

COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS

2020 BUDGET SUMMARY

Fiscal Year January 1, 2020 through December 31, 2020

The financial responsibility of CABH is to maintain and improve the Community Center facilities, slopes, parkways and parks, as well as manage a wide range of recreation programs within the Bernardo Heights community. The planned costs for 2020 and the corresponding income are recorded in the enclosed 2020 operating budget. The budget also includes funding to maintain adequate reserves to repair and replace all assets of CABH, as required by law. Our reserve study is updated annually with an on-site inspection every three years. The financial package includes the latest summary of our current reserve study.

It is our pleasure to report that our financial situation continues to be sound and we are able to present a budget that will allow us to meet our objectives to maintain our facilities and properties, while keeping expenses and assessments as low as possible. We are happy to report there will be no increase in our dues for the upcoming year.

Administrative and salary related costs will rise in 2020 due to the previous mandated increases in minimum wage for all employees and increases in workers' compensation insurance. On a positive note, we continue to have a full-time maintenance worker, which allows us to do more preventative maintenance and save money in the long run on many repairs. Also, our facility insurance premiums through our current provider have remained about the same. Whenever possible, we continue to rely on competitive bidding for operational expenses, which has helped us to contain costs while securing quality contractors.

Our largest annual expense area is maintaining the community slopes and parkways. The cost of landscape and tree maintenance, water & electric, irrigation maintenance, and landscaping replenishment represents about 55% of the total operating budget. We continue to replace high volume water plants with more drought tolerant plants, in conjunction with changing regular sprinklers to a drip irrigation system. Our goal is to reduce water usage wherever possible, yet maintain an attractive community. We continue to work with our current landscape maintenance firms to ensure a competitive rate without affecting the quality of the work being performed.

Our cell tower agreement with T-Mobile is still in place and we are receiving monthly payments. The annual income from T-Mobile to the Association is \$39,000.

The Silvergate RB project is expected to open Spring of 2020. We are looking forward to Silvergate becoming a part of our Master Association, which will increase our monthly income. This income is not yet included in our budget.

We have made every effort to maintain costs, whenever possible. As a result, our Reserve Account contribution will increase significantly this coming year. The Board will continue to be diligent in the management of the CABH assets and keep costs down whenever possible.

The enclosed documents provide specific details. Please be assured that our PCM management team, your elected Board members, and Committee volunteers continually strive to keep our Bernardo Heights community a place of pride and value for all residents.

On behalf of the Board of Directors
Debbie Kurth, CABH Treasurer

Per Section 4.5 of the CC&R's: The Community Board shall prepare or cause to be prepared for each fiscal year a budget of the total operating expenses of the Community Association. Said budget shall contain estimates of all expenses of the Community Association determined on the basis of actual services to be undertaken by the Community Association and the projected operating costs for each community facility and improvements located on the Community Common Area and reserve for unpaid Community Assessments.

Per Section 4.4A of the CC&RS: The Regular Community Assessments shall be established as two elements. One element shall be the cost of landscape maintenance of major slopes and open space in the Community (the "Slope Maintenance" element.) The other element of the Regular Community Assessment shall be the balance of the maintenance and operation budget of the Community Association, including, but not limited to, parkway and median maintenance, maintenance and operation for the Community recreation facilities, administration and overhead and capital replacement reserves. Except for the slope maintenance element, the Regular Community Assessments shall be allocated equally to each lot or unit in the community. The slope maintenance element of the Regular Community Assessments shall be allocated to each neighborhood in the Community on a comparative gross acreage basis.

In compliance with the California Civil Code, this Budget summary also includes a Reserve Summary and Reserve Funding disclosure statement prepared by the Reserve Analyst. Also included are General Statements of Policies and Practices in Enforcing Lien Rights, Internal Dispute Resolution (IDR) and Alternative Dispute Resolution (ADR) Procedure, Summary of Insurance Coverage, and Disclosure regarding Minutes of Meetings of the Board of Directors. If you have any questions regarding this Budget, please contact the Association Office. Members should retain this Budget with their other important Association documents. (A document fee will be charged for additional copies.)

