

Stonegate Community Association Homeowners' Annual Meeting And 2014 Report



Annual Meeting
Thursday, March 26, 2015 - 7:00 PM
Stonegate Community Center

TABLE OF CONTENTS

1. President's Report
2. Executive Director's Report
3. 2014 Board of Directors
4. 2014 Accomplishments
5. 2014 Committees
6. Retiring Board Recognition
7. Auditor's Letter/Balance Sheet
8. 2013-2014 Comparison
9. Community Staff

AGENDA

- Welcome and Introduction
- Approval of 2014 Annual Meeting Minutes
- Introduction of Candidates
- President's Report
- Treasurer's Report
- 2014 Audit Results and 2015 Budget
- Special Recognition Presentation
- Election Results
- Open Discussion

President's Report

By Edward Katz

1

At this year's Annual Meeting, I will be leaving the Board after completing my second two-year term. I have had the pleasure of being the Board President for the past two years. As I prepare to leave, I would like to acknowledge each Board member for their dedication, time and service to the community. I would also like to recognize our committee members. Their planning and input has helped the deliberations of the Board. My special appreciation goes to our administrative staff. They have kept the daily business of the community functioning in a professional and efficient manner. I would particularly like to recognize Joan Cheng, Accounting Manager. She provides the Board with the financial statements that have been praised by our outside Auditing firm. The experience levels of our Board members, committee members and our staff are apparent in the success of our community. I must give special recognition to our Executive Director, Larry Paprocki. His management of our Association is without equal. As reported by the Executive Director, we began implementing several projects that were planned and budgeted without a major increase in the annual assessment. Stonegate is in a strong financial position. Stonegate continues to invest in itself through long-term maintenance plans and enhancement projects, which promote property values to the benefit of our homeowners.

My final message is that I want to encourage our members to become active in our community and association by joining one of our committees or by considering being a Board Member. My association with the Board has been a rewarding experience for me, and working for the community can be the same for you. Please get involved. We are fortunate to live where you can swim, play tennis and enjoy the walking trails year round. We have a socially rich community that enjoys using our community center for its movie group, current events group, book club and card playing groups. We have a Spring Fling and Holiday Party for our members and many other special events. In order to remain a socially active community, we need your involvement. I will continue my involvement by joining one of our committees to help promote Stonegate as one of Scottsdale's finest residential communities.

Let me start off by saying 2014 was a remarkable year of challenges and accomplishments. Four major Reserve Projects were undertaken. The largest project was implementing the second year Roadway Reconstruction and Maintenance Plan. The work involved the reconstruction of the Regent's streets using asphalt with fibers and maintenance in Windemere, Windcrest, Tamarack and Saddleback. Also included was updating the 10-year plan with current roadway conditions and changes in material cost. The total cost of this work was \$314,565.

The next project was the renovation of the Recreational Area pool/spa equipment room. The equipment room was redesigned with a new layout requiring the concrete floor to be removed and in-ground piping to be relocated which resulted in a more efficient use of space. A new commercial 1.5 million BTU energy efficient heater with a 10-year warranty replaced three 400,000 BTU residential heaters. The operating cost savings is projected to pay for the new commercial heater in less than six years. New cartridge filters were installed which remove contaminants as small as 10 microns in size. Two stage energy efficient motors were installed. A new sanitizing system replaced the salt-water chlorinator system. The new system uses CO2 gas to maintain PH levels and an oxygen generator to increase oxygen with hydrochloric tabs. The new system uses fewer chemicals. The total cost of renovations and new equipment was \$89,841.

2014 Landscape Enhancement consisted of the completion of Phase 2 and the Board approved the remaining three landscape medians along Stonegate Circle to be completed. The removal of the existing turf area in the three medians removes sprinkler overspray. The new irrigation system and the approved design bring all landscape medians on Stonegate Circle to completion. The total cost of this this work was \$30,138.

The forth project was the scheduled tennis court maintenance on courts 1 and 2 as well as warranty work on tennis courts 3, 4 & 5 at no cost. Sunland performed all work, scheduled maintenance and warranty. The cost of the scheduled maintenance was \$12,307.

