\$18,551.71</b>	<b>\$0.00</b>
<b>Total Expenses</b>	<b>\$50,804.05</b>		<b>\$50,804.05</b>	<b>\$33,663.18</b>
<b>2017 Net</b>	<b>\$4,461</b>		<b>-\$14,689</b>	<b>\$3,937</b>
	<b>\$10,312.00</b>	<b>Checking Balance 12/31/2017</b>	<b>-\$9,026.57</b>	
	<b>\$10,000.00</b>	<b>Reserve Balance 12/31/2017</b>	<b>\$10,000.00</b>	