



To: Members of Cherry Hill Village Homeowners Association, aka Cherry Hill Village I

From: Herriman & Associates, Inc.  
Management Agent for  
Cherry Hill Village Homeowners Association, aka Cherry Hill Village I

Date: December 23, 2014

Re: **2015 Operating Budget**

### **OVERVIEW**

- Assessment shall increase to \$65.00 per month starting January 1, 2015.
- The \$5.00 increase will generate \$27,600 from all owners.
- The entire \$27,600 increase will go into a new "Road Reserve Fund" to fund the eventual replacement of streets and alleys in Cherry Hill Village.
- The forecast for the current year (2014) indicates that
  - operating expenses will be over budget by 7.6%,
  - reserve fund expenditures will have been \$81,611, and
  - the reserve fund balance will have increased by \$11,223 for 2014.
- CPA will examine operating results for 2014 and year-end financial condition.
- Detailed budget is enclosed.

### **DETAILS**

A detailed copy of the 2015 budget for Cherry Hill Village Homeowners Association, aka Cherry Hill Village I, is enclosed. The Board of Directors approved the amount of the 2015 monthly assessment and the budget on December 8, 2014. Beginning **January 1, 2015, monthly assessments shall be \$65.00.**

The \$5.00 per month increase will generate \$27,600 in total. The entire \$27,600 increase will go into a new "Road Reserve Fund" to fund the eventual replacement of streets and alleys in Cherry Hill Village. An additional \$90,000 will also go into the Association's reserve fund for future major maintenance, repairs and replacements, bringing total reserve fund contributions to \$117,600, which is \$256 per home.

The reserve fund balance is expected to be \$207,879 at the end of the current year. After budgeted expenditures from reserves in 2015, the year-end balance is expected to be \$262,079, of which at least \$27,600 will be dedicated for the future replacement of streets and alleys.

An updated long-term reserve study is currently underway. It is being performed by an independent reserves specialist. The study will include a funding plan to fund future major maintenance, repairs and replacements while avoiding both substantial increases in reserve funding requirements and additional lump-sum assessments.

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The projection for 2014 operating results is that operating expenses will be over budget by \$16,712 (or 7.6%). A single line item more than explains the over budget condition. It is "Management Fees-Site Manager". Pursuant to a board discussion and resolution, certain management fees attributable to maintaining the Site Manager have been allocated to CHV I rather than to CHV II, resulting in an over budget condition for CHV I.

The transfers to the reserve fund for 2014 will equal the budget for same, being \$87,014. Other reserve fund revenue is expected to be \$5,820. Expenditures from the reserve fund for 2014 are expected to be \$81,611, resulting in an increase in the reserve fund balance of \$11,223, bringing the year-end reserve fund equity balance to \$207,879. A portion of such accumulated reserve funds may be dedicated to the "Road Reserve Fund" (in addition to the \$27,600 allocation discussed above) once the updated reserve study is received and reviewed.

The results of the Association's financial operations for 2014 and its financial condition as of December 31, 2014 will be examined by an independent certified public accounting firm. The examination report from the CPA firm will be made available to all members of the community.

If you currently use the automatic withdrawal service (ACH Debit), management will automatically continue the deduction of your monthly payments at the higher rate. If you have not signed up for ACH, a payment coupon booklet is enclosed. If you would like to sign up for the ACH service, you may do so at any time. The ACH service permits you to avoid writing the assessment check each month and ensures timely payment of your obligation. Your payment would come out of your account on or after the 5<sup>th</sup> day of each month. If you make payments by check, you are reminded that all payments should be directed to the post office box listed on the payment coupon, not to our offices in Plymouth. A \$25.00 late charge is assessed if payments are not received by the tenth of the month. Payments are to be sent to Cherry Hill Village I, c/o Herriman & Associates, Inc., P.O. Box 701880 Plymouth, MI 48170-0972.

If you have any questions or comments, please do not hesitate to call any director or Mr. Dan Herriman, management representative, by phone at 734-459-5440 or by email at [dherriman@herriman.net](mailto:dherriman@herriman.net) .

Enclosure(s)

Payment coupon booklet (for those not using ACH)  
(2015 budget detail)

