

Stonegate Community Association Homeowners' Annual Meeting and 2013 Report



Annual Meeting
Thursday, March 20, 2014 - 7:00 PM
Stonegate Community Center

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AGENDA

- Welcome and Introduction
- Approval of 2013 Annual
Meeting Minutes
- Introduction of Candidates
and Casting Ballots
- President's Report
- Treasurer's Report – 2013
Audit Results and 2014 Budget
- Special Recognition
Presentations
- Election Results
- Open Discussion

President's Report by Edward Katz

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I am completing my third year on the Board and have one year remaining. This past year, I had the pleasure to serve as your Board President. I have been assisted by dedicated Board members and want to thank them on behalf of our community. I would particularly like to recognize our Treasurer, Nancy Ford, for her outstanding leadership on the Finance Committee and providing insightful reports to the Board. I would like to recognize and thank our committee volunteers. We are fortunate to have a staff that administers the daily operations in an efficient manner. I would like to personally thank them and recognize Office Manager Dolly Singh-Herralall, Joan Cheng, Accounting Manager, who was recognized again by the outside auditor for a job well done, Deena Goldstein, Communication Services, for the planning of our social events and in finding sponsorship for the underwriting of those events, Robin Hackett P/T Administrative Assistant for her efforts in addressing title companies inquiries to ensure smooth property closings, and Javier Alejandro, Operations Supervisor and his maintenance personnel for their commitment in the beautification of our community. Thank you to Larry Paprocki, Executive Director, who continues to work with the Board of Directors, Committees, administrative staff and homeowners. Larry's dedication and tireless efforts help to maintain our wonderful community.

As reported by the Executive Director, Stonegate has begun several long-term projects. The cost of these projects over a ten-year period of time is estimated to be 4.5 million. This Board as well as previous Boards has taken the necessary actions to position the Community Association to maintain the required funds without contemplating the need for a special assessment. Careful planning and being fiscally conservative benefits everyone. Included in this Annual Report you will find the Auditor's report, which continues to state our strong financial position. Also provided is the comparison of the 2013 Budget with the 2013 Actuals and the 2014 Budget. The Board, its Finance Committee and management closely monitor how your money is being used. 2014 will be a promising year, which we are all looking forward to in keeping Stonegate a quality residential community that we are all proud to call home.

In 2013 Stonegate Community Association began a number of long-term projects within the community. The Community Association anticipated the cost of each of these projects to ensure the funds would be available when the work would be needed. A ten-year roadway plan was developed. The first year, the Stonegate Circle roadway was reconstructed with fiber asphalt, which increased strength and durability. The project was completed in June. In 2014, additional roadway work will be performed to further maintain Stonegate streets.

A five-year landscape renovation project began at the end of 2013, phase 1 started at the main gate. New underground irrigation piping and electrical wiring is being installed replacing a 20-year plus system. An updated landscape design has been introduced and will be implemented along Stonegate Circle, Retreat Way and Palomino East. The design maximizes both desert and turf areas, which are characteristics that make Stonegate unique. Plant materials will be drought tolerant. The use of boulders and shell rock will be used throughout in varying quantities. Five distinct areas of smoothly transitioning design will be addressed.. They are: 1) main gate and east gate, 2) Retreat wash area, 3) subdivisions with a approximately a 20 ft. landscape area where the Stonegate wall is a back drop, 4) Retreat Way and Palomino East and 5) the landscape islands. Additional lighting using the energy efficient LED lamps will be added into the landscape design. Also planned is major updating of the pool equipment (filters, heaters, motors and sanitation system). This work will improve the overall operation of the pool while recognizing possible savings, by using high efficiency equipment. These savings could be used to maintain warmer water temperatures in the cooler season. Reinvesting in the community promotes aesthetics and use of the recreational amenities as well as bringing value to you. This value comes in two ways; the first in the quality of the community you live in and secondly during the sale of your home. Also, improved operating efficiency saves on cost and reduces assessment increases. Best of all, the planned work is being done without a special assessment. The Board of Directors, its committees and staff works on your behalf in making Stonegate a premier residential community.



