



September 6, 2018

To: Columbia Association Board of Directors

From: Jane Dembner, Director of Planning and Community Affairs  
Jackie Tuma, Director of Internal Audit

Subject: Overview of Village and Columbia Association Roles and Financial Responsibilities

We have prepared the attached presentation to provide an overview of the ten community associations and their relationship with CA. The presentation outlines the responsibilities of each organization from both an operational and financial perspective in relation to each other.

This is an informational item. No action is required.

# Village Community Associations Overview

Presentation to Columbia Association  
Board of Directors,  
September 13, 2018



# Agenda

Agenda



- Roles and responsibilities - community associations and CA
- Financial summary, including funding relationship between community associations and CA

## Community Associations Overview



# Community Associations Overview

- Each village has its own residential community association, which is an independent, incorporated, nonprofit civic association formed exclusively for the promotion of the common good and welfare of the residents and property owners of that village
- Each association has similar yet separate articles of incorporation, by-laws and covenants.
- Each association has its own community-elected board of directors.

# Overview (continued)

## **To achieve their mission, the village associations:**

- Administer the village covenants.
- Foster community cohesion (events, resident services, information referrals/exchange).
- Oversee village elections and provide support to their boards of directors.
- Make meeting space available to the community for civic and social events.
- Provide leased or rented space to commercial, religious, social and civic organizations to generate revenue for their organizations, and offer reduced or free/reduced space to civic groups and annual charge-paying residents.

**Additionally, the associations manage CA's neighborhood and community buildings, have limited upkeep responsibilities and make minor (non-capital) facility repairs (*\$199,000 in FY18 for the 10 villages in total*)**

# Overview (continued)

## Columbia Association provides:

- Free use of CA's 24 neighborhood and community center buildings.
- Annual charge share to each village association.
- Funds allocated for capital improvements for the community/neighborhood center buildings (\$1,105,000 in FY18).
- Funds for building maintenance (\$305,000 in FY18).
- Maintenance of the grounds, snow removal, trash and debris removal.
- Payment of real estate taxes and maintaining property insurance.
- Payment of employer portion of village association employee benefits (\$110,000 in FY18).
- Covenant enforcement legal fees (\$350,000 in FY18) and employing a covenant administrator.

## Management Contract



# Management Contract

- Building use agreements between CA and each village community association outline the responsibilities of each party.
- The new management contract has been signed by all the associations and CA.
- The term for the management contract is for FY19 through FY24.

# Annual Charge Share

Annual  
Charge Share



- CA Board approved the Annual Charge Share Formula as part of the FY19-20 budget process.
- The term of the new Annual Charge Share Formula is for FY19 through FY24.
- It is being phased in over a three-year period.



