



**Notice of Annual Meeting
South Mill Village Association, Inc
December 2, 2008**

Dear Neighbors:

The Annual Meeting of the South Mill Village Association will be held at 7 PM on Tuesday, December 2, 2008 at the Glastonbury Community Center on Welles Street in Glastonbury, CT. 06073

If you are unable to attend, please execute the enclosed proxy and return it to any Executive Board member or give it to the representative you choose to vote for you at the meeting.

The order of business at the Annual Meeting will be:

- I. Roll Call and Notice of Meeting
- II. Reading of the Minutes from the 2007 meeting
- III. Reports of Officers
- IV. Unfinished Business
- V. New Business
- VI. Ratification of Budget
- VII. Election of Directors
- VIII. Adjournment

The terms of three (3) Executive Board members expire December 31, 2008. Jack Foley, who has served as Vice President, has been heavily involved in the day to day transition activities with our move from Imagineers to Advance Property Management (APM). Jack is a candidate for re-election. Al Penland has served as strategic head of our landscape committee and has also worked closely with Advance Property Management during the transition as we expanded their role into full management of the landscaping activities as well. Al will be a candidate for re-election. I also plan on standing for re-election to the Executive Board.

If you wish to serve on the Board, and are willing to put significant time and energy into helping manage your community, please let me know by email, jhburke2000@yahoo.com or call me at 633-3467 by November 21st so we can prepare the ballots. Nominations may also be made at the meeting.

In order to effectively manage the community, fulfill your expectations, and share the workload, we need your help in accomplishing our goals. Please consider the challenges facing us and volunteer your skills to help.

Sincerely,

John H. Burke
President, Executive Board
South Mill Village Association, Inc

This notice is dated the 18th of November, 2008

By: Advanced Property Management, It's Agent Duly Authorized Agent

SOUTH MILL VILLAGE ASSOCIATION, Inc

President's Report: November, 2008

2008 in Review

I think it is safe to say that the full implementation of the vision that we shared with you during our last Annual Meeting in 2007 required some changes to our priorities as the year unfolded.

There were a significant number of environmental changes that took place around us. There were the daily increases in fuel costs, business layoffs and closings, a slump in the housing market, and the chaos caused by the financial turmoil on Wall Street ultimately leading to the unprecedented crisis in the world financial environment which continues as this report is prepared.

2008 was a very challenging year from the Association's perspective as well. Beginning on April 1, 2008, we retained Advance Property Management to handle all of our day to day property management activities. This meant the need for all of you to become accustomed to new procedures, new names and contacts, etc and behind the scenes for the Association, as they established new banking arrangements for all of our financial needs, both day to day operating cash flow, and establishing new money market accounts. All in all you have adapted very well and the transition went as we expected.

Here are some of the 2008 highlights:

- APM was retained to provide complete property management services on April 1 2008.
- APM completed a very thorough analysis and inventory of outstanding unit owner issues and continues to work diligently to prioritize and make recommendations to the Executive Board to resolve them.
- We have requested APM to take a much more active role in the management of our property, particularly in the area of building management and repair assessment. In addition to having access to a full slate of professional vendors for specialty trades, APM also has access to its in- house construction staff, which provides a level of expertise and makes their responses to day to day maintenance issues much more timely and cost effective.
- Our plans to continue painting throughout the complex continued with Prime Touch just recently completing work in 3 cul-de-sacs (units 18-38- 8 units), (units 114-132- 10 units), and (units 145-171- 12 units) and all the decks and privacy fences for all the units within the Association.
- In connection with the painting project, we discovered significant wood siding rot on many of the units in 2 of the 3 cul-de-sacs that we planned to paint (114-132 & 18-34). A decision was made that before these units could be painted, the damage needed to be fully repaired. Some of the units needed only minor repair, others needed extensive siding replacement. These repairs involved a significant investment of both time and

money, but were absolutely necessary to preserve the integrity of the wood, the overall appearance for the community and values of the individual units.

- Sidewalks in 2 cul-de-sacs that were badly in need of repair were replaced.
- General Landscaping continues to provide outstanding professional landscaping and snow removal services. Their contract has been renewed.
- APM is completing a reserve study analysis, **at no cost to the Association**, and we intend to share a summary of the highlights as soon as it is available.
- In light of the significant financial investment we had to make in repairs to the buildings that were painted and the sidewalks that were replaced, we have decided, at least in the short term, to defer the landscape study that we talked about during the previous annual meeting.