The remaining 2014 Reserve projects totaled \$27,626 for a combined total of \$474,477.

2015 is expected to be a rewarding year as well as SCA continues to perform property enhancement in a cost effective manner, in the daily operations of the Community Association and the administration of the legal documents.



2014 Board of Directors

Left to right:

Don Levitt, Vice President
Leroy Rhein, Director
Ed Katz, President
David Allen, Secretary
Nancy Ford, Treasurer
Jean-Claude Moreau, Director
Cary Weissman, Director



- Roadway reconstruction on Regent Streets and street maintenance in Saddleback, Tamarack, Windcrest and Windemere at a total cost of \$314,565.
- Pool/Spa equipment remodel. Concrete floor removed and replaced with pavers. New pool equipment (filters and motors). 1.5m BTU heater along with a new chlorine and PH control system at a total cost of \$89,841.
- Tennis Courts 3, 4 and 5 resurfaced due to improper installation of the fabric overlay at no cost. Tennis courts 1 and 2 were resurfaced and fabric installed at a cost of \$12,307.
- Landscape enhancement Phase 1A and 1B completed. Stonegate Circle medians completed at a cost of \$30,138.
- Architectural Committee approved 77 applications.
- Two A/C units replaced at the Community Center so all three units have been replaced within the past 24 months.



Community Landscaping Enhancement



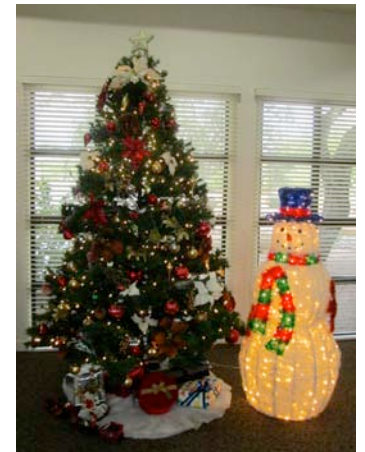
2014 Spring Fling

Community Activities

- Vista Del Camino Food Drive
- Spring Fling
- Health Fair
- Adult Holiday Party
- Children's Holiday Party
- Current Events Group, Book Club, and Movie Group
- Swimming Instruction/Swim Team provided by Simply Swimming now known as HUB Sports
- Total expense for social functions in 2014 (Spring Fling & Holiday parties) was \$3,750 after raising more than \$5,750 in sponsorships



2014 Health Fair



2014 Children's Holiday Party



2014 Adult Holiday Party



2014 Food Drive

Architectural Committee:

Leroy Rhein, Chair, Jim Grossman, Sandra Kurlander, Arnold Siegel, Marcie Stern, Karen Weston, and Frani Wolfe. This committee is charged with the preservation of Stonegate's aesthetic values.

Physical Property Committee:

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

Finance Committee:

Nancy Ford, Chair, Stuart Goldberg, Chuck Kaufman, Jim Murphy, Tom Schaefer, and Cary Weissman, 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, Chair, Michael Cavanaugh, Carol Dolohanty and Derek Fromm. This committee oversees the Stonegate Board election process and matters requiring a community vote.

Social/Recreational Committee:

Sherre Phillips, Chair, Janny Chan, Debbie Brass-Donnelly, Robin Fink and Al Montgomery. 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.

Retiring Board Recognition

6

Retiring from the Stonegate Board of Directors is Edward Katz, after serving four years. The Stonegate Community Association wishes to thank him for his dedication and service to the community and wishes Ed well in his future endeavors. As per his President's Report, Ed will be volunteering to serve on one of our committees. We look forward to his participation.