2013 Board of Directors

Left to right:

Don Levitt, Director
David Allen, Director
Leroy Rhein, Director
Lori Condon, Vice President
Nancy Ford, Treasurer
Ed Katz, President



- Roadway reconstruction on Stonegate Circle & Palomino East, which cost \$463,435.
- Kool Deck restoration, refurbishment and color refreshment to the spa and pool area. Addition of non-slip surface to the flagstone areas.
- Tennis Court resurfacing and crack repair on courts 3, 4 & 5. Contractor committed to redoing work in February/March 2014 due to installation error. There will be no cost to the Association.
- Landscape enhancements (Phase I of 5) from the main gate to the first speed table. Refurbishment of 20+ year old irrigation and lighting, in addition to addition of rock and new plant materials.
- Architectural Committee approves updated list of approved colors
- Acquisition of Kawasaki Mule and pick-up truck for use by Stonegate Maintenance.
- Implementation of electronic voting for upcoming 2014 Board Elections.
- Replacement of Community Center failed AC unit.
- Community Center pool auto pilot chlorinator control and replacement of auto pilot manifold cells.



Phase 1 (of 5) Community Landscaping



2013 Holiday Gift Fair

Community Activities

- Vista Del Camino Food Drive / Sock Drive for homeless
- Spring Fling
- Heart Smart Health Fair
- Bike Rodeo
- Holiday Gift Fair
- Adult Holiday Party
- Children's Holiday Party
- Current Events Group, Book Clubs, Movie Groups
- Swimming Instruction/Swim Team
- Total expense for social functions in 2013
- Was \$7179 after raising more than \$8660 in sponsorship



2013 Heart Smart Health Fair



2013 Children's Holiday Party

2013 Bike Rodeo



2013 Adult Holiday Party

Architectural Committee: Lori Condon, Chair, Gary Friedman, Karen Weston, John Doney, Sandra Kurlander, Frani Wolfe, Arnold Siegel. This committee is charged with the preservation of Stonegate's aesthetic values.

Physical Property Committee: Dr. Donald Levitt, Chair, Carroll "Rick" Rickard, Charles Burtner, Brian McSweeney, Steve Lipps, John Gianforte, Mike Flamer. This committee assists in ensuring Stonegate's physical property and landscape areas are maintained. Members research technical aspects, and work with consultants if needed and review proposals.

Finance Committee: Nancy Ford, Jim Murphy, Tom Schaefer, Chuck Kaufman, Cary Weissman, Stuart Goldberg, working in conjunction with Executive Director Larry Paprocki, and Stonegate Accounting Manager, Joan Cheng. This committee reviews and studies Stonegate's financial workings, investments, assessments and other matters relating to the financial stability of the Association.

Nomination and Election Committee: Eugene Evans, Steve Lipps, Carol Dolohanty, Michael Cavanaugh. This committee oversees the Stonegate Board election process and matters requiring a community vote.

Social/Recreational Committee: Sherre Phillips, Chair, Karen Turek, Al Montgomery, Robin Fink, Janny Chan, Debbie Brass-Donnelly. This committee is charged with the creation of the community social/event calendar, assisting in the coordination and planning of community events and educational programming. The committee oversees activities of the tennis courts, recreational areas and community center activities.

Vehicle Control Committee: Jean-Claude Moreau, Chair, Ed Katz, Paul Fein, George Smith. This committee reviews and studies parking and vehicle use issues.

Retiring Board Recognition

Retiring from the Stonegate Board of Directors is Lori Condon, after serving four years. The Stonegate Community Association wishes to thank her for her dedication and service to the community and wishes Lori well in future endeavors.



Special thanks to Lee Secrest for his contributions to both the Board of Directors and the Architectural Committee.

Volunteer of the Year

Sherre Phillips



Regent resident, Sherre Phillips has served as the Chair of the Social Recreational committee since the inception of the Stonegate Community. Sherre is a constant presence at Stonegate Social events as both volunteer and participant. She continues to provide the Social Recreational committee with leadership and energy. Her many years of service is an asset to both the committee and the community.

Auditor's Opinion Letter

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Butler & Hansen, PC. Certified Public Accountants.
Gregg M. Butler, C.P.A., P.F.S.

