



## Frequently Asked Finance Committee Questions

Email: Staff@ACCCAHOA.com Phone: 623-742-6030

**What is the ACCCA Finance Committee?** The ACCCA Finance Committee is a standing Committee that acts as a financial advisory group to the ACCCA Board of Directors. Its duties include, but are not limited to, the:

- Monthly examination of the financial status of the ACCCA HOA: actual income and expenses versus budget; analysis of cash flow – do we have enough cash on hand to pay our bills?
- Monthly examination of our maturing certificate of deposit (CD) investments and identification of optimal reinvestment opportunities.
- Monthly examination of accounts of homeowners who are delinquent in their payment of assessments and/or fines; determination of which actions to take on these accounts: letters of notification, foreclosure actions, etc. We work with Anthem Community Council (ACC) on these matters.
- Preparation of our annual operating budget and reserve budget.
- Initiation of Reserve Studies. See below for a description of Reserve Studies.

### **How is the annual budget determined?**

- The annual budget process begins in August. There are two parts to the budget: the operating budget and the reserve budget. The operating budget covers revenue and expenses for the ongoing, daily operations of the ACCCA HOA. The reserve budget covers the planned expenses for the maintenance of our roads (approximately 75 miles) and the gates and gate houses at the entrances to our community. In August, the Finance Committee receives from AAM, our community management firm, a preliminary draft of a budget based on current revenues (assessments) and actual expenses over the past 12 months. Taking into account projected cost increases for water and electricity, and for contracted services to our community, we determine if the current revenue is adequate to cover the projected expenses. If not, we try to find ways to reduce expenses.

### **What is the total annual operating budget for the ACCCA?**

- The 2015 budgeted operating expense for the ACCCA is \$ 2,224,678.

### **What is a Reserve Study?**

- The Finance Committee, working with the Gates, Property and Patrol Committee (GPPC), initiate Reserve Studies approximately every two or three years, depending on the extent of changes to the state of the roads and gates in our community.
- The purpose of a Reserve Study is to identify the amount of money necessary to maintain our roads and gates in safe, reliable operating condition.
- The Finance Committee and Gates, Property and Patrol Committee work with engineering consultants and with professional firms who provide the reserve analysis to determine the expected lifespans of our roads and gates. These firms provide us with annual dollar estimates of the annual costs to maintain our roads and entrance gates. These cost estimates are the basis for the reserve budget.

### **Why is it important to maintain Reserve funds?**

- By maintaining a Reserve Fund, the ACCCA has cash on hand to pay for annual maintenance expenses for our roads and gates. We avoid the need for annual increases in assessments. We also avoid the need to take on debt to pay for needed repairs. The ACCCA currently has no debt.

### **What percentage should the Reserve Fund be funded?**

- Ideally, we would maintain our Reserve Fund at 100 percent of the amount recommended by our consulting engineers and Reserve Study analysts. The need to pay for unexpected expenses for our roads and gates often reduces the balance in our Reserve fund.

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### What are the five most costly expenses in the 2015 operating budget?

- The contract for the gate personnel (Trident): \$ 547,304.
- The contract for landscaping of ACCCA property (DLC): \$ 442,644.
- The contract for management of ACCCA operations (AAM): \$ 322,000.
- Annual expense for electricity (APS): \$ 270,942.
- Annual expense for water and sewer (EPCOR): \$ 200,500.

2015 Reserve budget expense items:

- Street Repair: \$ 727,540.
- Granite Replenishment along road right-of way: \$ 100,000.

### Who determines the ACCCA investments and who ensures our funds are protected and growing?

- The Investment Policy document of the Finance Committee specifies that the primary goal of our ACCCA investments is the preservation of capital funds. In accordance with that directive, the Finance Committee invests the ACCCA funds in certificates of deposit (CDs) in federally insured financial institutions.

### How does the Finance Committee/ACCCA Board resolve delinquent Owner debt?

- At its monthly meetings, the Finance Committee reviews the status of delinquent owners' accounts. The Finance Committee works with the ACC and our law firm to determine how to proceed with actions to collect past-due accounts.

### How are our dues billed?

- The Anthem Community Council (ACC) bills all homeowners in Anthem quarterly for maintenance and management of Anthem. (623-742-6050).
- The ACC also collects the quarterly dues for the ACCCA, the Country Club Homeowners' Association. Both the ACC and ACCCA bills appear in the same quarterly statement. (623-742-6050).
- The Anthem Golf & Country Club (AG&CC) amenities are billed monthly by ClubCorp. This is a separate bill. (623-742-6200).