NOTICE TO MEMBERS: (California Civil Code Section 1365(c))

A copy of the pro forma operating budget and a listing of the specific reserve components are available to members upon request at the Association's expense at the Association Office:

COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS
16150 BERNARDO HEIGHTS PARKWAY, SAN DIEGO, CA 92128

SECONDARY ADDRESS

California Civil Code Section 1367.1(k) requires the Association to advise all owners of the right to submit a secondary address to the Association for the purpose of assessment collection, provided that the request is made in writing to the Board of Directors.

MINUTES OF MEETINGS OF THE BOARD OF DIRECTORS

California Civil Code 1363 requires the Association to advise all owners of the right to obtain a copy of the minutes of the General Session Board of Directors meetings. Any requests for such meeting minutes must be made in writing to the Board at the address below and a distribution fee will be charged:

COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS
16150 BERNARDO HEIGHTS PARKWAY, SAN DIEGO, CA 92128

GL Codes	BUDGET 2019	BUDGET 2020
Assessment Income		
4000 - Residential Assessments	\$2,006,879	\$2,006,879
Total Assessment Income	\$2,006,879	\$2,006,879
4220 - Gate & Access Fees	\$4,800	\$4,800
4225 - Key Fees	\$1,800	\$1,800
4250 - Pool Fees	\$2,200	\$2,950
4265 - Transfer Fees	\$22,000	\$30,000
4275 - Tennis Inc	\$9,600	\$12,000
Total User Fee Income	\$40,400	\$51,550
4400 - Room Rental Fees	\$19,000	\$19,900
Total Rental Income	\$19,000	\$19,900
Collections Income		
4710 - Late Fees	\$250	\$250
Total Collections Income	\$250	\$250
Other Income		
4800 - Antenna Income	\$39,000	\$39,000
4810 - Compliance Fines	\$250	\$250
4835 - Miscellaneous Income	\$200	\$200
4840 - Advertising Income	\$1,800	\$3,900
Total Other Income	\$41,250	\$43,350
Investment Income		
4910 - Interest Earned - Reserve Accounts	\$12,000	\$12,000
Total Investment Income	\$12,000	\$12,000
Total Income	\$2,119,779	\$2,133,929
Administrative		
5010 - Bad Debt	\$300	\$300
5020 - Board Support	\$1,300	\$1,300
5045 - Dues & Subscriptions	\$1,200	\$200
5090 - Office Supplies	\$7,500	\$7,500
5105 - Reserve Studies	\$2,200	\$2,200
5198 - Contingency	\$25,000	\$25,000
7230 - Edu/Training	\$1,000	\$1,000
Total Administrative	\$38,500	\$37,500
Communications		
5205 - Activity Charges	\$12,000	\$12,000
5210 - Printing & Copying	\$2,000	\$2,000
5215 - Postage	\$1,800	\$1,800
5225 - Newsletter Services	\$13,000	\$13,000
Total Communications	\$28,800	\$28,800
Payroll & Benefits		
5302 - Administrative Salaries	\$141,000	\$128,500
5304 - Maintenance Salaries	\$37,440	\$37,440
5308 - Recreation Salaries	\$127,000	\$133,000

