

**Parkwood Village Homeowner's Association  
Proposed 2018 Budget**

**Introduction**

The proposed 2018 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.

This Proposed Budget is presented for your review. A Budget Hearing is scheduled for **Wednesday, October 25 at 5:30 p.m.** in the Parkwood Village Community Room. This will provide residents an opportunity to ask questions, make suggestions and discuss this Proposed Budget. Approval of the Final Budget is voted on at the Annual Business Meeting which will be held at Schwoegler's Entertainment Center, 444 Grand Canyon Drive, on Thursday, November 9.

**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 \$1,504 in 2018. This is mainly due to an expected increase in the water utility rate that will take effect around the middle of 2018. **This increase adds \$1,806 to operating expenses.** There are also small increases in the contract for trash collection (2.8%) and management fees (2.1%). The installation of the automated chemical control unit for the swimming pool and gutter guards are helping to reduce labor costs resulting in budget reductions for pool maintenance and gutter cleaning in 2018.

Due to a very mild winter we are projecting a \$8,054 Net Operating Income over expenses in 2017. This would increase the Operating Fund Balance to \$59,403 at 2017 year end. The goal for the Operating Fund Balance is two months income plus \$5,000 to cover the payment of one insurance deductible (\$42,500).

This year landscaping expenses are expected to come in around \$10,000 over budget. This was a planned expense and is offset by the expected savings of \$11,000 in snow removal and salting due to the mild 2016-17 winter. The beds were edged and over 70 yards of mulch were applied in 2017. In 2018 we plan to touch up beds and return to using approximately 24 yards of mulch per year. Twenty plus overgrown yews and a few burning bush shrubs were removed and replaced with \$3,000 of nursery stock. The plant selections were based on a landscaping design plan from Becky Kielstrup from Avant Landscape. As a majority of the evergreen shrubs are planted in areas that are too small to accommodate their mature size without overhanging the sidewalk the proposed budget allows for the continued removal and replacement of six to seven shrubs per year.

Plans also call for the continued installation of 300-400 linear feet of fine mesh gutter guards each year at an estimated cost of \$1,500 (\$750 material and \$750 labor). This will allow the completion of the second story gutters on approximately 6 homes per year. 2017 marked the third year for this project and has reduced gutter cleaning costs.

The good status of the Operating Fund will allow us to maintain the Operating Assessment with only a \$2.00 proposed increase for 2018. Of note this is being accomplished by operating at a slight (\$878 represents \$0.75/month) deficit budget for 2018. This amount would need to be made up in the future. The deficit included in the budget is covered by the plus \$50,000 existing Operating Fund Balance.

\* Of note: Account 6400 (Water & Sewer) remains the largest single annual expenditure and is budgeted for \$45,380 for 2018. This amount is based on the projected 2017 total plus a \$5/home/month increase in mid-2018 based on the recent water utility rate increase request. The water and sewer costs represents \$39.40 of each home's monthly assessment and 15% of total annual operating expenses.

### Reserve/Capitol Improvements and Funding

The Capital Budget is presented on page 3. Major projects scheduled for 2017 include:

Description	Amount
<p><b>Buildings</b> - Minor tuck pointing of brickwork plus repair and painting of balconies, install four louvers in front of rusty a/c grates in garage attics. Only louvers and a few balconies were repaired/painted in 2017</p>	\$4,700
<p><b>Fences</b> - Phased replacement of all fencing from 2015-2024.</p> <ul style="list-style-type: none"> <li>• Fences at nine homes will be completed each year.</li> <li>• Cedar fence boards will be installed on 4x4 and 2x4 Cedartone treated lumber. The Cedartone is rated for ground contact and will easily last 30+ years without rotting.</li> <li>• The fences will be left to weather to a natural gray color. <b>This will save an estimated total of \$147,000 over the next thirty years.</b></li> </ul>	<p>\$15,500 <i>replacement</i></p> <p>\$1,000 <i>reduced painting as fences are replaced</i></p>
<p><b>Asphalt</b> - Asphalt replacement was moved up by two years and is now scheduled to occur from 2018-2020.</p> <p>2018 includes removal and replacement of all asphalt from 134-266 Grand Canyon drive as this area has large areas holding water.</p>	\$73,687
<p><b>Swimming Pool</b> – Have to replace grates per VGBA in 2018. Will also closely monitor pool walls for re-plastering in two to three years.</p>	\$2,500
<p><b>Concrete</b> - Sidewalk and porch replacement.</p> <p>Toured in the spring of 2017. Contract is in place to replace two or three porches and several separating walk sections. Future do the walk located to the west of the pool and community building.</p>	\$17,000
<p><b>Storm Drains</b></p> <p><b>242-254 Grand Canyon</b> - 2013 project was delayed until work can be complete in conjunction with asphalt replacement.</p> <p>Estimated 2013 project cost was \$24,000. Project will be completed in the year 2018 at the estimated cost of \$14,000. <b>This area is being done first based on fall 2018 tour. This area holds a significant amount of water.</b></p>	\$14,000

