

**Parkwood Village Homeowner's Association (PVHA)
2022 Budget**

Introduction

The 2022 Budget covers maintenance, services and insurance for the Common Areas in PVHA as specified in their Declaration and provides funding for future major replacement projects.

A Budget Hearing was held on Monday, October 25 to provide PVHA homeowners the opportunity to review and provide feedback during the budget development process.

The 2022 Budget was approved at the PVHA Annual Business Meeting on Thursday, November 11.

Total 2021 Assessment Amounts

This Budget has a 4.0% increase in the assessment for 2022.

The monthly assessments will increase from:

- \$284.00 to **\$295.00 (+\$11)** for units identified as paying 1.008% of the budget amount*
- \$297.00 to **\$309.00 (+\$12)** for units identified as paying 1.057% of the budget amount*

This increase goes into effect on January 1, 2022.

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

This Budget's 4.0% increase is the first time in eight years that the increase is greater than the average rate of inflation (2.2%).

Operating Budget Highlights

The Operating Budget is presented on Pages 1 & 2 and footnotes appear at the bottom of each page detailing expenditures.

- **The increase in the 2022 Operating Assessment is 3.4%. This is an average of \$7 per month per unit.**
- Operating expenses are projected to increase by **\$7,392 (3.1%)** in 2022. As noted in last year's budget the assessment was set \$1,400 less than the amount required to fully fund expenditures in 2021. This is the reason that the assessment increase is higher than the increase in budgeted expenses in 2022.
- The major contributors to this increase are:
 - a. Expected 10% increase in Property & Liability Insurance **\$3,000**
 - b. Projected increase in the City Water & Sewer utilities **\$1,500**.
 - c. 3% increase in trash/recycling contract plus a 30 yd dumpster **\$1,000**
 - d. Increase in the cost of chemicals for the pool (\$700) plus \$300 to cover an additional week for a 16-week pool season (2 weeks after Labor Day) **\$1,000**

- e. Increase in shoveling the individual sidewalks to allow for a few more snow events. **\$600**
- **Unexpected Income and the Emerald Ash Borer** – In September 2021 PVHA received \$5,000 from Travelers Insurance as they were able to obtain reimbursement from the homeowner’s insurance for the fire at 232 Grand Canyon which occurred in October 2020. Offsetting this unexpected income is the recent impact of the Emerald Ash Borer on four very large ash trees. Each tree will cost approximately \$3,000 to remove and replace. The ash tree near 6602 Offshore was removed in September 2021. The three other affected ash trees are located near 6608, 6616 and 6624 Offshore. Included in 2021 projected expenditures is the removal of the ash tree closest to 6608 Offshore. The removal of the ash trees near 6616 and 6624 Offshore are included in the 2022 Budgeted expenses.
- The Water & Sewer utility remains the largest single line item in the PVHA Budget **(\$50,000)** and accounts for **20% (\$43.50)** of the monthly operating assessment.

Reserve/Capital Improvements and Funding

Reserve Advisors conducted a tour of the PVHA homes and common areas in October of 2020. The original report called for a \$14 increase in the reserve assessment per year for the next five years plus inflationary increases going forward from that point. The report was reviewed by management and changes were made in consultation with Patrick Eagan (Structural Engineer). Reserve Advisors also reviewed and agreed to the changes and provided and updated report on August 24, 2021. Copies of this report can be viewed on the PVHA website.

The funding plan and projected expenditures in this budget are based largely on the August report from Reserve Advisors. Shifting major projects by a few years allowed for the recommended assessment increase to be spread out over a greater number of years. The funding goal is to maintain reserves above an adequate, not excessive, threshold during one or more years of significant expenditures. The current thirty-year plan recognizes threshold funding in 2041 (after shingle and siding replacement). This can be seen by the orange shaded figures at the top of page 4.

The Reserve Funding Plan assumes a 0.50% annual rate of return on invested reserves and a 2.0% future Inflation Rate for estimating Future Replacement Costs.

Based on the updated and slightly revised reserve report the recommended funding plan calls for an average \$4.75 increase in the monthly Reserve Assessment each year from 2022 to 2039. From 2040 to 2050 the Reserve Assessment would decrease by \$3 per month per year. The Reserve Fund Balance from 2021 through 2050 is depicted in the graph at the bottom of budget Page 4.

2022 Assessment Breakdown

To help answer the question, “Where does my monthly assessment go?”, a pie chart and breakdown are provided on Page 5.

