

Stonegate Community Association

2017 Homeowners' Annual Meeting
And **2016** Annual Report



Annual Meeting
Thursday, March 23, 2017 at 6:00 PM
Stonegate Community Center

TABLE OF CONTENTS

- 1. President's Report**
- 2. Executive Director's Report**
- 3. 2016 Board of Directors**
- 4. 2016 Highlights**
- 5. 2016 Committees**
- 6. Retiring Board
Recognition/Volunteer of
the Year**
- 7. Auditor's Letter/Balance
Sheet**
- 8. 2016-2017 Comparison**
- 9. Community Staff**

AGENDA

- **Welcome and Introduction**
- **Approval of 2016 Annual Meeting Minutes**
- **Introduction of Candidates**
- **President's Report**
- **Treasurer's Report**
- **2016 Audit Results And 2017 Budget**
- **Special Recognition Presentation**
- **Election Results**
- **Adjournment**

President's Report

By Nancy Ford

1

I am completing my fourth year on the Board with my last year serving as Board President. It has been an honor and a privilege to serve Stonegate in this capacity. I want to recognize the Board of Director members and thank each of them for their diversity and leadership, which brought continuity in the oversight of our community. Also, I want to thank Stonegate's committee members for their work and recommendations that were made to the Board. This was a team effort, which led to the successful year that Stonegate enjoyed.

The 2016-17 Annual Report outlines those accomplishments and the annual audit clearly shows the financial stability of our community. In my final President message, I will share the vision of change within our community and the direction Stonegate is heading. The response to the Amenities Survey was excellent. This gave the Board strong input from our residents as to where to focus our resources as we continue to improve our community. The Board has assigned to the Physical Property and the Social-Recreational Committee the task of developing a conceptual design and estimated cost of a workout facility. The Board has allocated up to \$10,000 to be used for professional consultants and designers to accomplish this work. This information will be presented to the General Membership to consider and vote on later this year or early in 2018, as it is expected to exceed the Board's spending limits. In 2017, Stonegate will be providing a new recreational amenity of two Pickleball courts, which will be added adjacent to the five reconstructed tennis courts. A kiddie wading pool is being considered in the recreational area. Each of these improvements makes our community a better place to live and strengthens the value of each of our homes.

I have lived in Stonegate for 20+ years. The needs and desires of today's residents and future residents must always be the focus of the Board. The work that SCA has accomplished has kept Stonegate a desirable place to live. Future Boards will be looking 5 years out in promoting Stonegate's viability for future buyers lifestyle needs. I encourage all residents to find ways to be involved in our community.

Finally, I would like to thank Larry and the entire Stonegate staff for their hard work and commitment to our residents. These dedicated people have made my time serving on the Board a true pleasure. I wish the new Board of Directors the very best in their governance of Stonegate.

Executive Director's Report

By Larry Paprocki

2

The purpose of any Community Association is based on five basic fundamentals:

- ✓ The fair and reasonable enforcement of the legal documents
- ✓ Fiscal management and planning in the Operating Budget Income and Expenses, as well as the Reserve Budget for future replacement of existing amenities
- ✓ The maintenance of the common area amenities and landscape
- ✓ Building community through recreational and social activities
- ✓ Communicating with the Members

In 2016, SCA settled an on-going enforcement action taken against a property owner's VRBO (short-term rentals) activity. The Community Association recovered its attorney's fees of \$14,000, collected the assessed fines of \$14,350 and past due assessments in the amount of \$421, totaling \$28,771. The property was sold in 2016.

This year's Annual Report clearly reports on the SCA accomplishments that benefit its members. Property transfers are up from last year as well as sale prices. Both are good indicators that Stonegate is a desirable place to live. Homeowners that have updated their homes have seen the return on their investment.

I would like to share with you the SCA Reserve Projects planned in 2017. This is the largest Reserve Budget expenditure to date and is a reinvestment into the community. The projects this year include:

- ❖ The Retreat roadways reconstruction, which will begin on Tuesday, May 30th with an estimated completion the end of June. Retreat residents will receive time-line maps outlining the dates of work.
- ❖ The five tennis courts located at the recreational area will be reconstructed using post-tension concrete that has a useful life of 40+ years. The start date has not been determined at this time and will take 10-12 weeks to complete.
- ❖ Two new Pickleball courts, a new recreational amenity, will be constructed adjacent to the five tennis courts.
- ❖ The Community Center will be updated with new tile floor (eliminating all carpet areas) along with new fixtures in the restrooms. The work will be done in four phases. Estimated starting date is the first part of April.
- ❖ Common area masonry walls are being repaired and painted. Work is underway and will continue until completed.
- ❖ The final major project is the Palomino East landscape renovation. This will be started in September and be completed by the end of October.