# Where are we now?

FY18  
Financial  
Data

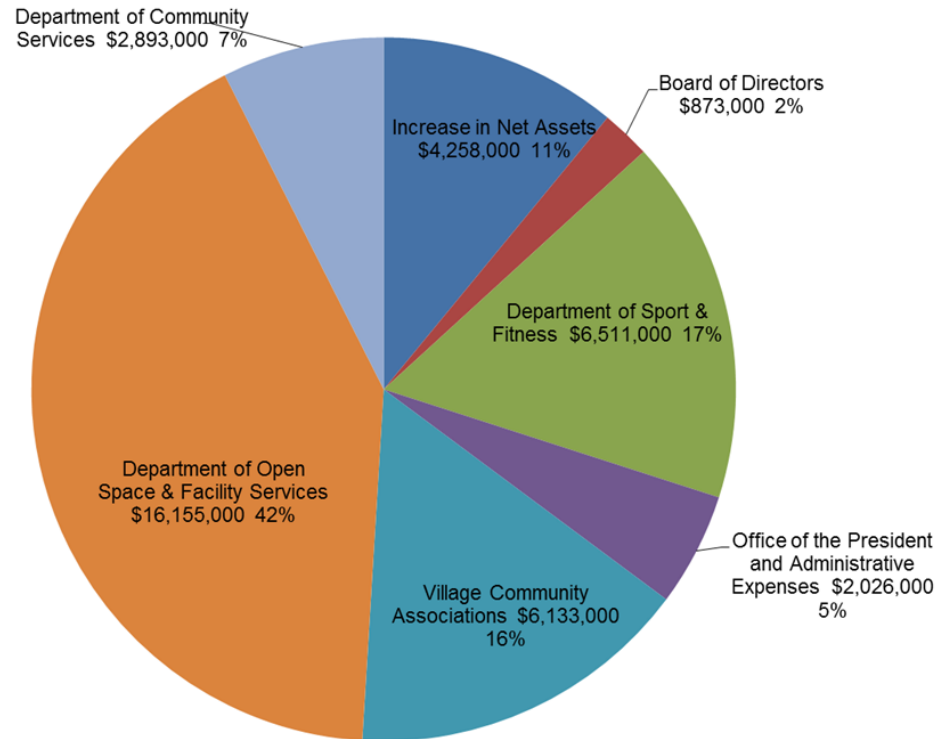


Next set of slide provides:

- A summary FY18 financial data.
- Details on the funding relationship between CA and the village community associations.

# Use of Annual Charge to Support CA's Programs and Services, FY2018

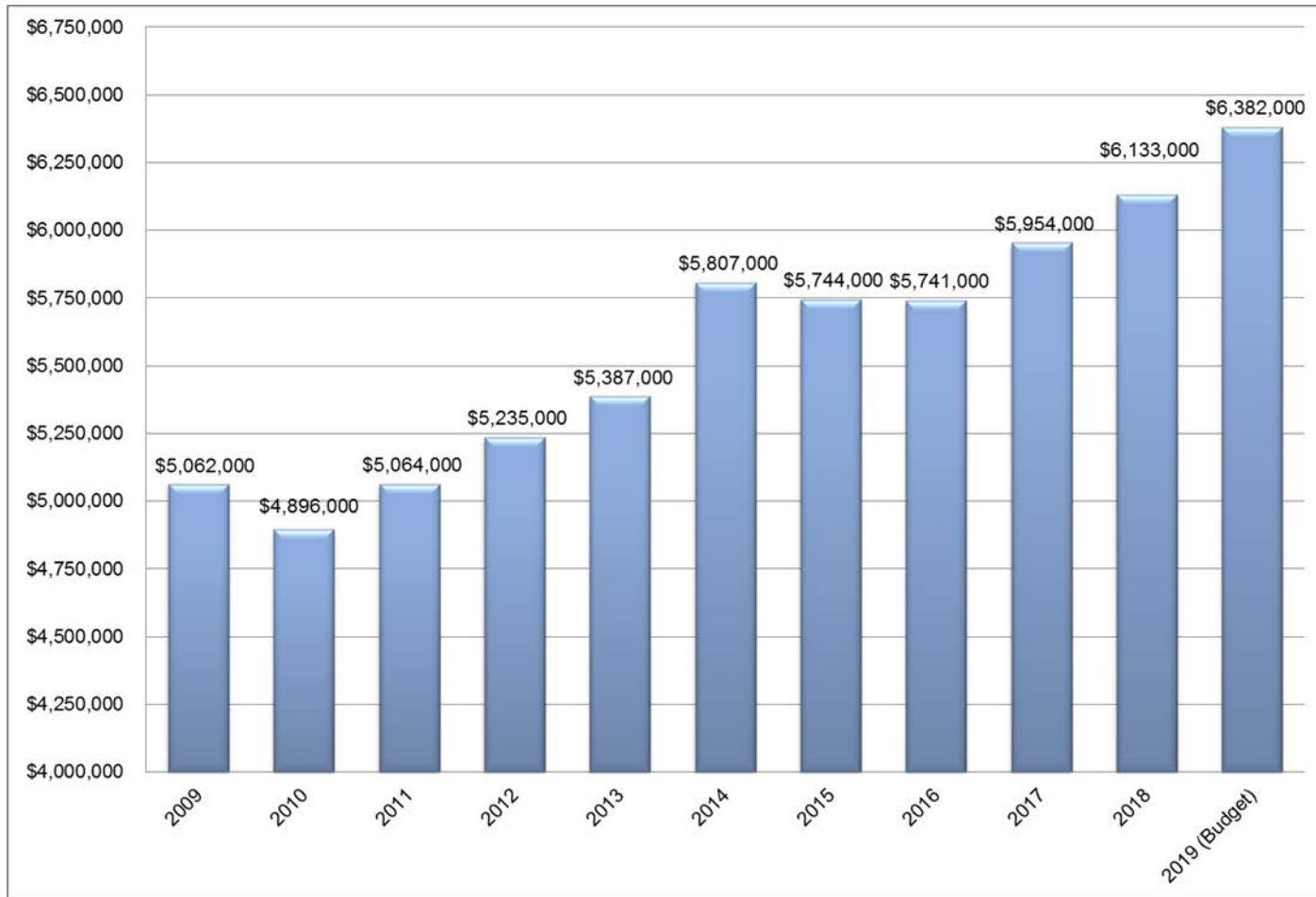
Use of Annual Charge to Support CA's Programs and Services, FY2018