Description	Amount
<p><b>Storm Drains</b></p> <p><b>6642-6652 Offshore</b> - 2012 project was delayed until work can be completed in conjunction with asphalt replacement. Estimated 2012 project cost was \$24,000. Project will be completed in the year 2019 at the estimated cost of \$16,000.</p>	<p>\$16,000 (in 2019)</p>

Reserve Advisors (RA) completed a full inspection of the property and update of PVHA's reserve report on April 9, 2016. The previous Reserve Studies were conducted in 2009 and 2012. The funding goal of the Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. The Reserve Funding Plan recognizes this threshold funding year in 2039 due to replacement of siding and asphalt pavement as can be seen on page 4 of the budget.

The Reserve Funding Plan assumes a 1.00% annual rate of return on invested reserves and a 2.5% future Inflation Rate for estimating Future Replacement Costs.

**The decision to move the asphalt replacement up by two more years is based on the current condition and the need to address the drainage and areas which hold water. By moving the asphalt forward two years we hope to take advantage of current replacement rates and reduce the cost of future inflation.**

The top of page 4 shows actual and budgeted PVHA Reserve Balances for 2016 - 2018 as well as the recommended funding and balances from the RA Report for 2019-2046. The complete Reserve Advisors Report is available by request via email to [Mary@coalmorton.com](mailto:Mary@coalmorton.com).

The following reserve funding plan was discussed at the PVHA October Board meeting: Increase the reserve assessment by \$2.00/month in 2018 and then by 1.6% per year from 2019 going forward. This will achieve a reserve funding level very close to the increases recommended in the RA Report.

**Total 2018 Dues Assessment Amount**

**This Budget proposes a \$4.00 per month assessment increase for 2018** (\$2.00 in the operating assessment and \$2.00 in the reserve portion of the assessment).

The monthly assessments will increase from \$263 to **\$267.00** for units identified as paying 1.008% of the budget amount\* and from \$275.50 to **\$280.00** for units identified as paying 1.057% of the budget amount.\* **This marks the fourth year in a row that assessment increases will be held below the rate of inflation, which has averaged 2.2% over the past ten years.**

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

*The budgeted fractional assessments in 2018 are \$266.82 rounded up to \$267.00 and \$279.79 rounded up to \$280.00. The assessment will be rounded off to the nearest \$1.00 increment each year with 0.50 rounded up.*

