

**Parkwood Village Homeowner's Association  
2014 Budget**

*Approved November 14, 2013*

**Introduction**

The 2014 Budget was prepared by Coal Morton and reviewed by the Board of Directors. The Budget was designed to cover maintenance of the Common Areas in PVHA as specified in the Declaration while at the same time providing adequate funding for future major replacement projects.

A Budget Hearing was held on Tuesday, October 22, 2013 in the Parkwood Clubhouse to solicit input from residents. The 2014 Budget was approved by the Parkwood Village membership at their Thursday, November 14, Annual Meeting.

**Operating Budget**

The Operating Budget is presented on Pages 1 & 2. Footnotes appear at the bottom of each page detailing expenditures. Operating expenses are projected to increase by \$1,400 (0.7%). Increases in water & sewer and insurance premiums continue to be the major contributing factors in increased costs. **The small increase in expenses was kept possible due to the newly negotiated contract with Waste Management, which provide for a \$4,923 reduction from the 2013 Budget for trash/recycling collection.** As we are projecting a (\$4,046) Net Operating Loss in 2013, the 2014 Operating Assessment was increased by \$2,016 (0.9%) to start rebuilding the slightly depleted Operating Fund. The goal for the Operating Fund is \$36,000 (two months income) and the balance is projected to dip to \$30,902 at the end of 2013.

Of note: Account 6400 (Water & Sewer) remains the largest single annual expenditure and is budgeted for \$44,252 for 2014. This is based on a 12.0% increase from 2013 actual water & sewer costs. This amount represents \$38 per month and 20% of the total operating expenses.

At the end of 2012 the Operating Fund balance increased to \$34,948 due to a Net Operating Profit of \$14,396. The net operating profit resulted from low plowing and salting costs with only six accumulating snowfalls the entire 2011-12 winter season. The Board approved the transfer of \$5,000 from the Operating to the Reserve Fund at their January 14, 2013 meeting. This year the Association will experience a \$4,000 to \$5,000 net loss due to plowing and salting expenses. The 2012-13 winter was the fourth snowiest on record and extra salting was needed due to prolonged freeze and thaw cycles causing large ice accumulation on the walks and streets.

**Reserve/Capitol Improvements and Funding**

The Capital Budget is presented on page 3.  
Major projects scheduled for 2014 include:

Description	Amount
<b>Buildings</b> - No major work slated for 2014.	\$0
<b>Asphalt</b> - Crack sealing completed in 2013. Will complete saw cut and patch work in 2014 based on October 2013 tour \$4,500	\$4,500
<b>Concrete</b> - Sidewalk and porch replacement. Based on July 2013 tour.	\$9,550
<b>Storm Drains</b> <b>6642-6652 Offshore</b> - 2012 project was delayed until work can be complete in conjunction with asphalt replacement. Estimated 2012 project cost \$24,000. Project will be completed in the year 2020 at the estimated cost of \$16,000.  <b>242-254 Grand Canyon</b> - Project will not be completed this year and will be delayed until it can be complete in conjunction with asphalt replacement. Estimated 2013 project cost \$24,000. Project will be completed in the year 2021 at the estimated cost of \$14,000.	\$0
<b>Fences</b> - Phased replacement of all fencing begins in the year 2015. Fences at nine homes per year will be completed each year from 2015-2024. The amount for repairs & painting was reduced from \$6,600 to \$4,600 for 2014. Work focuses on replacing rotted 4x4s with treated posts. Change from 2013 (-\$2,000)	\$4,600
<b>Community Building</b> - Shingles need to be replaced (curling & cracking) \$3,000	\$3,000
<b>Timber Wall</b> - Timber wall at the parking area to the east of 258 Grand Canyon is rotting and needs to be rebuilt. Reserve Advisors estimated the replacement cost at \$11,400. This figure is too high. Projected expenditure of \$5,500 allocated to completion of the project.	\$5,500
<b>Swimming Pool</b> - Single fixed mounted reel & pool cover and five new chaise lounges or chars.	\$2,800

In 2012 Reserve Advisors (RA) updated Parkwood's Reserve Report to coincide with the figures developed by management. The top of page 4 shows a comparison of PVHA Budgeted Reserve Balance to the RA Report balances. Based on updated PVHA Reserve Funding requirements (as prepared by Coal Morton), the budgeted reserve assessment is

\$84,004 for 2014. The complete Reserve Advisors Report is available by request via email to [Mary@coalmorton.com](mailto:Mary@coalmorton.com). The spreadsheet of projected thirty year reserve expenditures updated by Coal Morton is available on the PVHA website [www.parkwoodvillage.org](http://www.parkwoodvillage.org). To make the funding calculations as accurate as possible the update include all known and projected reserve expenditures for 2013.