# Annual Charge Share – Village Community Associations (Excerpt from Financial Report as of April 30, 2018)

	FY18 (\$000's)
<b>Income</b>	<b>\$ 9</b>
<b>Operating Expenses</b>	
Insurance	\$ 28
Fees	416
Rentals	1
Taxes	3
Utilities	11
Repairs & Maintenance	305
Comm. Assoc. Assess Share	3,220
Depreciation	851
Interest Expense Allocation	75
Alloc. Of Department's Admin.	41
Alloc. Of Branding and Media Production	267
	<hr/>
<b>Less: Total Operating Expenses</b>	<b>\$ 5,218</b>
Less: Alloc. Of Admin. Serv. Expenses	<hr/> 924
<b>Increase/(Decrease) in Net Assets</b>	<b><u>\$ (6,133)</u></b>

# 10-Year Trend: Use of CA's Annual Charge - Community Associations



# Summary of Reporting Requirements Exhibit in Management Contract

Report Name	Requirement for Submission to CA
Board Approved Operating Budget	Annually, prior to the beginning of the fiscal year.
Board Approved Capital Budget	Annually, prior to the beginning of the fiscal year.
Budget Spreadsheet by Quarter	Annually, with the 1 <sup>st</sup> quarter financial statements.
<ul style="list-style-type: none"> <li>• Statements of Financial Position</li> <li>• Summary Statements of Activities</li> <li>• Detailed Statements of Activities</li> </ul> <p><i>(1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> quarters)</i></p>	Within 45 days of the close of each applicable quarter.
<ul style="list-style-type: none"> <li>• Statements of Financial Position</li> <li>• Summary Statements of Activities</li> <li>• Detailed Statements of Activities</li> <li>• Schedule A</li> <li>• Schedule to Compute Cash Reserves Limitation</li> </ul> <p><i>(4<sup>th</sup> quarter)</i></p>	Within 60 days of the close of the fiscal year.
Facility Use Report	Submitted to CA within 60 days of the end of the Association's fiscal year.

# Village Community Associations – Financial Statements

- Each village board is required to review and accept the quarterly financial statements before they are forwarded to CA.
- In addition, written explanations are required for all variances greater than \$500 and 25% of budget.
- Village community associations are required to have independent audits of their financial statements conducted at least every three years.

# Village Community Associations – Financial Statements (continued)

- CA's Office of Internal Audit analyzes the quarterly/annual financial statements for mathematical accuracy, proper formatting and reasonableness of key operating ratios.
- Feedback from this analysis is provided to the Director of Planning and Community Affairs and the respective village managers each quarter.
- The Office of Internal Audit also compiles an annual report for CA's Board of Directors so that key financial data among the villages can be compared.