**Parkwood Village Homeowners Association, Inc.**  
**2018 Operating Budget**

	2016 Actual	2017 Estimated	2017 Budget	Foot Note	2018 Budget	% Change from '17
<b>Operating Income</b>						
4000 Monthly Assessment	216,866	225,447	222,700	1	225,004	1.0%
4100 Late Fee	0	210	300		300	0.0%
4150 Bad Debt Operating	(1,607)	(2,079)	(2,320)		(2,344)	1.0%
4200 Miscellaneous Income	344	265	400		400	0.0%
4300 Directory Ad Income	0	0	75		75	0.0%
<b>Total Operating Income</b>	<b>215,603</b>	<b>223,843</b>	<b>221,155</b>		<b>223,435</b>	<b>1.0%</b>
<b>Operating Expenses</b>						
<b>Administrative Expenses</b>						
5000 Monthly Management Fee	18,806	19,411	19,411	2	19,814	2.1%
5200 Accounting Expense	0	35	100		100	0.0%
5300 Income Tax Expense	0	80	200		200	0.0%
5400 Insurance Expense	18,811	19,200	21,290	3	21,120	-0.8%
5500 Legal Fees	0	250	1,750	4	1,750	0.0%
5600 Banking Fees & Supplies	54	145	125		125	0.0%
5700 Postage, Copies, Directory	683	450	600		600	0.0%
5800 Meeting Expense	280	150	150		150	0.0%
5950 Operating Contingency Exp.	568	975	1,800	5	1,800	0.0%
<b>Total Administrative Expenses</b>	<b>39,202</b>	<b>40,696</b>	<b>45,426</b>		<b>45,659</b>	<b>0.5%</b>
<b>Utilities Expense</b>						
6300 Unit Security Lights	984	984	850		985	15.9%
6400 Water & Sewer	40,645	42,500	43,574	7	\$45,380	4.1%
<b>Total Utilities Expenses</b>	<b>41,629</b>	<b>43,484</b>	<b>44,424</b>		<b>46,365</b>	<b>4.4%</b>
<b>Repairs &amp; Maintenance Expenses</b>						
6500 Repairs & Maintenance-General	17,682	17,400	18,000	8	18,000	0.0%
6600 Gutter Repair & Maintenance	3,268	3,400	3,700	8	3,600	-2.7%
6800 Light Bulbs, Fixtures & Repairs	3,176	2,715	2,400	8	2,500	4.2%
6900 Maintenance Supplies	1,836	1,975	2,000		2,000	0.0%
<b>Total Repairs &amp; Maintenance</b>	<b>25,962</b>	<b>25,490</b>	<b>26,100</b>		<b>26,100</b>	<b>0.0%</b>

- 1 Proposed \$1 in the 2018 Operating Assess is budgeted at a **\$2,000 deficit**. Covered by projected Oper Fund B
- 2 Coal Morton contract from Jan 2016 - Dec 2018. Budget based on \$17.20/month management fee in 2018 (+2
- 3 Insurance - based on **10% increase from current** premium.
- 4 Legal fees - covers 7 hrs at \$250/hour
- 5 Contingency - to help cover an insurance deductible or unexpected expense (**Current Ins deductible is \$5,00**
- 6 Bad debt loss is based on 12 months lost income
- 7 2018 based on **projected rate increase** to go into effect in mid 2018 (**approx. \$5/mo per home**)
- 8 Based on 2016-2017 no change. Labor for 6500, 6600 & 6800 allows for an **average of approx 11 hrs/week** from Feb 1 - Dec 31 @ \$35/hr (\$18,500) plus \$5,600 for any contract work, gutter parts, bulbs & photo-cells  
**Purchased 300 feet of gutter guards in 2017 @ \$650 // Approx 50 feet of 2nd floor gutters/home.**