The South Mill Village web site (www.southmillvillage.org) continues to undergo change and improvement. In fact, we were very fortunate recently to have been able to re-purchase the rights to the domain name (www.southmillvillage.com), so currently you may access it either as .org or .com. After many years of maintaining the site "in- house", the Executive Board made a decision that the site could be made more effective, informative, and useful to all of us if it were more interactive and we have outsourced the redesign of that site to a respected local developed Zagnutz Solutions right here in South Glastonbury.

We urge all unit owners to use the site regularly. This, combined with our email distribution list, will be a much more effective and less costly method for sharing information timely with unit owners.

We are still looking for some very creative folks with in the Association and would hope that they have a little extra time to work with us in providing thoughts and ideas on how they would like to see the site work, content they'd like to see and how it might add value to the Association. Web design expertise and skills are not required, just an active and creative mind. If you'd like to be part of a team of folks that help us, email me at jhburke2000@yahoo.com , we'll get you working! And at the same time, having fun and making a difference in our Association.

Jack Foley continues in his role of Vice President of the Executive Board and continues to provide impressive leadership in a variety of critical and essential functions on the board. **Amy Brodeur** has served during the last three years as our Treasurer. Amy has done an outstanding job particularly during the transition period with APM and has been an instrumental part of helping to drive the financial discipline exhibited by the Board. **Rich Nicholson**, in addition to his role as Secretary, has provided critical insight in all the assignments he has undertaken, particularly those involving vendor contracts. Rich continues to take on responsibility and act as the liaison with the vendor we've contracted with to assist in the redesign of our website. **Al Penland** has served very capably as the landscape chairperson and continues to spearhead our strategic landscape initiatives. **Sue McGuirl** has provided energy and assistance in her role as social chair.

Budget Report for the Year 2008

The Executive Board is committed to exercising sound fiscal judgment as it manages the revenue and expenses of the Association. This frequently requires the balancing of priorities and the effective management of discretionary spending. This was never more true than in 2008 as we were faced with the challenge of funding the unanticipated siding repairs to units in 2 of the cul-e-sacs that were painted. The Association finished the 2008 fiscal year with an operating expense budget surplus of \$15,452 and a revenue shortage of \$4,865. The total surplus to plan was \$10,589. The surplus was transferred to the Capital Reserve Funds in order to offset some of the significant usage that occurred during 2008 relating to painting repairs and several window replacements. In addition, this will help position us for 2009 and we will not be required to increase the monthly fees.

The total operating budget for 2008 was \$ 386,652. The total paid and accrued expenses vs budget were \$ 371,200 resulting in a favorable budget variance of \$15,452. The major contributors towards the overall favorable variance was the Grounds Maintenance-Special Projects line, resulting from the deferral of any major changes to landscaping, including the deferral of the RFP plans for that initiative and the Building Maintenance line, resulting from significant expenditures being made out of the Capital Reserve Funds for the painting related repairs and the window replacements. All other budget line categories were with in acceptable variances either plus or minus.

The revenue side of the budget realized income from Association fees of \$ 379,654, which was as planned. The interest income earned on our investments was transferred from the operating budget to the Capital Reserve Funds, in accordance with APM's accounting policies. This was done because our investment portfolio relates to the Capital Reserve Fund and the interest should therefore be credited to reserves.

Our investment portfolio at September 30, 2008 had a book value of \$185,358 and a market value of \$183,993. The investment strategy employed by the Association through Smith Barney, it's retained brokerage firm, is a conservative one, consisting of a mix of money markets, certificate of deposits and bonds, with interest rates that range from 2.3% – 5.5%.

Budget for the Year 2009

The budget adopted by the Executive Board for the 2008 Fiscal year is \$380,417, which will require no overall monthly fee increase for 2009. Due to the mix of costs that are assigned equally to each unit versus those that are allocated based upon square footage, there may be some very minor changes to the monthly amount you pay this year which range from a \$1.16 decrease to a \$0.99 increase, so be sure to check your actual 2009 fee when you receive your letter from APM later in December, prior to sending in your January 2009 payment.