As many residents are aware, two sanitary sewer main pipes were replaced earlier this year. The total cost for all repairs and landscape restoration was \$36,809. This major unplanned expenditure has dropped the projected year end Reserve Fund balance (\$56,250 ) well below its target of \$77,768.

With this major expenditure, the projected funding for reserves is lagging behind by \$21,518. Without this unplanned expenditure the reserve assessment was projected to increase by \$2/month in 2014. **To make up this deficit the reserve contribution will be increased by \$4/month (5.8%).** After 2014 a 2.1% reserve assessment increase per year will be sufficient to meet long term projected expenditures as indicated in the graph at the bottom of page 4. This graph is based on updated thirty year reserve expenditures and includes the cost of the 2013 sewer pipe replacements.

#### **Total 2014 Dues Assessment Amount**

This Budget proposes a \$1.75 per month increase in the operating portion of the monthly assessments to help rebuild the operating fund. The projected increase in reserve funding is \$4/month (5.8%). Based on the updated funding schedule this increase will bring the Reserve Fund balance to an estimated \$109,341 at 2014 year end.

When combined, the small operating and reserve assessment increases would bring fees to **\$255** (from \$250) for units identified as paying 1.008% of the budget amount\* and **\$267** (from \$262) for units identified as paying 1.057% of the budget amount.\* This represents only a 1.9% increase for 2014 assessments.

*\* as shown on Schedule E of the PVHA Declaration.*

*The fractional assessments in 2013 were \$249.16 and \$261.28 rounded up to \$250 and \$262 respectively. The budgeted fractional assessments in 2014 are \$254.73 and \$267.11 rounded to \$255 and \$267 respectively.*

**Parkwood Village Homeowners Assc, Inc.**  
**2014 Operating Budget**

	2012 Actual	2013 Estimated	2013 Budget	Foot Note	2014 Budget	% Change from '13
<b>Operating Income</b>						
4000	Monthly Assessment	217,167	213,600	217,228	1	219,244 <b>0.9%</b>
4100	Late Fee	175	150	500		400 -20.0%
4150	Bad Debt Operating	(1,773)	(3,600)	(3,200)		(3,426) 7.1%
4200	Miscellaneous Income	471	480	500		500 0.0%
4300	Directory Ad Income	0	50	50		50 0.0%
	<b>Total Operating Income</b>	<b>216,040</b>	<b>210,680</b>	<b>215,078</b>		<b>216,768</b> <b>0.8%</b>
<b>Operating Expenses</b>						
<b>Administrative Expenses</b>						
5000	Monthly Management Fee	17,264	16,490	17,683	2	18,029 2.0%
5200	Accounting Expense	0	0	100		100 0.0%
5300	Income Tax Expense	72	0	300		200 -33.3%
5400	Insurance Expense	20,028	23,124	21,321	3	23,818 11.7%
5500	Legal Fees	487	88	2,000	4	2,000 0.0%
5600	Banking Fees & Supplies	20	0	100		100 0.0%
5700	Postage, Copies, Directory	504	544	480		480 0.0%
5800	Meeting Expense	244	150	150		150 0.0%
5950	Operating Reserve Expense	1,891	2,600	2,000	5	2,000 0.0%
	<b>Total Administrative Expenses</b>	<b>40,510</b>	<b>42,995</b>	<b>44,134</b>		<b>46,877</b> <b>6.2%</b>
<b>Utilities Expense</b>						
6300	Unit Security Lights	788	750	720		720 0.0%
6400	Water & Sewer	40,361	39,511	41,571	7	\$44,252 6.5%
	<b>Total Utilities Expenses</b>	<b>41,149</b>	<b>40,261</b>	<b>42,291</b>		<b>44,972</b> <b>6.3%</b>
<b>Repairs &amp; Maintenance Expenses</b>						
6500	Repairs & Maintenance-General	17,922	18,473	18,500	8	18,500 0.0%
6600	Gutter Repair & Maint	3,503	3,414	3,700	8	3,700 0.0%
6800	Light Bulbs, Fixtures & Repairs	3,404	2,458	2,500	8	2,500 0.0%
6900	Maintenance Supplies	1,839	1,799	2,000		2,000 0.0%
	<b>Total Repairs &amp; Maintenance</b>	<b>26,668</b>	<b>26,144</b>	<b>26,700</b>		<b>26,700</b> <b>0.0%</b>