	2016 Actual	2017 Estimated	2017 Budget	Foot Note	2018 Budget	% Change from '17
7000 Landscape Non-Contract	5,025	17,145	7,200	1	7,200	0.0%
7100 Landscape Contract	13,192	13,500	13,600	2	13,600	0.0%
<b>Total Lawn Care</b>	<b>18,217</b>	<b>30,645</b>	<b>20,800</b>		<b>20,800</b>	<b>0.0%</b>
<b>Snow Care Expenses</b>						
7300 Snow Plowing Contract	6,245	4,500	10,000	2	10,000	0.0%
7400 Snow Shoveling Contract	3,035	3,000	4,600	2	4,600	0.0%
7500 Non-Contracted Snow Removal	2,179	3,200	3,400		3,400	0.0%
7600 Ice Dam Removal	306	575	2,700	3	2,000	-25.9%
7610 Salt & De-Icer	11,260	12,600	14,000	2	14,000	0.0%
<b>Total Snow Care</b>	<b>23,025</b>	<b>23,875</b>	<b>34,700</b>		<b>34,000</b>	<b>-2.0%</b>
<b>Other Grounds Care</b>						
7710 Tree Care, Removal/Replace	12,103	7,100	8,000	4	7,500	-6.3%
7720 Shrub Care, Removal/Replace	4,712	6,400	4,300	5	4,800	11.6%
7800 Gutter Cleaning	4,758	2,400	2,600	6	2,500	-3.8%
7900 Pest Control	2,926	2,750	2,800	7	2,800	0.0%
7910 Trash Removal	14,400	15,000	15,035	8	15,450	2.8%
<b>Total Other Grounds Care</b>	<b>38,899</b>	<b>33,650</b>	<b>32,735</b>		<b>33,050</b>	<b>1.0%</b>
<b>Pool &amp; Community Room Expenses</b>						
8000 Pool Maint & Repairs	10,331	8,700	9,200	9	9,000	-2.2%
8100 Pool Chemicals	1,640	1,520	1,500	9	1,550	3.3%
8110 Pool Supplies-Equipment	907	525	650		650	0.0%
8200 Pool Licenses & Fines	699	699	699		699	0.0%
8400 Pool -Telephone	144	255	225		240	6.7%
8600 Pool/Community Rm. - Utilities	3,782	5,400	5,100	9	5,200	2.0%
8700 Community Rm. Repairs & Even	577	850	1,250	10	1,000	-20.0%
<b>Total Pool &amp; Community Room</b>	<b>18,080</b>	<b>17,949</b>	<b>18,624</b>		<b>18,339</b>	<b>-1.5%</b>
<b>Total Operating Expense</b>	<b>205,014</b>	<b>215,789</b>	<b>222,809</b>	11	<b>224,313</b>	<b>0.7%</b>
<b>Net Operating Income/(Loss)</b>	<b>10,589</b>	<b>\$8,054</b>	<b>(1,654)</b>	12	<b>(878)</b>	
Transfer (To)/From Reserves	0	0	0		0	
<b>Operating Fund Balance</b>	<b>\$51,349</b>	<b>\$59,403</b>	<b>\$53,898</b>	12	<b>\$58,525</b>	

1 Labor+mat. for seeding, weeding, & mulching (24 yds). Edged & applied 72 yds of mulch in 2017+\$2,700 for

2 Grounds and Snow Removal Contract covers Acct 7100, 7300, 7400 and \$9,000 of Acct 7610.

**Based on a year with an average winter this total is estimated to be \$37,200**

3 Covers 57 hours for ice dam clearing at \$35/hour

4 \$3,000 for removal & repl (2 trees/year), \$4,500 for pruning (\$3,500 contract/\$1,000 small trees)

5 \$3,500 for annual pruning plus **\$1,300 to removals and replacements (6-7 shrubs per year)**

6 Based on 2016-2017 gutter cleaning. Lower with gutter guards.

7 2017 based on monthly contract with Professional Pest Control

8 Budget based on 3 year Waste Managt contract. **Includes \$450 for one dumpster for spring cleanup.**

9 Based on 2016-17 expenses. Includes daily checks, weekly cleaning, repair of valves, boiler & mechanicals, and \$1,400 for USA Pool to open & winterize the pool

10 For furnace inspection and minor community room repairs. Decrease by \$250 for 2018

11 Increase/(Decrease) from 2017 **\$1,504 0.7%**

12 **Goal is to maintain Operating Fund at two months income + \$5,000 for one insurance ded \$42,300**

Budgeted **net operating loss** in 2018 will decrease the Operating Fund to: **\$58,525**