Outlook for 2009

There are no major projects planned for 2009. We have temporarily suspended our project to significantly change the landscape look of the property. Instead we will concentrate on maintaining the existing landscape in tip top condition, making any incremental changes as they make sense. This is an off year for unit painting projects and decks. Our plan is to maintain the status quo and begin to re-build the Capital Reserve Fund which we accessed to fund the unanticipated costs to pay for the siding replacements and sidewalk replacements. The expenditure for painting units in 3 cul-de-sacs and the decks and privacy walls in all the units were paid for from the Capital Reserve Fund as planned.

Since we are implementing a “zero” increase in fees strategy for the fiscal year 2009 in our operating budget, we intend to monitor closely all discretionary spending requests by the Association and to assess the reasonableness of those requests. This will include direction to APM to closely monitor all repair requests received from unit owners. We will be asking APM to make recommendations to us on those repairs which impact unit owner safety or overall building integrity, which will be addressed immediately, versus those can be safely deferred until later in the fiscal year as we obtain a better understanding of the monthly run rate of our discretionary expenses.

We look forward to discussions on these or any other topics during the open session of the Annual meeting.

Attachments

The financial results, and budget adopted by the Board, are attached.

SOUTH MILL VILLAGE ASSOCIATION
FINANCIAL HISTORY AND FORECASTS
Unaudited

	<u>FISCAL YEAR 2008</u>			<u>FY 2009</u>	<u>VARIANCE TO</u>
	<u>BUDGET</u>	<u>FORECAST</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>PY BUDGET</u>
REVENUE					
Fees	\$ 379,654	\$ 379,654	\$ -	\$ 380,417	\$ 763
Special Assessments	-	-	-	-	-
Interest Income	7,000	-	(7,000) [a]	-	(7,000) [a]
Insurance reimbursements	-	1,432	1,432	-	-
Other income (statement and late fees)	-	703	703	-	-
	-	-	-	-	-
TOTAL REVENUES	<u>\$ 386,654</u>	<u>\$ 381,789</u>	<u>\$ (4,865)</u>	<u>\$ 380,417</u>	<u>\$ (6,237)</u>
EXPENSES					
<u>COSTS ASSIGNED EQUALLY TO EACH UNIT:</u>					
Insurance	\$ 28,000	\$ 29,333	\$ (1,333)	\$ 30,000	\$ 2,000
Refuse Removal	24,000	25,556	(1,556)	23,500	(500)
Management Fees	18,000	17,914	86	18,000	-
Grounds Maintenance - Routine	80,260	85,759	(5,499)	92,525	12,265
Electricity	4,400	4,530	(130)	4,500	100
Insurance Loss	2,500	3,816	(1,316)	2,500	-
Accounting	3,000	3,700	(700)	3,700	700
Office	3,000	4,028	(1,028)	3,500	500
Statement Fees	-	70	(70)	-	-
Taxes	1,800	2,372	(572)	1,200	(600)
Grounds Maintenance - Projects	15,000	-	15,000 [b]	-	(15,000)
Snow Removal	40,000	38,735	1,265	34,000	(6,000)
Legal	2,500	1,950	550	2,000	(500)
	-	-	-	-	-
Expenses Distributed Equally to Each Unit	<u>\$ 222,460</u>	<u>\$ 217,763</u>	<u>\$ 4,697</u>	<u>\$ 215,425</u>	<u>\$ (7,035)</u>
<u>COSTS ASSIGNED BY UNIT SQUARE FOOTAGE</u>					
Water	\$ 19,200	\$ 20,276	\$ (1,076)	\$ 20,000	\$ 800
Sewer Usage	15,000	16,409	(1,409)	15,000	-
Building Maintenance	50,000	36,759	13,241 [c]	50,000	-
Transfer to Capital Fund	79,992	79,993	(1)	79,992	-
	-	-	-	-	-
Expenses Distributed Proportionally to Each Unit	<u>\$ 164,192</u>	<u>\$ 153,437</u>	<u>\$ 10,755</u>	<u>\$ 164,992</u>	<u>\$ 800</u>
	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 386,652</u>	<u>\$ 371,200</u>	<u>\$ 15,452</u>	<u>\$ 380,417</u>	<u>\$ (6,235)</u>
	-	-	-	-	-
EXPENDITURES (OVER) UNDER REVENUE	<u>\$ 2</u>	<u>\$ 10,589</u>	<u>\$ 10,589</u>	<u>\$ -</u>	<u>\$ (2)</u>