1 Income is based on amount needed to cover budgeted expenses

2 Coal Morton contracte from May 2012 - Dec 2014. Budget based on \$15.65/month management fee in 2014

3 Insurance - based on a 3% increase from 2013 actual premium.

4 Legal fees - covers 8 hrs at \$250/hour

5 Oper Reserv - to help cover an insurance claim deductible or unexpected expense (**Current Ins deductible is \$5,000**)  
\$2,300 in 2013 was for a financial review of PVHA financial records by Wegner CPAs

6 Bad debt loss is based on 18 mos lost income

7 **Based on 2013 actual + 12% due to expected 22% increase in City Water Rates in mid 2014 (+\$2,682).**

8 No increase based on 2012-2013. Labor for 6500, 6600 & 6800 allows for an average of 16 hrs/week  
from Mar 1 - Dec 1 @ \$35/hr (\$20,700) plus \$3,800 for any contract work, gutter parts, bulbs & photo-cells...

		2012 Actual	2013 Estimated	2013 Budget	Foot Note	2014 Budget	% Change from '13
7000	Landscape Non-Contract	5,112	6,371	4,800	1	5,000	4.2%
7100	Landscape Contract	13,417	13,904	13,500	2	13,900	3.0%
	<b>Total Lawn Care</b>	<b>18,529</b>	<b>20,275</b>	<b>18,300</b>		<b>18,900</b>	<b>3.3%</b>
<b>Snow Care Expenses</b>							
7300	Snow Plowing Contract	6,240	9,555	10,000		10,000	0.0%
7400	Snow Shoveling Contract	2,333	6,634	7,000		6,500	-7.1%
7500	Non-Contracted Snow Removal	2,180	1,520	1,100	3	1,600	45.5%
7600	Ice Dam Removal	3,758	2,678	2,400	4	2,600	8.3%
7610	Salt & De-Icer	8,308	16,130	9,500		9,500	0.0%
	<b>Total Snow Care</b>	<b>22,819</b>	<b>36,517</b>	<b>30,000</b>		<b>30,200</b>	<b>0.7%</b>
<b>Other Grounds Care</b>							
7710	Tree Care, Removal/Replace	7,350	5,313	9,500	5	8,500	-10.5%
7720	Shrub Care, Removal/Replace	4,346	3,686	3,800	6	3,800	0.0%
7800	Gutter Cleaning	3,717	2,036	2,600	7	2,600	0.0%
7900	Pest Control	2,405	3,186	2,800	8	2,900	3.6%
7910	Trash Removal	18,216	15,803	18,456	9	13,533	-26.7%
	<b>Total Other Grounds Care</b>	<b>36,034</b>	<b>30,024</b>	<b>37,156</b>		<b>31,333</b>	<b>-15.7%</b>
<b>Pool &amp; Community Room Expenses</b>							
8000	Pool Maint & Repairs	8,009	9,643	7,200	10	8,000	11.1%
8100	Pool Chemicals	1,488	1,394	1,500	10	1,500	0.0%
8110	Pool Supplies-Equipment	436	316	275		275	0.0%
8200	Pool Licenses & Fines	670	699	670		670	0.0%
8400	Pool Utilities-Telephone	182	173	220		220	0.0%
8600	Pool/CH Utilites-Electric	4,164	4,940	4,800	10	5,000	4.2%
8700	Clubhouse Repairs & Supplies	986	1,345	1,000	11	1,000	0.0%
	<b>Total Pool &amp; Community Room</b>	<b>15,935</b>	<b>18,510</b>	<b>15,665</b>		<b>16,665</b>	<b>6.4%</b>
	Total Operating Expense	201,644	214,726	214,246	12	215,646	0.7%
	Net Operating Profit/Loss	14,396	(\$4,046)	832		1,122	
	Transfer (To)/From Reserves	(5,000)	0	0		0	
	<b>Operating Fund Balance</b>	<b>\$34,948</b>	<b>\$30,902</b>	<b>\$35,780</b>	<b>13</b>	<b>\$32,024</b>	

