

# **Stonegate Community Association**

*2019 Homeowners' Annual Meeting*  
And **2018** Annual Report



**Annual Meeting**  
**Thursday, March 21st, 2019**  
**At 6:00 p.m.**  
**Stonegate Community Center**

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## **AGENDA**

- **Welcome and Introduction**
- **Approval of 2018 Annual Meeting Minutes**
- **Introduction of Candidates**
- **President's Report**
- **Treasurer's Report**
- **2018 Audit Results And 2018 Budget**
- **Retiring Board Recognition Presentation**
- **Election Results**
- **Adjournment**

# President's Report

## By David Allen

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I am completing my second year of my first term and I have decided to run for re-election. This past year I served as President.

Current Board Members running for re-election are Nancy Ford and Carolyn Norris. Additional candidates are Lori Condon, Eugene Evans and John Pappas.

You should have received your paper ballots in the mail. If you have not, please contact the Community Association.

Continuing Board Members in 2019 are Jim Bissonett, Luc Ducrocq and Craig Zirbel. I wish you well in your 2019 endeavors. Retiring Board Member is Tom Schaefer. Tom has served as Treasurer for the past several years and his expertise and leadership will be missed.

I would like to thank all of our Committee Members for their efforts in the work that they perform at the request of the Board.

The Board and the Finance Committee recently met with Butler & Hansen to review their findings pertaining to the 2018 audit. Those findings are also contained within the Annual Report along with the 2018 budget, 2018 actual year-end figures and the approved 2019 budget.

I would also like to thank the Executive Director, Larry Paprocki and our administrative staff, Lora Stacy, Accounting Manager, Catherine Bryson, Communications Coordinator and Dolly Singh, Office Manager for their efforts. I would like to welcome Jeff Begnoche, our new Landscape & Maintenance Superintendent who joined us in October. Jeff's experience includes working at Scottsdale Ranch as a Foreman, Gainey Ranch as an Assistant Supervisor and at the Landscape Broker as a Division Superintendent. Compliments have already been received on his efforts of adding annual flowers within the community.

Finally, I would like to thank the membership for the opportunity to serve on the Board and as the Board President.

# Executive Director's Report

## By Larry Paprocki

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The forces of Mother Nature played havoc on Stonegate as the community experienced eight 50-year events in 2018. In July and August, the monsoon storms provided record rainfalls and high winds. The amount of water passing through the washes caused erosion and deposited soil and sand changing the grade and flow. The storms also caused significant tree damage, up-rooting large mature trees throughout Stonegate. To-date, SCA has replaced 86 trees out of the 100 trees approved by the Board. The wash that runs along side the Retreat had the most soil and sand deposit causing a grade change of +/-20 inches. SCA hired a roadway contractor with a driver and a 16 ft. blade for grading. In less than two days, the original grade floor was restored. Yes, the forces of Mother Nature made 2018 an interesting year to recover from and to get the business of SCA done. I would like to acknowledge the efforts of my administrative staff and maintenance personnel in doing a terrific job in 2018.

2019 has started out in setting new records in weather. Rainfall, winds and extreme cold temperatures are reported in February. I am writing my report on a day that we have experienced all three items before 12 PM. Jeff Begnoche, SCA's Landscape & Maintenance Superintendent and I are working to save expenses in water and other areas relating to landscape.

I am meeting with SCA consultants and contractors regarding the 2019 roadway work, bringing the Retreat tennis courts to the same level as our recreational courts, wall painting, mailbox roofing and landscape projects, so Stonegate can remain competitive in the resale market. The projects listed are the primary projects for 2019.

In the last few months, I have been contacted by other Scottsdale Community Associations inquiring how we do things relating to Reserve Funding, Roadway Study and 10-year projections, tennis court maintenance, and access control. Stonegate has a great reputation and is a beautiful community. I explained our secret, simply as having an involved Board and committees with realistic planning so the appropriate funds will be available, but most of all to seek to improve what exists today.



## **2018 Board of Directors**

*Top row, left to right:*

**David Allen, President**  
**Jim Bissonett, Vice President**  
**Tom Schaefer, Treasurer**  
**Carolyn Norris, Secretary**

*2nd row, left to right:*

**Luc Ducrocq, Director**  
**Nancy Ford, Director**  
**Craig Zirbel, Director**



## Community Activities

- Hospice of the Valley Toy Drive
- Vista Del Camino Food Drive
- Spring Fling
- Boutique Gift Fair
- Adult Holiday Party
- Children's Holiday Party
- Current Events Group, Book Club, Movie Group & Photography Group
- Total expense for social functions in 2018 (Spring Fling, Gift Fair & Holiday parties) was \$8,324 after raising \$9,073 in sponsorships.



**2018 Spring Fling**



**2018 Adult Holiday Party**



**2018 Gift Fair**



**2018 Children's  
Holiday Party**



## **Architectural Committee:**

Craig Zirbel, Board Director and Chair, Carol Dolohanty, John Gianforte, Sandra Kurlander, Arnie Siegel, Karen Weston, and Frani Wolfe. This committee is charged with maintaining Stonegate's aesthetic values.

