

Just say no to a raise in the assessment ceiling!

It's the budget first It is the board's responsibility in approving the budget to exercise due diligence in such a way as to ensure it effectively allocates, controls and uses the community's resources. Only when that is accomplished can or should the board establish assessments levels. However, a deliberate and careful budget process on the merits of budget has been ignored to engage in a public relations campaign to raise the assessment ceiling.

The proposed ceiling increase won't work As has been the practice over the years the 2008 budget includes 2 income line items that are not recognized as revenue in the annual audits. "Assessment Collection Fees" and "Fixed Price & ala Carte for Administrative Facility" are accounts which are offsetting income and expenses transactions are not income. These are bookkeeping entries and not actual MVF revenue.

When these budget transactions are included as income in any budget draft or financial statements, the total income is inflated and misrepresented. When adjustment are made to the 2008 budget proposal eliminating these non revenue bookkeeping entries and not changing the expense budget a projected deficit of \$1,363,419 is created. Consequently, to balance the 2008 budget \$1,363,419 in reduced expenses must be identified.

The expense budget for 2008 of \$8,585,527 is \$1,753,265 greater than the 2006 audited expenses. The 2008 proposed budget assessments of \$4,825,785 is only \$750,030 over the 2007 \$4,075,755 assessments. To be preoccupied with the assessment ceiling and not the merits of the proposed budget makes no sense. Neither does the 2008 proposed budget. ([See schedule C](#))

History of Over Estimate Expenses and Underestimating Income The Board of Directors of the Foundation has a history of approving annual budgets that substantially over estimates non assessment income and under estimate operating expenses creating a severe cumulative budget deficit condition. ([See schedule N](#))

Unfortunately, the board and senior staff live in the state of permanent denial, stubbornly pursue inadequate and poorly administered remedies, have not been forthcoming with the financial and property condition realities and are unwillingness to take prompt corrective action on any of the adverse financial and facilities condition problems facing the Village.

History of Loss in CM and MA Funds There has been history of losses and deficits over the years in the Community Management (CMF) and the Maintenance Activity (MAF) funds. These deficits were funded using money designated for capital reserves while neglecting maintenance and landscaping services to the public areas. ([See schedule Q](#))

Arguments for Raising the Assessment Ceiling

Quality services will not be provided – When has the Village ever had quality service? For decades there has been general deterioration of the Villages' parks, streams, and lakes' natural resources. Can "Those people who are close to the organization and who appreciate its value" see the crumbling walkways; dying, crippled and diseased tree life; eroding and inadequate turf coverage being conquered by invasive and wild plants? Have they not noticed eroding soil washing into the adjacent lake and streams? Have they been aware of the temporary and inadequate stop gap shore line repair measures Lake Whetstone has endured for years? Have they not observe the neglected physical structures, the absence of normal care and maintenance routines and the ever growing backlog of capital needs?

It's not about the ability to continue providing quality services it is about why these conditions exists, what happened to the millions of dollars collected from past assessments to maintain and preserve Village assets and how to create awareness of these conditions on the part of the board and senior staff so we take corrective action and do a much better in the future.

Reserve funds will not be available for need capital "Reserve Contributions from Assessments" (The board of director's approved policy mandates it be equal to the annual depreciation cost) and "Reserve Interest" (Interest on reserve investments) are required budget line items that equal the annual funding source for the Reserve Fund. A small fraction of assessment and interest income budget for capital reserves has been credited to the Reserve Fund.

In addition, other than capital expenditures on Landscaping and Public Works equipment, there is little evidence that capital expenditure from reserves were ever spent to improve common property assets. Assessments and interest income designated for capital reserve have funded deficits in other fund types.

The embezzled funds don't count The June 6th edition of The Gazette reported "There were 21 other fraudulent transactions from the summers of 2004 and 2005 ranging between \$75 to \$3,500 for 7 employees, for whom Buttry created false payroll accounts and deposited the wages into her personal account."

In managing and operating a multi pool facility department it is incredible that MVF has never had a workable and effective payroll administrative control system. The ease, consistency and skill which Laura Buttry could steal substantial funds from the payroll system and go undeterred for so long a period is just one example of MVF's long standing and continuing out of control financial and personnel staffing operations.

If you don't favor the increase; good governance, Village activities, effective management control systems and the appearance of the public areas are unimportant to you and Montgomery Village is not the place for you to live. So move!

No Lois, Pat, Gerald, Richard and Keith, it's not those who oppose the raising of the assessment ceiling who should go. We need to stay to clean up the mess!