1 Labor & supplies for seeding, weeding, branch collection, plus \$800 for mulch. 2013 high due to drought dmg.

2 No contract incr for mowing, fert, + spring/fall leaf clean up. Addl is for **weekly collection of yard waste**.

3 For shoveling <1" snows and clean up after snow storms.

4 Covers 65 hours for ice dam clearing at \$40/hour

5 \$4,000 for removal & repl [2-4 trees/year]. Plus \$4,500 for maint pruning (\$3,500 contract/\$1,000 small trees).

6 \$2,800 for annual pruning plus \$1,000 for removals and replacements (8-10 shrubs per year)

7 Based on 2012-2013 gutter cleaning

8 2014 based on monthly contract with Profesional Pest Control

9 Budget based on new Waste Mangt contract. **Does not include \$700 for two dumpsters spring cleanout.**

10 Based on 2012-13 expenses. 2013 high as pool was drained & acid washed + alkalinity troubles in May/Jue.

11 For furnace inspection and minor clubhouse repairs

12 Increase (Decrease) from 2013 **\$1,400 0.7%**

13 **Goal is to maintain Operating Fund Balance at two month's income \$36,000.**

**Projected loss in 2013 will drop Oper Fund to \$30,902**

**Parkwood Village Homeowners Assc, Inc.**  
**2014 Capital/Reserve Budget**

	2012 Actual	2013 Estimated	2013 Budget	Foot Note	2014 Budget	% Change from '13	
<b>Reserve Income</b>							
4400	Special Assessment	236	0		0	0.0%	
4500	Reserve Assessments	78,225	78,151	1	84,004	5.8%	
4600	Reserve Account Interest	84	76		300		
495	Bad Debt Reserve	(634)	(1,200)		(1,313)	9.4%	
	<b>Total Reserve Income</b>	<b><u>77,911</u></b>	<b><u>77,027</u></b>		<b><u>82,991</u></b>	<b>5.7%</b>	
<b>Reserve/Capital Expenses</b>							
9000	Capital-Buildings/Light Fixt	1,503	11,522	5,000	0	-100.0%	
9100	Capital-Fences	7,675	3,915	6,638	4,600	-30.7%	
9200	Capital-Common/Other	1,229	0	0	5,500	0.0%	
9400	Capital-Roofing	22,476	4,452	5,000	3,000	-40.0%	
9500	Capital-Asphalt/Parking	5,692	1,535	2,000	4,500	125.0%	
9620	Capital-Clubhouse	2,290	14,907	13,419	0	-100.0%	
9630	Capital-Pool	3,337	0	2,800	2,800	0.0%	
9700	Capital-Concrete	10,685	9,317	10,450	9,500	-9.1%	
97500	Capital-Water/Sewer	0	36,808	0	0	0.0%	
9800	Capital-Drainage/Catch Basins	3,873	2,900	20,000	0	-100.0%	
9850	Capital-Reserve Study	<u>2,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%	
	<b>Total Reserve/Capital Expenses</b>	<b><u>\$61,560</u></b>	<b><u>\$85,356</u></b>	<b><u>\$65,307</u></b>	2	<b><u>\$29,900</u></b>	<b>-54.2%</b>
	Net Reserve Profit/Loss	\$16,351	(\$8,329)	\$13,189		\$53,091	
	Transfer To/(From) Reserves	<u>5,000</u>	<u>0</u>	<u>0</u>		<u>0</u>	
	<b>Reserve Fund Balance</b>	<b><u>\$64,579</u></b>	<b><u>\$56,250</u></b>	<b><u>\$77,768</u></b>	<b>3</b>	<b><u>\$109,341</u></b>	

- 1 Reserve Assessment is set to meet reserve funding needs based on report by Reserve Advisors and updated by Coal Mortong in October 2013.
- 2 See Reserve Advisors Report and Budget Notes for details on capital expenditures
- 3 The estimated Fund Balance at 2013 Year End is \$56,250. Due to the sewer line replacements at 230-238 & 246-254 this is \$21,518 short of the budgeted 2013 goal of \$77,768.