

# Memo

DATE: August 28, 2009  
 TO: Jefferson House Condominiums Association  
 FROM: Nathan Port, Portfolio Manager  
 REFERENCE: July 1, 2009 – June 30, 2009 Draft Budget

## Association Members:

Please find included a copy of the draft budget for FY 09/10. Below please find the accompanying executive summary that will be presented along with the draft budget to the Association for vote at the September 17, 2009 reconvened Annual Meeting.

### Recap of 2008-09 Budget

As you may recall, in 2008 the decision was made to hold assessments constant from the prior year. While that may have been the correct decision at the time, it did cause us to come in over budget by \$110,277, or 10.5%.

Although there was some give and take in most line items, a few line items stand out.

- Electric costs were up 70% and \$56,331 over budget
- Maintenance costs were up 45% and \$101,707 over budget
- Insurance costs were down 32% and \$20,793 under budget
- Payroll taxes and benefit costs were down 14% and \$16,524 under budget

### 2009-10 Budget

We are proposing a 12% increase in assessments for FY2009-10. It is important to note that we are forecasting expense to only increase by 1.4% over last year, but since last year's budget made forecasted expenses, the increase in assessments this year is particularly large.

We heard many concerns from the owners at the last meeting over a lack of transparency to why the budget was increasing as much as it did. With this in mind, the new Board of Directors went back to the budget and examined each line item.

Our approach to the budget was to be more aggressive in forecasting realistic costs to hopefully avoid coming in \$110,277 over budget again. In doing so, several line items moved significantly since the initial proposal in May. Specifically:

- Repairs and maintenance was increased by \$51,472 to accommodate known issues that are being addressed in the first quarter of this fiscal year.
- Several line items were brought inline with known contract costs (i.e. copier costs, phone costs, etc.)
- Gas was reduced based on the new rate that we have locked in for the entire year
- Other items such as a scribe for meeting minutes have been eliminated to save costs (the secretary will take the minutes for the board).

After all of these changes, we ended up pretty much back where we started, resulting in a 12% increase for the year. Since we need a 12% increase for the year, but only have 3 remaining months to collect the increased, the actual change in your payments will be 18% from November to June (see attached handout).

Additionally, we heard a lot of requests to hire either an engineer or a maintenance person. We are considering this request, but looking to do so in a way that will be budget neutral. In other words, we are looking for options in which the engineer would save us as much money as he/she would cost us. As a result, we took this discussion out of the budget talks.

**From:** Nathan Port [mailto:nport@cmc-management.com]  
**Sent:** Wednesday, October 14, 2009 10:39 AM  
**Cc:** LEN  
**Subject:** Assessment Increases

Dear Ms Tish,

As the assessment situation currently stands at Jefferson House there will be no increase in assessments until December at the earliest. The current proposed budget for Jefferson House for 2010 is for a 12% annual assessment increase. Since this increase is retroactive to July 1, 2009 this would equate to around a 20% increase in current assessment payments for the next 7 months because adoption of the budget is 5 months late. Of course there is a chance the budget will be adopted with a lower annual assessment increase than 12%. I do not expect that the increase will be above 12% annually (20% over 7 months), so it would be safe to expect a 20% increase or lower for the next 7 months starting in December. The Association is voting once again on October 29, 2009 to adopt a final budget.

The hope would then be that the budget for the next year would be adopted on time by the Association so the assessment increase/decrease could be properly spread over a 12 month period.

I hope this helps to answer your question. Please feel free to contact me with any additional questions.

Thank you

Nathan Port  
Portfolio Manager  
Community Management Corporation  
An Associa<sup>®</sup> Company  
The Leader in Community Association Management  
12701 Fair Lakes Cr #400  
Fairfax, VA 22033-4913  
703-631-7200 x221 office  
[www.cmc-management.com](http://www.cmc-management.com)  
Associa<sup>®</sup> -The Nations Leader in Community Association Management

Notice: This e-mail message is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message. Please virus check all attachments to prevent widespread contamination and corruption of files and operating systems. The unauthorized access, use, disclosure, or distribution of this email may constitute a violation of the Federal Electronic Communications Privacy Act of 1986 and similar state laws. This communication does not reflect an intention by the sender or the sender's client or principal to conduct a transaction or make any agreement by electronic means. Nothing contained in this message or in any attachment shall satisfy the requirements for a writing, and nothing contained herein shall constitute a contract or electronic signature under the Electronic Signatures in Global and National Commerce Act, any version of the Uniform Electronic Transactions Act or any other statute governing electronic transactions.