**Parkwood Village Homeowners Association, Inc.**  
**2018 Capital/Reserve Budget**

	2016 Actual	2017 Estimated	2017 Budget	Foot Note	2018 Budget	% Change from '17
<b>Reserve Income</b>						
4500 Reserve Assessments	83,560	90,972	90,340	1	92,644	2.6%
4600 Reserve Account Interest	443	520	300		500	
495 Bad Debt Reserve	(619)	1,600	(941)		(965)	2.6%
<b>Total Reserve Income</b>	<b><u>83,384</u></b>	<b><u>93,092</u></b>	<b><u>89,699</u></b>		<b><u>92,179</u></b>	<b>2.8%</b>
<b>Reserve/Capital Expenses</b>						
9000 Capital-Buildings/Light Fixtures	4,032	600	6,172		4,700	-23.8%
9100 Capital-Fences	17,583	16,200	17,000		16,500	-2.9%
9200 Capital-Common/Other	3,148	0	0		0	
9400 Capital-Roofing	1,455	0	0		0	
9500 Capital-Asphalt	3,105	1,960	3,500	2	73,687	2005.3%
9620 Capital-Community Room	0	0	0		0	0.0%
9630 Capital-Pool	1,067	11,252	7,600		2,500	-67.1%
9700 Capital-Concrete	30	2,600	13,200	3	17,400	31.8%
97500 Capital-Water/Sewer	0	0	0		0	0.0%
9800 Capital-Drainage/Catch Basins	0	0	0	4	14,000	0.0%
9850 Reserve Study Update	2,915	0				
9900 Income Tax	80	110	0		0	
<b>Total Reserve/Capital Expense:</b>	<b><u>\$33,415</u></b>	<b><u>\$32,722</u></b>	<b><u>\$47,472</u></b>		<b><u>\$128,787</u></b>	<b>171.3%</b>
Net Reserve Income/(Loss)	<b><u>\$49,969</u></b>	<b><u>\$60,370</u></b>	<b><u>\$42,227</u></b>		<b><u>(\$36,608)</u></b>	
Transfer To/(From) Reserves	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>	
<b>Reserve Fund Balance</b>	<b><u>\$215,260</u></b>	<b><u>\$275,630</u></b>	<b><u>\$260,744</u></b>	<b>5</b>	<b><u>\$239,023</u></b>	

- 1 Reserve Assessment is set to meet long range funding needs based on report by Reserve Advisors.  
In the PVHA 30 year budget the asphalt replacement will start in 2018 and the future assess incr is \$1.25/year.
- 2 Asphalt replacement from 134-266 Grand Canyon in 2018. Remainder to be done in 2019-2020.
- 3 Based on tour and contract signed in 2017. Majority of the work will be completed in 2018.
- 4 Install additional storm drain at the back between 246 and 254 Grand Canyon.
- 5 The projected Fund Balance at 2017 Year End is: **\$275,630**  
**A \$2.00 increase in the Reserve Assessment will leave a proj 2018 YE Balance of: \$239,023**

# Parkwood Village Thirty Year Recommended

## Reserve Funding Table and Graph

**Assumptions:** A long term inflation rate of 2.0% and interest on investments of 0.9% per year.

All amounts in the table are in thousands (\$)

Year	Budgeted Reserve Income	Projected Reserve Expense	PVHA Projected Reserve Balance	Reserve Advisors Projected Balance	Year	Budgeted Reserve Income	Projected Reserve Expense	PVHA Projected Reserve Balance	Reserve Advisors Projected Balance
2016	83	33	215	219	2032	115	14	344	447
2017	93	33	276	262	2033	118	17	445	600
2018	92	129	239	324	2034	120	16	549	765
2019	95	136	198	253	2035	123	106	566	584
2020	96	145	150	229	2036	125	33	658	440
2021	97	18	229	243	2037	128	290	496	130
2022	99	16	312	335	2038	128	293	331	161
2023	101	52	362	393	2039	128	348	112	77
2024	103	31	435	496	2040	128	132	108	133
2025	106	29	511	623	2041	130	133	105	206
2026	108	12	607	631	2042	132	117	121	314
2027	110	125	592	631	2043	134	32	223	383
2028	112	117	587	315	2044	137	13	347	499
2029	113	143	557	283	2045	140	18	469	571
2030	115	397	275	309	2046	144	36	576	675
2031	114	145	243	294	2047	147	31	692	--

2020-2022 - Replace asphalt -	\$98,507	2037-2039 - Replace siding -	\$612,941
2027-2031 - Replace roof/gutter -	\$444,703.84	2040-2042 - Replace asphalt -	\$162,345
2030 - Rebuild Pool -	\$271,657		

