



The Tanoan Community Association, Inc.

9820 MURIFIELD CT. NE • ALBUQUERQUE, NM 87111 • (505) 823-2307
Email: tanoan@comcast.net

THE TANOAN COMMUNITY ASSOCIATION INC. 2016-2017 BUDGET NARRATIVE

INCOME

4010 - Regular Maintenance Assessments: The assessment income is derived from homeowners' fees collected from 679 lots, 679 lots x \$318.00 x 4 quarters. There is no increase to assessment in the 2016-2017 budget.

4030 – Late Charge Assessment: A late fee is assessed if an assessment fee is received after the 15th day of the quarter due. The late fee charge is 10% of the quarterly charge, or 31.80. There is no change to the budget allocation for this item in 2016-17.

4040 – Reimbursed Legal Expenses: Reimbursement from the residents pertaining to legal costs the association has incurred for collection efforts. As we do not know when these costs may be reimbursed this item typically is budgeted at zero.

4050 – Citations, Fines, and Fees: All citation income received from residents for traffic and property related violations of the community rules. Because we do not know when this money will be paid to the HOA, there is no change to the anticipation.

4060 – NSF Fee: This line item is for money collected by the HOA for returned checks from homeowners. There is a \$35.00 fee charged to Tanoan for any returned item and the HOA then bills the owner for this amount. As we do not know when these costs may be reimbursed this item typically is budgeted at zero.

4200 – Transfer Fee - Income collected upon the sale or resale of a home per the NM HOA Act. The transfer fee charge is \$200.00. The budget assumes the sale of 25 homes in the community in 2016-17.

4230 – Gate Opener Revenue: This line item anticipates income from the sale of gate opening devices and pedestrian gate keys. There is no change to the anticipated budget amount in this category for 2016-17.

4300 - Interest Income: This item reflects the amount of interest earned on the association's interest bearing accounts. There is no change to the income allocation in this line item for 2016-17.

4400 Work Orders: This income is derived from reimbursement of money the HOA spends to perform work on a homeowner lot due to negligence. Typically it has been utilized in foreclosed or abandoned properties to maintain the Community Standard. . As we do not know when these costs may be reimbursed this item is budgeted at zero.

4500 – Disclosure Fee: Income that is collected from the preparation of disclosure documents per the NM HOA Act. TCA collects \$100.00 per disclosure. The budget assumes the sale of 25 homes in the community in 2016-17.



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EXPENSE

Administrative Expenses

5000 – Accounting: This line item reflects expenses associated with preparation and filing of federal and state income tax obligations, performance of the required annual CPA audit, payroll processing service fees and bank related account analysis charges. The 2016-17 budget assumes a 1.5 % increase to the annual audit.

5020 – Computer Services: This line item reflects expenses anticipated for network computer administration including all back up, updating, and monitoring for security. No change to our \$85.00/month contract with Document Technologies. We also utilize Document Technologies to assist in networking any new equipment, or service to our copy machine billed at \$80.00/ hour. The change to the 2016-17 budget allocation reflects the actual expenses incurred in this category for the prior year which was higher due to increased networking assistance.

5090 – Hospitality: This line item reflects expenses associated with community sponsored events, employee holiday celebration, board meetings, committee meetings, elections and annual meeting. It also includes token gifts, flowers, cards, and coffee and water service for the association office. There is no change to the budget allocation for the 2016-17 budget.

5100 – Insurance: This line item reflects required expenses for the association's insurance policies including property, liability, workmen's compensation, directors and officers, patrol surety bond and insurance umbrella coverage. The HOA incurred zero loss runs for the past three years. There is no change to the budget allocation for the 2016-17 budget per guidance from the HOA insurance Broker.

5140 – Legal Fees: This line item reflects expenses incurred for utilizing an attorney for legal consultation, litigation efforts. There is no change to the budget allocation for the 2016-17 budget.

5141 – Legal – Collection: This line item reflects expenses incurred for utilizing an attorney or other collection measures for collection of past due assessment, fines and fees. These are recoverable and offset by income line item 4040.

5150 – Mailing and Postage: This line item reflects expenses incurred in mailing quarterly invoices to homeowners, violation letters, citations, annual meeting notices, budget communication letters, check payments to vendors/contractors and general information to homeowners and vendors. This line item also includes the quarterly postage meter rental costs to Pitney Bowes at \$123.00/quarter. There will be no increase to this expense in 2016-2017.

5220 – Office Expense: This line item reflects expenses associated with purchasing envelopes, stationary, and supplies, office machine repairs, computer supplies, internet costs associated with the office and gatehouses, paper, copies, reproduction of association documents, cleaning supplies, and janitorial service for the association office and gatehouses. Due to increased internet speeds and services for the new security equipment, there is an additional allocation of \$2,427.00 for 2016-2017.