These projects are all part of the Stonegate Reserve Study, which is updated yearly so funds will be available to replace items as they reach the end of their useful life. Proper planning reduces the need of a special assessment. To date, SCA has not had the need of a special assessment due to its planning process.

My staff and I are excited in accomplishing the above projects in making Stonegate a community of choice.



2016 Board of Directors

Top row, Left to right:

Nancy Ford, President
Cary Weissman, Vice President
Tom Schaefer, Treasurer
Gene Evans, Secretary

2nd row, Left to right:

Jim Bissonett, Director
Lori Condon, Director
Dr. Lee Rhein, Director



- East Gate Landscape & Signage
- Roadway Maintenance performed in Belcourt, Heritage Court, Reserve, Timarron & the Vintage
- View Fence Painting
- Restoration of Pool & Spa Decks
- New Pool Furniture - Chairs & Lounges

Community Activities

- Hospice of the Valley Toy Drive
- Spring Fling
- Boutique Gift Fair
- Adult Holiday Party
- Children's Holiday Party
- Current Events Group, Book Club, and Movie Group
- Swimming Instruction/Swim Team provided by HUB Sports
- Total expense for social functions in 2016 (Spring Fling, Gift Fair & Holiday parties) was \$9,790 after raising more than \$6,500 in sponsorships.



2016 Spring Fling



2016 Gift Fair



**2016 Children's
Holiday Party**



2016 Adult Holiday Party



Architectural Committee:

Jim Bissonett, Board Director and Chair, Carol Dolohanty, Jim Grossman, Sandra Kurlander, Karen Weston, and Frani Wolfe. This committee is charged with maintaining Stonegate's aesthetic values.

Physical Property Committee:

Mike Flamer, Chair, Charles Burtner, John Gianforte, Ed Katz, Steve Lipps, 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:

Tom Schaefer, Board Treasurer and Chair, Cary Weissman, Board Vice President, Gene Evans, Board Secretary, Stuart Goldberg, Chuck Kaufman, Jim Murphy, and Paul Riedl who work in conjunction with Executive Director Larry Paprocki and Stonegate Accountant, Lora Stacy. 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:

Steve Lipps, Chair, Derek Fromm, Jean-Claude Moreau, and Andrew Ventura. 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.

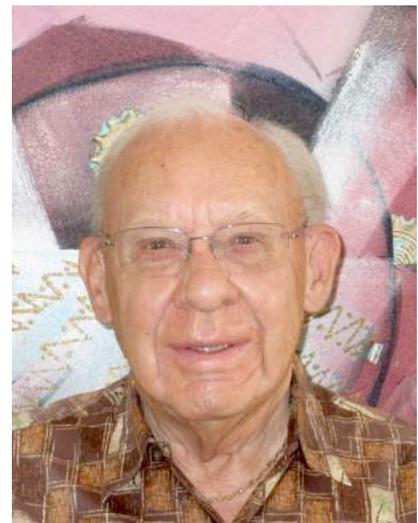
Retiring from the Stonegate Board of Directors is Nancy Ford, our current Board President, Lori Condon, Director and Dr. Lee Rhein, Director. The Stonegate Community Association wishes to thank them for their dedication and service to the community and wishes Nancy, Lori and Lee well in their future endeavors.



Nancy Ford



Lori Condon



Dr. Lee Rhein



Volunteer of the Year

Christy Mooney is a Reserve resident and a Stonegate Preferred Realtor. Christy has underwritten, planned and hosted the Children's Holiday party for many years. Thank you Christy for your time and generosity!

