

WOODSIDE ASSOCIATION INC

Letter from the Treasurer

To refresh your memory, last year the budget committee set a Two-Year Plan, fiscal year 2009-2010 is the second year of this plan. One of the main objectives of the Two-Year Plan was to limit the dues increase for fiscal year 2009-2010 to maximum of CPI. Not only have we achieved this objective, but because of the excellent team work of management, our employees, the board of directors, and the home owners, we have been able to submit to you for your approval a budget with average 3% reduction in dues. This translates into a \$7 - \$14 dues reduction per unit per month depending on the unit size. Based on our CC&R's dues formula smaller units will have a 2.2% reduction and the largest units a 3.6% reduction. This reduction was achieved without compromising the efficient operation or safety issues.

Another objective of our Two-Year Plan was to increase the balance of our replacement reserve account from the low level of about \$372,000 beginning at the current fiscal year to over a million dollars at the end of the proposed 2009-2010 budget. Based on the following estimation we have also achieved this objective:

Projected year ending (June 30, 2009) reserve	\$ 650,000.00
2009-2010 Contribution (\$24,351 month/x12 month)	\$ 292,212.00
Partial Transfer of flood insurance proceeds	<u>\$ 207,000.00</u>
Estimated Total	\$1,149,212.00

The proposed reserve expenditure for 2009-2010 is \$550,000. The only substantial change the budget committee made to the management's proposed reserve expenditure was postponing the old Woodside's painting to next year. Please note that in case of emergency during the fiscal year the board can authorize the needed additional reserve work. Clearly sufficient funding is provided.

Associated with increase in our reserve account was the need to repay and retire the loan from our operating account to the reserve account. As illustrated in the above estimation this will be achieved by June 30, 2010 the end of 2009-2010 fiscal year.

Finally the budget committee proposes, for the board's approval, the distribution of the \$357,000 flood insurance payment according to the following schedule:

Transfer to the reserve (\$201,653 to repay Reserve Borrowing and \$5,347 additional reserve funding)	\$207,000.00
Transfer to Reserve for Tennis Courts refurbishing	\$ 50,000.00
Transfer to Operating Account for "wish list" funding Per attached budgets list	<u>\$100,000.00</u>
Total	\$357,000.00

In summary, the proposed 2009-2010 budget meets all the requirements for a functional and efficient budget i.e. sufficient funding for operation, sufficient funding for reserve expenditure, increase in reserve account, sufficient contingency funding all with a reduction dues.

Cyrus Youssefi, Treasurer