GL Codes	BUDGET 2019	BUDGET 2020
5330 - Health Benefits	\$16,300	\$16,300
5340 - Payroll Taxes	\$32,000	\$32,000
5385 - Payroll Taxes-401K	\$0	\$0
5390 - Workers Compensation	\$50,306	\$47,110
5399 - Personnel Expense Other	\$22,800	\$14,722
Total Payroll & Benefits	\$426,846	\$409,072
Insurance		
EPLI		\$1,989
5400 - Insurance Premiums	\$9,708	\$9,834
5425 - Earthquake Insurance	\$5,403	\$3,812
5445 - General Liability Insurance	\$33,273	\$28,497
5469 - Workers Comp Insurance	\$521	\$550
Total Insurance	\$48,905	\$44,682
Utilities		
6000 - Electric Service	\$75,000	\$70,000
6005 - Gas Service	\$20,000	\$22,500
6025 - Water Service	\$643,000	\$634,554
6035 - Trash and Recycling Service	\$3,800	\$3,800
6045 - Cable Service	\$1,200	\$1,200
6050 - Telephone Service	\$4,500	\$4,500
Total Utilities	\$747,500	\$736,554
Landscaping		
6100 - Grounds & Landscaping	\$455,156	\$473,363
6160 - Tree Maintenance	\$81,935	\$85,682
6165 - Tree Removal	\$10,000	\$10,000
6199 - Landscape Other	\$3,000	\$3,000
6200 - Irrigation Repair & Maintenance	\$7,000	\$7,000
6299 - Irrigation Other	\$9,635	\$7,500
6310 - Backflow Device Inspection	\$8,500	\$4,250
Total Landscaping	\$575,226	\$590,795
Property Protection		
6440 - Property Protection	\$9,500	\$9,500
6730-Property Protect System	\$1,200	\$1,200
Total Property Protection	\$10,700	\$10,700
Operations		
6300 - Permits & Licenses	\$750	\$750
6315 - Uniforms/ Mileage/Personnel	\$4,900	\$5,200
Total Operations	\$5,650	\$5,950
Contracted Services		
6430 - Janitorial Services	\$27,300	\$27,300
6434 - Pest Control	\$3,000	\$4,500
6438 - Pool Management	\$18,000	\$19,350

GL Codes	BUDGET 2019	BUDGET 2020
Total Contracted Services	\$48,300	\$51,150
Repair & Maintenance		
6545 - Electrical Supplies/Repair & Maint	\$3,000	\$3,000
6555 - Equipment Rental/Repair & Maint	\$6,500	\$6,500
6570 - Fitness Equipment Repair & Maint	\$3,500	\$3,500
6600 - General Repair & Maint	\$21,000	\$21,000
6625 - HVAC Supplies/Repair & Maint	\$2,800	\$2,800
6635 - Janitorial Supplies & Maint	\$9,800	\$9,800
6700 - Pool Supplies/Repair & Maint	\$21,000	\$21,000
6710 - Recreation Supplies/Repair & Maint	\$4,200	\$4,200
6765 - Tennis Court Repair & Maint	\$1,000	\$1,000
Total Repair & Maintenance	\$72,800	\$72,800
Professional Services		
7000 - Audit & Tax Services	\$2,200	\$2,200
7030 - Legal Services - General Counsel	\$10,000	\$10,000
7040 - Management Fees	\$29,046	\$29,627
Total Professional Services	\$41,246	\$41,827
Taxes		
9000 - Federal Income Tax	\$12,000	\$12,000
9005 State Income Tax	\$3,500	\$5,000
Total Taxes	\$15,500	\$17,000
Other Expenses		
9100 - Other Expenses	\$1,806	\$1,805
Total Other Expenses	\$1,806	\$1,805
Reserves		
9105 - Reserve Contribution Expense	\$58,000	\$85,294
9966 - Reserve Interest	\$0	\$0
Total Reserves	\$58,000	\$85,294
Total Expenses	\$2,119,779	\$2,133,929
Total Association Net Income / (Loss)	\$0	\$0

Charges for Documents Provided	
Statement of Account/Demand	N/A
Document Package (CC&R's, By-Laws, Articles of Inc.)	\$70
Annual Financial Budget, Fidelity Bond	\$30
Monthly Association Board Minutes (12 months)	\$60
Rush Service	\$50
Final update required at close of escrow	\$20
Mailing Fees	\$10
Total	\$240.00