Parkwood Village Homeowners Association, Inc.
2022 Operating Budget

	2020 Actual	2021 Estimated	2021 Budget	Foot Note	2022 Budget	% Change from '21
Operating Income						
4000 Monthly Assessment	235,033	237,388	237,388	1	245,452	3.4%
4100 Late Fee	340	550	600		600	0.0%
4150 Bad Debt Operating	(208)	(605)	(1,236)	2	(1,278)	3.4%
4200 Miscellaneous Income	323	290	300		300	0.0%
4300 Insurance Income	0	5,000	0	3	0	0.0%
Total Operating Income	235,488	242,623	237,052		245,074	3.4%
Operating Expenses						
Administrative Expenses						
5000 Monthly Management Fee	20,529	20,851	20,851		21,082	1.1%
5200 Accounting Expense	0	160	150		150	0.0%
5400 Insurance Expense	16,897	22,889	22,176	4	25,178	13.5%
5500 Legal Fees	4,858	2,200	2,000	5	2,000	0.0%
5600 Banking Fees & Supplies	290	285	200		200	0.0%
5700 Postage, Copies, Directory	445	475	600		600	0.0%
5800 Meeting Expense	215	255	250		250	0.0%
5950 Other Expenses	8,409	2,500	2,000	6	2,000	0.0%
Total Administrative Expenses	51,643	49,615	48,227		51,460	6.7%
Utilities Expense						
6300 Unit Security Lights	906	985	985		985	0.0%
6400 Water & Sewer	45,439	48,550	48,510	7	\$50,000	3.1%
Total Utilities Expenses	46,345	49,535	49,495		50,985	3.0%
Repairs & Maintenance Expenses						
6500 Repairs & Maintenance-General	18,490	18,000	18,000	8	18,000	0.0%
6600 Gutter Repair & Maintenance	3,704	3,800	3,900	8	3,900	0.0%
6800 Light Bulbs, Fixtures & Repairs	2,700	2,600	2,600	8	2,600	0.0%
6900 Maintenance Supplies	1,769	1,900	2,000		2,000	0.0%
Total Repairs & Maintenance	26,663	26,300	26,500		26,500	0.0%

1 **Proposed \$7.00 (3.4%) increase in the 2022 Operating Assessment.**

2 Bad debt loss is based on **6 months** lost income.

3 Travelers reimbursement of \$5,000 deductible for fire damage at 232 GC. Was expensed in 2021.

4 Insurance **+10% from current** premium based on initial information from M3 Insurance (**+\$3,000**)

5 Legal fees - covers 8 hours for consult and opinion on rules, collection, other...

6 Other Expenses - \$2,000 covers common area plumbing contractors, unexpected expenses, partial insurance deduct

7 2022 based on est 2021 **+ rate increase information from City Water & Engineering (+\$1,500)**

8 Based on 2020-'21. Labor for 6500, 6600 & 6800 allows for an average of approx 14 hrs/week from 3/1-12/31 @ \$35/hr (\$21,560) plus \$3,000 for any contract work, gutter parts, bulbs & photo-cells

	2020	2021	2021	Foot	2022	% Change
	Actual	Estimated	Budget	Note	Budget	from '21
Lawn Care Expense						
7000 Landscape Non-Contract	7,546	8,200	7,900	1	7,900	0.0%
7100 Landscape Contract	14,806	15,400	15,400	2	15,400	0.0%
Total Lawn Care	22,352	23,600	23,300		23,300	0.0%
Snow Care Expenses						
7300 Snow Plowing Contract	7,555	8,250	10,500	3	10,500	0.0%
7400 Snow Shoveling Contract	6,021	4,500	4,100	3	4,100	0.0%
7500 Non-Contracted Snow Removal	4,721	8,400	5,900	4	6,500	10.2%
7600 Ice Dam Removal	1,610	1,850	1,800		1,800	0.0%
7610 Salt & De-Icer	15,187	12,750	14,100	3	14,100	0.0%
Total Snow Care	35,094	35,750	36,400	3	37,000	1.6%
Other Grounds Care						
7710 Tree Care, Removal/Replace	7,667	11,600	8,000	5	8,000	0.0%
7720 Shrub Care, Removal/Replace	5,295	5,200	4,900	6	5,000	2.0%
7800 Gutter Cleaning	3,115	2,800	2,900		2,900	0.0%
7900 Pest Control	2,436	2,900	2,900	7	2,900	0.0%
7910 Trash Removal	17,188	17,892	17,592	8	18,520	5.3%
Total Other Grounds Care	35,701	40,392	36,292		37,320	2.8%
Pool & Community Room Expenses						
8000 Pool Maint & Repairs	7,437	9,700	9,400	9	9,700	3.2%
8100 Pool Chemicals	636	2,300	1,600	9	2,300	43.8%
8110 Pool Supplies-Equipment	0	650	650		650	0.0%
8200 Pool Licenses & Fines	0	1,247	699		740	5.9%
8400 Pool -Telephone	45	40	240		240	0.0%
8600 Pool/Community Rm. - Utilities	1,451	4,400	4,400	10	4,400	0.0%
8700 Community Rm. Repairs/Events	593	900	1,000	10	1,000	0.0%
Total Pool & Community Room	10,162	19,237	17,989		19,030	5.8%
Total Operating Expense	227,960	244,429	238,203	11	245,595	3.1%
Net Operating Income/(Loss)	7,528	(\$1,806)	(1,152)	12	(521)	
Transfer (To)/From Reserves	0	0	0		0	
Operating Fund Balance	\$47,647	\$45,841	\$44,097	12	\$45,319	