**CHERRY HILL VILLAGE HOMEOWNERS ASSOCIATION**  
**aka Cherry Hill Village I**  
**2014 Forecast & 2015 Budget**

	2014	2014	2014	2015	2015
	Forecast	Budget	Variance	Budget	Budget
			Forecast		Per Unit
Average Member Assessments-Per Month	\$ 60.00	\$ 60.00		\$ 65.00	\$ 65.00
<b>OPERATING INCOME</b>					
Member Assessments-"Monthly"	\$ 316,480	\$ 303,840	\$ 12,640	\$ 358,800	\$ 780
Working Capital	2,500	3,500	(1,000)	2,500	5
Late Charges	3,300	3,000	300	3,000	7
Miscellaneous	-	-	-	-	-
Recoveries of Charge Offs	-	-	-	-	-
Interest	64	-	64	32	0
<b>TOTAL OPERATING INCOME</b>	<b>\$ 322,344</b>	<b>\$ 310,340</b>	<b>\$ 12,004</b>	<b>\$ 364,332</b>	<b>\$ 792</b>
<b>OPERATING EXPENSES</b>					
<b>Administrative &amp; Insurance</b>					
Audit or Review	\$ 2,225	\$ 2,100	\$ (125)	\$ 1,669	\$ 4
Bad Debts	3,125	1,500	(1,625)	1,200	3
Bank Service Charges	-	-	-	-	-
Copies & Postage	3,900	2,600	(1,300)	3,900	8
Insurance-Deductible	-	-	-	-	-
Insurance-Property & Liability	3,375	4,500	1,125	3,375	7
Insurance-Workers Comp	375	500	125	563	1
Legal Fees	1,200	1,200	-	900	2
Management Fees-Fixed Unit Rate	58,720	57,020	(1,700)	63,094	137
Management Fees-Site Manager	38,000	-	(38,000)	30,000	65
Miscellaneous Admin - General	4,500	4,800	300	4,500	10
Rent	900	900	-	900	2
Social Activities	-	500	500	500	1
Telephone	900	900	-	900	2
<b>Total Administrative &amp; Insurance</b>	<b>\$ 117,220</b>	<b>\$ 76,520</b>	<b>\$ (40,700)</b>	<b>\$ 111,501</b>	<b>\$ 242</b>
<b>Infrastructure</b>					
General Repairs	\$ 600	\$ 3,600	\$ 3,000	\$ 2,000	\$ 4
Electrical Repairs	-	1,200	1,200	600	1
Exterminator	610	500	(110)	500	1
Mailbox Repairs	637	500	(137)	500	1
<b>Total Building &amp; Infrastructure</b>	<b>\$ 1,847</b>	<b>\$ 5,800</b>	<b>\$ 3,953</b>	<b>\$ 3,600</b>	<b>\$ 8</b>
<b>Grounds</b>					
Entrance Landscaping	\$ 1,800	\$ 2,000	\$ 200	\$ 2,000	\$ 4
Holiday Decorations	2,000	2,000	-	2,000	4
Lawn Edging	3,556	-	(3,556)	3,556	8
Lawn Fertilization	9,242	9,242	-	8,775	19
Lawn Service (includes Shrub Trimming)	31,762	31,762	-	32,633	71
Mulch & Flowers	590	10,950	10,360	10,950	24
Other Grounds	2,000	5,000	3,000	3,000	7
Pond Maintenance	4,851	5,000	149	5,000	11
Snow Removal & Ice Melt Products	28,000	25,950	(2,050)	27,067	59
Sprinkler Maintenance	6,000	5,000	(1,000)	5,000	11
Tree & Shrub Disease & Insect Control	-	2,500	2,500	2,500	5
Tree Trimming & Removal	10,333	10,950	617	6,500	14
Weeding & Bed Edging	3,600	3,600	-	3,150	7
<b>Total Grounds</b>	<b>\$ 103,734</b>	<b>\$ 113,954</b>	<b>\$ 10,220</b>	<b>\$ 112,131</b>	<b>\$ 244</b>
<b>Utilities</b>					
Electricity	\$ 4,200	\$ 4,500	\$ 300	\$ 4,500	\$ 10
Water & Sewer	10,485	20,000	9,515	15,000	33
<b>Total Utilities</b>	<b>\$ 14,685</b>	<b>\$ 24,500</b>	<b>\$ 9,815</b>	<b>\$ 19,500</b>	<b>\$ 42</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 237,486</b>	<b>\$ 220,774</b>	<b>\$ (16,712)</b>	<b>\$ 246,732</b>	<b>\$ 536</b>
Net Results from Operations	\$ 84,858	\$ 89,566	\$ (4,708)	\$ 117,600	\$ 256
Transfer to Reserves	87,014	87,014	-	117,600	256
<b>Net Results after Transfers to Reserves</b>	<b>\$ (2,156)</b>	<b>\$ 2,552</b>	<b>\$ (4,708)</b>	<b>\$ -</b>	<b>\$ -</b>

**CHERRY HILL VILLAGE HOMEOWNERS ASSOCIATION**  
**aka Cherry Hill Village I**  
**2014 Forecast & 2015 Budget**

	2014	2014	2014	2015	2015
	Forecast	Budget	Variance	Budget	Budget
			Forecast		Per Unit
<b>RESERVE FUND</b>					
Reserves Equity, Beginning of Period	\$ 196,656	\$ 196,656	\$ -	\$ 207,879	\$ 452
<b>RESERVES INCOME</b>					
Transfers from Operations	\$ 87,014	\$ 87,014	\$ -	\$ 117,600	\$ 256
Mailbox Fees	5,700	-	5,700	9,000	20
Interest Income	120	1,200	(1,080)	600	1
<b>TOTAL RESERVES INCOME</b>	<b>\$ 92,834</b>	<b>\$ 88,214</b>	<b>\$ 4,620</b>	<b>\$ 127,200</b>	<b>\$ 277</b>
<b>RESERVES EXPENDITURES</b>					
Asphalt Repairs	\$ -	\$ -	\$ -	\$ 30,000	\$ 65
Asphalt Crackfill & Sealcoating	15,600	14,600	(1,000)	5,000	11
Catch Basin & Pond Drain Repairs	16,500	-	(16,500)	-	-
Concrete Replacements	30,000	7,300	(22,700)	6,000	13
Landscape Improvements	8,333	36,500	28,167	20,000	43
Mailboxes	6,085	-	(6,085)	9,000	20
Ponds - Cleaning & Repairs	-	-	-	-	-
Reserve Study Update	3,000	3,000	-	-	-
Signage	2,093	-	(2,093)	3,000	7
<b>TOTAL RESERVES EXPENDITURES</b>	<b>\$ 81,611</b>	<b>\$ 61,400</b>	<b>\$ (20,211)</b>	<b>\$ 73,000</b>	<b>\$ 159</b>
<b>NET RESERVES INCOME</b>	<b>\$ 11,223</b>	<b>\$ 26,814</b>	<b>\$ (15,591)</b>	<b>\$ 54,200</b>	<b>\$ 118</b>
Reserves Equity, End of Year	\$ 207,879	\$ 223,470	\$ (15,591)	\$ 262,079	\$ 570