Auditor's Opinion Letter

7

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, 2014 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, 2014, 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	12/31/14	12/31/13
Cash	\$120,071	\$1,601	\$598,511	\$720,183	\$720,235
Receivables	\$7,690	-	-	\$7,690	\$7,559
Long Term Investments	\$28,436	\$49,744	\$139,763	\$217,943	\$205,389
Prepaid Expenses / Deposits	\$2,259	-	-	\$2,259	\$2,969
PROPERTY AND EQUIPMENT*	-	\$378,930	-	\$378,930	\$432,523
Less accumulated depreciation & amortization	-	(\$257,511)	-	(\$257,511)	(\$318,214)
TOTAL ASSETS	\$158,456	\$172,764	\$738,274	\$1,069,494	\$1,050,461
LIABILITIES AND FUND BALANCES					
Accounts Payable	\$24,117	-	-	\$24,117	\$21,687
Income Tax Payable	\$2,000	-	-	\$2,000	\$2,000
Builder Bonds Payable	\$1,500	-	-	\$1,500	-
Accrued Expenses	\$12,463	-	-	\$12,463	\$12,463
Agency Transactions (Timarron)	-	-	-	-	-
Deferred Revenue	\$58,080	-	-	\$58,080	\$57,565
Resale Holdbacks	-	-	-	-	\$2,500
Current Capital Lease Obligation	-	\$8,035	-	\$8,035	\$7,855
Remaining Capital Lease Obligation	-	-	-	-	\$8,035
TOTAL LIABILITIES	\$98,160	\$8,035	-	\$106,195	\$112,105
FUND BALANCES (DEFICIT)	\$60,296	\$164,729	\$738,274	\$963,299	\$938,356
TOTAL LIABILITIES AND FUND BALANCES	\$158,456	\$172,764	\$738,274	\$1,069,494	\$1,050,461

2014-2015 Comparison

OPERATING FUND	2014 Budget	2014 Actual Audit	2015 Budget
Income			
Member Assessments	1,648,800	1,648,800	1,648,800
Interest	200	278	280
Other	96,672	58,028	96,900
Total Income	\$1,745,672	\$1,707,106	\$1,745,980
Expenses			
Payroll (including taxes & benefits)	867,028	834,632	891,977
Landscape Maintenance	295,260	282,185	283,390
Recreational/Community Center/Social	134,590	144,397	127,560
Infrastructure	273,840	278,057	274,820
Administration	70,890	62,137	65,710
Communication and Social Activity	11,430	10,271	13,560
Office	55,000	33,987	49,020
Timarron	37,360	-	39,055
Total Expenses	\$1,745,398	\$1,645,666	\$1,745,092
Income Taxes		\$50	
Excess (Deficit)	\$274	\$61,390	\$888
CAPITAL FUND **			
Income			
Other/Interest Income		568	
Unrealized Gain/Loss	-	(8,367)	-
Total Income	-	(\$7,799)	-
Expenses			
Project Expenses	-	34,096	-
Total Expenses	-	\$34,096	-
Other Comprehensive Income		392	
Net Excess (Deficit)	-	(\$41,503)	-
RESERVE FUND**			
Income			
Member Assessments	219,840	219,840	252,816
Property Transfers	140,000	176,728	140,000
Interest & Other	-	38,143	-
Total Income	\$359,840	\$434,711	\$392,816
Expenses			
General	211,771	124,882	92,300
Roadway	312,922	314,564	125,000
Total Expenses	\$524,693	\$439,446	\$217,300
Other Comprehensive Income		\$9,791	
Net Excess (Deficit)	(\$164,853)	\$5,056	\$175,516



Larry Paprocki
Executive Director
larryp@stonegate-scottsdale.com

Dolly Singh Heeralall
Office Manager
dollyh@stonegate-scottsdale.com

Joan Cheng
Accounting Manager
joanc@stonegate-scottsdale.com

Catherine Bryson
Communications Coordinator
catherineb@stonegate-scottsdale.com



Stephanie Castiglia
Administrative Assistant
stephaniec@stonegate-scottsdale.com

Javier Alejandro
Operations Supervisor

Cris Rubio
Physical Property Foreman

Joe Cerami
Recreational Area Monitor

Mike Van Zant
Recreational Area Monitor

Office hours: Monday through Friday
8:30 AM TO 5:00 PM
Saturday 10:00 AM TO 2:00 PM
Office # 480-391-9760

