

**American Towers Owners Association**  
2011-2012 Fiscal Year Operation Budget Narrative  
June 14, 2011

**Individual Account Detail Descriptions**

**INCOME**

- Assessments: The level of assessments is set to simply cover budgeted expenses so that by years end there will be no budgeted income or loss.
- Late Charges: This account is for the late charges assessed to owners who pay their fees after the late fee deadline.
- Interest Income: Interest earned on operating bank balances from the sweep account.
- Move-in Fees: Residents are charged a one time move-in fee of \$150 for the administrative costs associated. An additional fee of \$40 is charged for units that do not have high pressure washer hoses to provide and install them.
- Work Orders: Reimbursements for work performed for owners and residents by Association maintenance personnel.
- Ramp Parking: Rental payments for the unassigned parking spaces on the P2 ramp that are rented out each year.
- Miscellaneous: Miscellaneous Income.
- Other Income: Significant income from other settlements, sales of equipment, or reimbursed legal fees.
- Reimbursements: This account is comprised of the following four sub-accounts:  
Directory: Names may be placed or changed on lobby directories for a \$15 fee.  
Filters and Supplies: Air filters are sold for \$2 and washing machine hoses for \$35.00  
Parking Validations: Validations are sold to residents for \$1.50 each.  
Access Cards: Replacement access cards are sold for \$20 each.

**EXPENSES**

**PAYROLL**

- Administrative: Salary of manager and assistant.
- Maintenance: Salary of supervisor and wages for staff of two.
- Security: Wages for security guards, two on duty 24 hours each day, seven days a week.
- Janitorial: Wages for one supervisor and staff.

**CONTRACTS**

- REA-Parking: Contractual obligation to pay 5.3% of operating expenses of parking garage.
- Pest Control: Monthly contract for control of insects and rodents for the complex.
- HVAC: Annual contract for monthly maintenance and inspection of HVAC and specified mechanical areas.
- Trash Removal: Monthly contract for removal of trash, three weekly pickups.
- TV Programming: Seven Year contract with Comcast contains a cap of 6% increase per year.
- Elevator: Long term contract to maintain and service elevators. Expires 7-13-2014.  
Includes anticipated annual rate adjustment of 4% in June 2010.
- Window Cleaning: Annual contract to clean all windows in the complex every 120 days.
- Generator Maintenance: Monthly contract to inspect, test and maintain the emergency power generator.
- Water Treatment: Monthly contract for chemicals for, and maintenance of soft water system.

- Inspections: Annual contract to provide quarterly fire sprinkler system inspections at \$1600 per time. Annual fire extinguisher inspection and annual pool permit.
- Air Filters: Annual Contract for replacement of common air system filters quarterly.
- Fire Alarm: Annual contract to maintain and test fire alarm system and card access system.

#### MAINTENANCE AND REPAIR

- HVAC: Repairs to HVAC systems that are extra's not covered by the maintenance service contract.
- Security: Maintenance and repair of security systems and equipment (video) not covered by service contracts or extra's to those contracts. Includes re-stock of first aid supplies.
- Maintenance and Repair: Maintenance and repair services generally related to water leaks, provided by outside vendors in the following five categories:  
Plumbing: Plumbing repairs performed by outside contractors.  
Paint and Drywall: Drywall restoration and painting performed by contractors.  
Carpet Cleaning: Carpet restoration and cleaning performed by contractors.  
Floor Finishing: Parquet floor restoration performed by contractors.  
Other: Other restoration and repair services provided by outside contractors and vendors.

#### SUPPLIES AND EQUIPMENT

- Maintenance: Parts and supplies related to any maintenance and repair items of complex.
- Security Uniforms: Purchase of new uniforms and equipment for new hires.
- Janitorial: Purchase of all cleaning supplies. Includes outside services such as cleaning and maintenance of lobby mats and linen services.
- Pool: Chemicals and supplies for operation and maintenance of pool and hot tubs. Includes parts and equipment for the chemical and heating systems.
- Other Recreation: Parts and supplies to maintain the billiard room, racquetball courts and exercise room.
- Lighting: Purchase of lighting supplies, bulbs, tubes and ballasts for all common area lighting.
- Computer: Replacement parts and upgrades for computer systems in management office, security station, and maintenance shop.

#### UTILITIES

- Gas: Projections are based on prior years usage and rate projections.
- Electricity: Projections are based on prior years usage and rate projections.
- Water & Sewer: Projections are based on prior years usage and rate projections.

#### ADMINISTRATIVE

- Phone & Comm: Cost of management office and security telephone service including long distance charges and cell phones for manager and supervisors.

- Legal: Cost of miscellaneous corporate legal work.
- Accounting: Preparation of tax return and misc. accounting temps as needed.
- Audit: Cost of annual audit and counting of ballots for Trustee elections.
- Newsletter: Cost of printing monthly newsletter to owners and residents.
- Computer: Supplies and maintenance, printer toner, backup tapes.
- Payroll Prep.: Monthly cost for preparing payroll reports, checks, all federal and state reports, and tax deposits.
- Office Supplies: General office supplies, paper, copying etc., and service on copier and office equipment.
- Postage: Costs of mailing statements, newsletter, invoices, and payments.
- Other Admin. Newspaper ads for employment, dues, fees, subscriptions, parking validations, employee parking, printing of audit report and miscellaneous administrative costs.
- Reimbursed Exp.: Costs of materials or services in the following four categories which are purchased by, or reimbursed by owners and residents. Income from the following is credited to income accounts.
- Directory: Costs of placing names on lobby directories charged at \$15 per name.
  - Filters and Hoses: Costs of providing air filters and washer hoses to owners.  
Filters are sold at \$2 each and a pair of hoses is \$35.00, \$40 installed.
  - Parking Validations: Parking validations are sold at cost at \$1.50 each.
  - Access Cards: Replacement and extra access cards are sold at \$20 each.

#### TAXES AND INSURANCE

- Income Taxes: Federal and State income tax on interest income to the association.
- Payroll Taxes: Employers FICA, FUTA, SUTA, and Workers Comp taxes and premiums for employees.
- City Lighting Assessment: Annual payment for street lighting and improvements on Third South.
- Employee Health: Employers share (80%) of health insurance premiums for employees.
- Insurance: This account is comprised of the following three categories:
- Liability: This is the premium projected by our current underwriter.
  - Earthquake: This policy term has changed to coincide with the expiration of our umbrella liability policy.
  - Directors and Officers: Annual premium is not anticipated to increase.