## **Physical Property Committee:**

Mike Flamer, Chair, Carolyn Norris, Board Secretary, Craig Zirbel, Board Director, 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, Luc Ducrocq, Board Director, Gene Evans, Stuart Goldberg, Jim Murphy and Cary Weissman 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:**

Derek Fromm, Chair, Mark Derkach, Carol Dolohanty and Monica Weller. 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, Diane Kershner and Catherine Lewis. 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

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**Retiring from the Stonegate Board of Directors is Tom Schaefer, our current Board Treasurer. The Stonegate Community Association wishes to thank Tom for his dedication and service to the community and wishes him well in his future endeavors.**



# 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, 2018 and the related statements of revenues and expenses and comprehensive income (loss), 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, 2018, 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)**

## 2018 Balance Sheet

ASSETS	Operating Fund	Capital	Reserve	12/31/18	12/31/17
Cash	\$98,756	-	\$269,633	\$368,389	\$176,637
Receivables	12,624	-	1,757	14,381	13,505
Long Term Investments	65,844	74,495	313,770	454,109	460,359
Prepaid Expenses / Deposits	4,780	-	-	4,780	2,613
Interfund Balances	-58,125	-	58,125	-	-
Construction in Progress	-	-	-	-	8,499
PROPERTY AND EQUIPMENT*	-	368,823	-	368,823	343,831
Less accumulated depreciation & amortization	-	-298,217	-	-298,217	-266,525
<b>TOTAL ASSETS</b>	<b>\$123,879</b>	<b>\$145,101</b>	<b>\$643,285</b>	<b>\$912,265</b>	<b>\$738,919</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts Payable	\$23,795	-	-	\$23,795	\$58,976
Compliance Bonds Payable	3,500	-	-	3,500	500
Accrued Expenses	55,375	-	-	55,375	50,399
Deferred Revenue	63,015	-	-	63,015	70,058
Resale holdbacks	3,350	-	-	3,350	3,350
Current Capital Lease Obligation	-	3,646	-	3,646	3,451
Remaining Capital Lease Obligation	-	3,194	-	3,194	6,840
<b>TOTAL LIABILITIES</b>	<b>\$149,035</b>	<b>\$6,840</b>	<b>-</b>	<b>\$155,875</b>	<b>\$193,574</b>
<b>FUND BALANCES (DEFICIT)</b>	<b>-25,156</b>	<b>138,261</b>	<b>643,285</b>	<b>756,390</b>	<b>545,345</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$123,879</b>	<b>\$145,101</b>	<b>\$643,285</b>	<b>\$912,265</b>	<b>\$738,919</b>



## 2018-2019 Comparison

OPERATING FUND	2018 Budget	2018 Actual Audit	2019 Budget
<b>Income</b>			
Member Assessments	1,703,760	1,703,760	1,736,736
Interest	200	88	200
Other	57,180	51,974	57,180
<b>Property Transfer</b>		48,562	40,000
<b>Total Income</b>	<b><u>\$1,761,140</u></b>	<b><u>\$1,804,384</u></b>	<b><u>\$1,834,116</u></b>
<b>Expenses</b>			
Payroll (including taxes & benefits)	987,844	1,012,827	1,033,676
Landscape Maintenance	231,190	283,362	246,775
Recreational/Community Center/Social	137,050	139,789	140,273
Infrastructure	280,640	296,663	252,156
Administration	65,235	66,252	64,435
Communication and Social Activity	11,840	8,898	13,240
Office	46,050	42,606	40,520
<b>Total Expenses</b>	<b><u>\$1,759,849</u></b>	<b><u>\$1,850,397</u></b>	<b><u>\$1,791,075</u></b>
<b>Income Taxes</b>		\$50	
<b>Excess (Deficit)</b>	<b><u>\$1,291</u></b>	<b><u>(\$46,063)</u></b>	<b><u>\$43,041</u></b>
<b>CAPITAL FUND</b>			
<b>Income</b>			
Other/Interest Income		4,418	
<b>Total Income</b>		<b><u>\$4,418</u></b>	
<b>Expenses</b>			
<b>Total Project Expenses</b>		35,384	
<b>Excess(Deficit)Revenues over Expenses</b>		<b><u>(\$30,966)</u></b>	
<b>Other Comprehensive income</b>		(7,039)	
<b>Net Excess (Deficit)</b>		<b><u>(\$38,005)</u></b>	
<b>RESERVE FUND</b>			
<b>Income</b>			
Member Reserve Assessments	384,720	384,720	384,720
Property Transfers	180,000	182,765	140,000
Crown Castle	20,161	20,212	20,766
Interest & Other	5,889	8,784	5,889
<b>Total Income</b>	<b><u>\$590,770</u></b>	<b><u>\$596,481</u></b>	<b><u>\$556,375</u></b>
<b>Expenses</b>			
General Repairs & Replacements	256,138	236,804	296,026
Roadway	56,562	52,732	216,635
<b>Total Expenses</b>	<b><u>\$312,700</u></b>	<b><u>\$289,536</u></b>	<b><u>\$512,661</u></b>
<b>Other Comprehensive income</b>		(11,832)	
<b>Net Excess (Deficit)</b>	<b><u>\$278,070</u></b>	<b><u>\$295,113</u></b>	<b><u>\$43,714</u></b>

Comments:

Member Monthly Assessments \$193.00 (\$158.00 to Operating and \$35.00 to Reserve)

Beginning Reserve Balance \$643,285

**Estimated Year End Reserve Balance \$686,999**

Board authorized use of property transfer fees to offset the 2018 Operating deficit.



**Larry Paprocki**

*Executive Director*

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**Dolly Singh**

*Office Manager*

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**Lora Stacy**

*Accounting Manager*

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**Catherine Bryson**

*Communications Coordinator*

*catherineb@stonegate-scottsdale.com*

**Jeff Begnoche**

*Landscape & Maintenance Superintendent*

**Cris Rubio**

*Physical Property Foreman*

**Joe Cerami**

*Recreational Area Monitor*



**Office hours:** Monday through Friday  
8:30 a.m. to 5:00 p.m.

**Office # 480-391-9760**