

**Monument Ridge Homeowners Association
2023 Annual Budget**

Revenue

4140 · Common Assessments	\$10,000	\$41.67
4110 - Fines	\$1	
4120 · Late Fee & Finance Charges	\$150	0.625
4130 · Legal & Collection Cost Reimbursement	\$750	3.125
4137 - NSF Fees	\$1	
6380 · Transfer to Reserve Fund	-\$3,180	-\$13.25
7000 · Interest Income	\$1	
Net Revenue after Reserve Fund Transfer	\$7,723	\$32.18

Expense

Expenses		Mo. Cost/Unit
6110 · Management & Accounting	\$1,465	\$6.10
6140 – Common Area and D & O Insurance	\$1,150	\$4.79
6150 · Legal & Professional Expense	\$3,500	\$14.58
6160 · Audit & Tax Preparation	\$1	\$0
6170 · Road Maintenance	\$1	\$0
6190 · Water System Fees & Maintenance	\$1,050	\$4.37
6260 · Snow Removal	\$1	\$0
6350 · Sign Maintenance	\$1	\$0
6360 · Copy/Postage/Office Supplies	\$180	\$0.75
6390 · Operating Contingency	\$374	\$1.56
Total Expenses	\$7,723	\$32.18

62010 Taxes		
Total 62010 Taxes	\$0	\$0
Total 62010 Taxes	\$0	\$0

Total Expense	\$0	\$32.18
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Revenue Less Expenses	\$0	\$0
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Brief Budget Discussion

Monument Ridge Homeowners Association is responsible for a variety of services and maintenance / replacements needed within the Association. The budgets for the association consist of two major components: Operating and Reserve. As shown above, the 2023 Annual Assessment amount is \$500 per unit.

The Operating budget funds the expected/actual expenses during any given 12-month budget period (calendar year). The Reserve budget funds projected/actual expenses beyond one year and includes the replacement of major expense items such as the water supply system.

The table above shows how your assessment payment will be used to fund the association's 2023 expenses. In addition to showing a breakdown by line item, the last column to the right shows the amount spent per unit for each respective budget line item. \$32.18 per month, per unit is used for the Associations Operating Expenses. \$13.25 per unit, per month is set aside for future expenses, i.e. the Reserve Fund and \$0.00 per month per unit, per unit is used for taxes, since assessment revenue is non-taxable and the Association has minimal Operating and Reserve Funds on hand.

Associations which do not plan ahead for these major long-term expenses are forced to resort to paying for these expenses by charging a special assessment to the owners. It isn't unusual for special assessments to run into hundreds or even thousands of dollars per unit. The Monument Ridge Homeowners Association board of directors recognizes that special assessments are inherently unfair, and unpopular with all owners. The board is very focused on maintaining sufficient reserve funds so that when it is necessary to incur these future major expenses, they can be entirely funded from the Reserve Funds rather than requiring a special assessment.

The Monument Ridge Homeowners Association has historically maintained a modest reserve fund in case of an unexpected operating expense such as a major water system failure, or legal expenses and for long term expenses, i.e. Reserve Fund expenses. Unfortunately, due to the amount of legal expenses already spent in 2023, the Association's reserves has been substantially depleted. As a result, the 2023 budget requires that \$3,180 of the \$10,000 in Common Assessment Revenue be set aside in order to replenish the needed Reserve Fund balance.

As of July 31, 2023, Monument Ridge Homeowners Association had \$4,609 in Operating and Reserve funds. Perhaps this may sound like a lot of money for a small association, but if a major – unbudgeted - expenditure was required such as a major disruption of the Association's water supply system, it won't go far, and the Association would be forced to levy a Special Assessment in order to fund the expense. As stated above, Special Assessments are inherently unfair, and unpopular with all owners.