To the Board of Directors/Stonegate Community Association, Scottsdale, Arizona

We have audited the accompanying financial statements of Stonegate Community Association, Inc. (an Arizona Corporation), which comprise the balance sheet as of December 31, 2013, and the related statements of revenues, expenses and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stonegate Community Association, Inc. as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Butler & Hansen, P.C.

(Excerpt from letter. Copies of full letter available at Community Center)

Balance Sheet

ASSETS	Operating Fund	Capital	Reserve	12/31/13	12/31/12
Cash	\$133,137	\$1,601	\$585,497	\$720,235	\$697,824
Due From Other Funds* (Deficit)					
Receivables	\$7,559			\$7,559	\$22,823
Short Term Investments					
Long Term Investments	\$9,311	\$48,784	\$147,294	\$205,389	\$358,685
Prepaid Expenses / Deposits	\$2,969			\$2,969	\$7,367
PROPERTY AND EQUIPMENT*		\$432,523		\$432,523	\$393,095
Less accumulated depreciation & amortization		(\$318,214)		(\$318,214)	(\$304,733)
TOTAL ASSETS	\$152,976	\$ 164,694	\$ 732,791	\$1,050,461	\$ 1,175,061
LIABILITIES AND FUND BALANCES					
Accounts Payable	\$21,687			\$ 21,687	\$ 40,629
Income Tax Payable	\$2,000			\$2,000	-
Builder Bonds Payable	-			-	\$2,000
Accrued Expenses	\$12,463			\$12,463	\$12,463
Agency Transactions (Timarron)					\$1,764
Deferred Revenue	\$57,565			\$57,565	\$55,939
Resale Holdback	\$2,500			\$2,500	
Current Capital Lease Obligation		\$7,855		\$7,855	\$7,005
Remaining Capital Lease Obligation		\$8,035		\$8,035	\$15,891
TOTAL LIABILITIES	\$96,215			\$112,105	\$135,691
FUND BALANCES (DEFICIT)	\$56,761	\$148,804	\$732,791	\$938,356	\$1,039,370
TOTAL LIABILITIES AND FUND BALANCES	\$152,976	\$164,694	\$732,791	\$1,050,461	\$1,175,061

2013-2014 Comparison

OPERATING FUND	2013 Budget	2013 Actual Audit	2014 Budget
Income			
Member Assessments	1,956,576	1,637,808	1,648,800
Interest	1,200	263	200
Other	51,940	55,272	96,672
Total Income	\$2,009,716	1,693,343	1,745,672
Expenses			
Payroll (including taxes & benefits)	847,750	826,887	867,398
Landscape Maintenance	252,130	285,152	295,260
Recreational/Community Center/Social	114,720	135,339	134,590
Infrastructure	258,464	267,748	273,840
Administration	443,155	65,181	70,890
Communication and Social Activity	11,760	7,179	11,430
Office	51,600	36,817	55,000
Timarron	-	-	37,360
Total Expenses	\$1,979,579	1,624,303	1,745,672
Income Taxes			
Excess (Deficit)	\$30,137	67,801	274
CAPITAL FUND			
Income			
Unrealized Gain/Loss	-	1,704	-
Total Income	-	(1,455)	-
Expenses			
Capital Expenses	-	30,851	-
Total Expenses	-	30,851	-
Net Excess (Deficit)	-	(\$30,602)	-
RESERVE FUND			
Income			
Member Assessments	175,872	175,872	219,840
Property Transfers	140,000	159,507	140,000
Interest & Other	30,000	26,987	30,000
Unrealized Gains/Losses	-	19,325	-
Total Income	\$345,872	381,691	389,840
Expenses			
General and Roadway	538,462	\$519,904	-
Total Expenses	\$538,462	\$519,904	\$538,008
Net Excess (Deficit)	(\$192,590)	(\$138,213)	(\$148,168)

Notes:

*Capital expenditures requires Board approval

**Reserve expenditures requires Board approval on each planned expense



Larry Paprocki
Executive Director

Dolly Singh Heeralall
Office Manager

Joan Cheng
Accounting Manager

Deena Goldstein
Communication Services

Robin Hackett
Part-Time Administrative Support

Javier Alejandro
Operations Supervisor

Cris Rubio
Physical Property Foreman

Joe Cerami
Recreational Area Monitor

Mike Van Zant
Recreational Area Monitor