[a] - A change was made to the presentation of interest income. For the 2008 forecast and the 2009 budget, it has been reflected as a direct addition to our Capital Reserve Fund. This change was made in order to follow APM's accounting practice which states that if the interest income relates to investments that support the Capital Reserve Fund, that the interest should be directly credited to the fund.

[b] - While grounds maintenance - projects were under budget, grounds maintenance routine was over budget and the mailbox replacements were charged directly to reserves.

[c] - While building maintenance was under budget by \$13k, \$91k of building related repairs were charged directly to the Capital Reserve Fund.

Independent Auditor's Reports are provided annually to the Executive Board by the CPA firm Carney, Roy and Gerrol, P.C. of Rocky Hill, CT.

SOUTH MILL VILLAGE ASSOCIATION
FINANCIAL HISTORY AND FORECASTS
Unaudited

	2008 Forecast Rollforward			2009 Budget Rollforward		
	Operating Fund	Capital Reserve Fund	Total	Operating Fund	Capital Reserve Fund	Total
2008 ROLLFORWARD						
Beginning Balance - per audit - excludes unrealized losses	\$ -	\$ 194,602	\$ 194,602	\$ -	\$ 153,211	\$ 153,211
Operating fund surplus (deficit)	10,589	-	10,589	-	-	-
Increases (charges) to capital reserves:						
Transfer to capital reserve fund		79,993	79,993		79,992	79,992
Transfer of operating surplus to reserves	(10,589)	10,589	-		-	-
Interest on investments		9,070	9,070		4,000	4,000
Painting and staining (completed in Oct 2009)		(43,435)	(43,435)		(39,497)	(39,497)
Painting related repairs		(75,658)	(75,658)		-	-
Mailbox and full window replacements		(21,950)	(21,950)		(15,000)	(15,000)
Sidewalk replacements and paving		-	-		(44,536)	(44,536) [a]
Total net change in fund balance	-	(41,391)	(41,391)	-	(15,041)	(15,041)
Ending Balance - unaudited - excluding unrealized losses	\$ -	\$ 153,211	\$ 153,211	\$ -	\$ 138,170	\$ 138,170

September 30, 2008 Balance Sheet Recap:

Total cash and investments	\$ 56,075	\$ 183,993	\$ 240,068
Other assets	41,420	-	41,420
Total liabilities	(97,495)	(33,063)	(130,558)
Net assets (liabilities)	\$ -	\$ 150,930	\$ 150,930

Fund balance at September 30, 2008	\$ -	\$ 153,211	\$ 153,211
Unrealized gains (losses)	-	(2,281)	(2,281)
Total	\$ -	\$ 150,930	\$ 150,930

September 30, 2007 Balance Sheet Recap:

Total cash and investments	\$ 64,227	\$ 207,736	\$ 271,963
Other assets	33,832	-	33,832
Total liabilities	(98,059)	(13,227)	(111,286)
Net assets (liabilities)	\$ -	\$ 194,509	\$ 194,509

Fund balance at September 30, 2007	\$ -	\$ 194,602	\$ 194,602
Unrealized gains (losses)	-	(93)	(93)
Total	\$ -	\$ 194,509	\$ 194,509

[a] - Includes \$35,000 provisionally set aside for potential paving project.

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SOUTH MILL VILLAGE ASSOCIATION

PROXY

The undersigned Unit Owner of South Mill Village hereby appoints

_____ or John H Burke, President of the South Mill Village Executive Board, to vote as the designated proxy of the undersigned at the Annual Meeting of the South Mill Village Association to be held on Tuesday, December 2, 2008 at the Glastonbury Community Center on Welles Street in Glastonbury, CT. 06073.

The designated proxy is fully authorized to vote on any and all matters that may come before that meeting or any adjournment thereof, in accordance with the Declarations and Bylaws of the Association.

Signed: _____

Unit: _____

Date: _____