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Administrative Expense (Continued)

5260 – Property Tax Expense: This line item reflects anticipated property taxes paid for two guardhouses, office building, business equipment property tax and Pitney Bowes postage meter property tax. There will be no increase to this expense in 2016-2017.

5270 – Payroll Tax: This line item reflects expenses for employer portion of payroll related taxes estimated at 8.5% of gross payroll salaries. The 2016-17 budget reflects a 3% increase due to annual percentage raises for the Tanoan Staff.

5320 – Telephone: This line item reflects expenses paid on Comcast business internet voice service plan. Each gate has two lines; the office has three lines; one dedicated to the fax line and managers cell phones. A decrease in this expense is anticipated due to the switch from Century Link telephonic services.

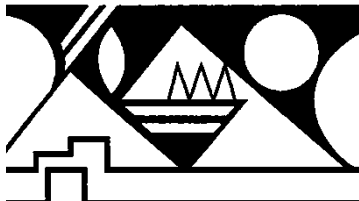
5400 – Salaries, Overtime and Holiday: This line item reflects estimated Salaries, overtime, and holiday pay. This line item provides for the wage costs for on-site manager, community relations director, gatehouse and gatehouse and patrol staff. Staff payroll is every two weeks. Funds are included for a 3% budgeted annual performance increase and holiday bonus however there is a slight decrease in anticipation due to increased forecasting accuracy in calculating when the increases are due to occur, as they occur on the employees hire date, rather than assuming a 3% increase per employee for the entire fiscal year as had been done in the past.

Common Area Expenses

5510 – Electricity: This line item reflects the expense associated with ten subdivisions having a total of 55 electrical meters that provide electricity for street lighting, irrigation controllers, gatehouses and the association office building. The anticipation is that the installation of 34 watt LED lamps with our new fixtures to replace the 100 watt high pressure sodium lamps will reduce energy consumption by our streetlights by up to 60%. There no decrease in the budget for this line item as the Board can track savings and consider a regular transfer of the savings into the reserve accounts as an offset to the cost of the new fixtures.

5511 – Property Maintenance: This line item reflects the expense of maintaining common area gatehouses, association office, and common area grounds maintenance throughout the community to include gates, walls and fencing, etc. This line item also includes seasonal flowers planted during the spring and fall by the landscape contractor. There was no increase in this line item for 2016-17. We anticipate a reduction in streetlight maintenance due to the installation of our new fixtures. The LED lamps also come with an anticipated life span of over 30,000 hours which will reduce expense to purchase new bulbs for an estimated 7-10 years. There no decrease in the budget for this line item as the Board can track savings and consider a regular transfer of the savings into the reserve accounts as an offset to the cost of the new fixtures.

5512 – Landscaping Contract: This line item reflects the annual landscaping maintenance contract to maintain the common areas. The provisions of the contract include a complete maintenance program including routine maintenance, disease and pest control, and fertilization. There is a 3% increase to this line item as we are in our 2nd year of a 3 year contract. The contract calls for 3% increases in the first two years and no increase in the third year.



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Common Area Expenses (Continued)

5515 – Water and Sewer: This line item reflects expenses associated for irrigation of the landscaped common areas and domestic water meter accounts for the gatehouses and association office. This expense includes an estimated allowance for an annual water conservation penalty fee. There is no increase in this line item due to water conservation efforts by BOD to offset utility increases.

5516 – Gas: This line item reflects gas heating costs for 9820 Murifield Ct. (association office only). There is no increase anticipated in the 2016-17 budget.

Community Relations (Formerly Security Expenses)

5562 – Auto Expense: This line item reflects expenses associated with daily gas for the two community patrol trucks, oil changes, tires, brakes, repairs, maintenance and licenses. The expense anticipation is increased in this category to reflect our projected actual expenses.

5565 – Gate Repairs: This line item reflects expenses associated with anticipated gate repairs at the Academy and Ventura gates. There will be a reduction in this line item reflects the installation of new card reader, loop detectors and both gate operator motors at the Ventura Gate entrance.

5567 – Community Relations (CR) Supplies: This line item reflects expenses for supplies and operations of the gatehouses and community patrol. There is no anticipated increase in this line item.

5568 – Community Relations (CR) Uniforms: This line item reflects expenses incurred for gatehouse attendant and community patrol uniforms.

6010 – Reserve Replacement Funding: This line item reflects the anticipated contribution will remain the same for 2016-17 at \$13,000 transferred monthly to the Reserve Replacement Fund for a total of \$156,000 annually. Anticipated expenses for 2016-17 include seal coating and repairs, and modification to the xeric area along Zia 2 to enhance drainage flow.