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, 2016 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, 2016, 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)

2016 Balance Sheet

ASSETS	Operating Fund	Capital	Reserve	12/31/16	12/31/15
Cash	\$133,348	-	\$695,934	\$829,282	\$750,217
Receivables	8,022	-	-	8,022	26,965
Long Term Investments	-	147,465	274,564	422,029	218,144
Prepaid Expenses / Deposits	2,379	-	-	2,379	8,529
Interfund Balances	7,242	-7,242	-	-	-
PROPERTY AND EQUIPMENT*	-	372,270	-	372,270	372,269
Less accumulated depreciation & amortization	-	-276,677	-	-276,677	-246,268
TOTAL ASSETS	\$150,991	\$235,815	\$970,499	\$1,357,305	\$1,129,856
LIABILITIES AND FUND BALANCES					
Accounts Payable	\$19,363	-	-	\$19,363	\$28,666
Income taxes payable	-	-	-	-	-
Builder Bonds Payable	7,750	-	-	7,750	1,000
Accrued Expenses	42,355	-	-	42,355	28,856
Deferred Revenue	70,561	-	-	70,561	75,399
Resale holdbacks	3,350	-	-	3,350	3,350
Current Capital Lease Obligation	-	4,105	-	4,105	3,931
Remaining Capital Lease Obligation	-	9,454	-	9,454	12,721
TOTAL LIABILITIES	143,378	13,559	-	156,937	153,923
FUND BALANCES (DEFICIT)	7,613	222,256	970,499	1,200,368	975,933
TOTAL LIABILITIES AND FUND BALANCES	\$150,991	\$235,815	\$970,499	\$1,357,305	\$1,129,856

2016-2017 Comparison

OPERATING FUND	2016 Budget	2016 Actual Audit	2017 Budget
Income			
Member Assessments	1,681,776	1,671,776	1,681,776
Interest	280	99	200
Other	58,245	66,196	57,180
Total Income	<u>\$1,740,301</u>	<u>\$1,748,071</u>	<u>\$1,739,156</u>
Expenses			
Payroll (including taxes & benefits)	927,169	925,513	943,031
Landscape Maintenance	278,940	229,002	258,550
Recreational/Community Center/Social	130,720	133,251	136,270
Infrastructure	273,675	277,635	277,620
Administration	65,040	66,466	62,645
Communication and Social Activity	15,460	11,363	12,160
Office	44,900	44,667	45,460
Total Expenses	<u>\$1,735,904</u>	<u>\$1,687,897</u>	<u>\$1,735,736</u>
Income Taxes		\$63	
Excess (Deficit)	<u>\$4,397</u>	<u>\$60,111</u>	<u>\$3,420</u>
CAPITAL FUND			
Income			
Other/Interest Income		2,691	
Gain/loss on disposal of fixed assets		(30,409)	
Total Income		<u>(\$27,718)</u>	
Expenses			
Project Expenses		(7,242)	
Total Expenses		<u>(\$7,242)</u>	
Other Comprehensive income		(\$239)	
Net Excess (Deficit)		<u>(\$35,199)</u>	
RESERVE FUND			
Income			
Member Reserve Assessments	274,800	274,800	384,720
Property Transfers	155,000	178,505	170,000
Interest & Other	-	126,439	5,889
Total Income	<u>\$429,800</u>	<u>\$579,744</u>	<u>\$560,609</u>
Expenses			
General Repairs & Replacements		296,172	578,115
Roadway		93,666	698,500
Total Expenses		<u>\$389,838</u>	<u>\$1,276,615</u>
Other Comprehensive income		\$9,615	\$19,572
Net Excess (Deficit)	<u>\$429,800</u>	<u>\$199,521</u>	<u>(\$696,434)</u>

Comments:

Member Monthly Operating Assessments \$153.00

Member Monthly Reserve Assessments \$35.00

Beginning Reserve Balance \$970,498

Estimated Year End Reserve Balance \$254,492



Larry Paprocki

Executive Director

larryp@stonegate-scottsdale.com

Dolly Singh

Office Manager

dollyh@stonegate-scottsdale.com

Lora Stacy

Accounting Manager

lora_s@stonegate-scottsdale.com

Catherine Bryson

Communications Coordinator

catherineb@stonegate-scottsdale.com

Javier Alejandro

Operations Supervisor

Cris Rubio

Physical Property Foreman

Joe Cerami

Recreational Area Monitor



Office hours: Monday through Friday

8:30 a.m. to 5:00 p.m.

Saturday 10:00 a.m. to 2:00 p.m.

Office # 480-391-9760