- 1 Labor+mat. for seeding, weeding, & mulching. Edge & apply 20 yds of mulch in 2022.
- 2 2021-2022 Grounds Contract. Two year contract increased by \$700 in 2021, **no increase for 2022**
- 3 2021-2022 Snow Removal Contract (7300, 7400 & 7610). **No increase in 2022**
- 4 Increase based on 2021 for shoveling individual walks/steps/porches with more snow events.
- 5 \$6,000 removal & repl 2 ash trees. Leaves **only \$2,000 for pruning (\$1,500 contract/\$500 sm trees)**
EAB is affecting 4 PVHA ash trees. **Est 2021 exp assume Board approval for 6608 ash tree removal**
- 6 \$3,700 for annual pruning plus \$1,300 to remove and replace 6-8 shrubs/perennials per year
- 7 2022 based on monthly contract with Professional Pest Control + \$300 xtra for CM trapping animals/other
- 8 Budget based on 3 yr. Waste Managt contract (+3%/yr). **+\$850 for 30 yd dumpster.**
- 9 For opening/closing, daily checks, any parts/repair of mechanicals. 2021 Budget based on 15 weeks.
Increase for 16 week season (2 wks past Labor Day). Chems costs also up by \$700
- 10 Based on 2020-'21 exp. For furnace inspection, cleaning, and minor community room repairs.
- 11 Increase/(Decrease) from 2021 **\$7,392 3.1%**

Goal for Operating Fund is two months income + \$5,000 for one insurance deductible: \$45,909
 12 Budgeted 2022 net operating income/(loss) **(\$521)** will reduce Operating Fund to: **\$45,319**

Parkwood Village Homeowners Association, Inc.
2021 Capital/Reserve Budget

	2020 Actual	2021 Estimated	2021 Budget	Foot Note	2022 Budget	% Change from '21
Reserve Income						
4500 Reserve Assessments	97,828	97,828	100,132	1	105,604	5.5%
4600 Reserve Account Interest	562	575	500		657	
495 Bad Debt Reserve	(85)	(259)	(522)		(550)	5.4%
Total Reserve Income	<u>98,305</u>	<u>98,144</u>	<u>100,110</u>		<u>105,711</u>	5.6%
Reserve/Capital Expenses						
1.000 Ext. Building Elements	59,812	20,000	19,230	2	51,552	
4.000 Property Site Elements	114,661	16,325	21,136	3	9,300	
5.000 Community Bldg. Elements	0	0	0		0	
6.000 Pool Elements	0	6,640	6,100	4	2,913	
7.000 Other Elements	3,645	143	200		167	
Total Reserve/Capital Expenses:	<u>\$178,118</u>	<u>\$43,108</u>	<u>\$46,666</u>		<u>\$63,932</u>	
Net Reserve Income/(Loss)	(79,813)	55,036	53,444		41,779	
Transfer To/(From) Reserves	0	0	0		0	
Reserve Fund Balance	<u>\$47,921</u>	<u>\$102,956</u>	<u>\$108,487</u>	5	<u>\$144,735</u>	

- 1 Reserve Assessment is set to meet long range funding needs based on a 30 year long range budget. **Recom Incr is 5.5% (\$4.75/mo/yr) for 2022-2039 and then decr by \$3/mo/yr from 2040-2050.**
- 2 **Ext. Building Elements** - repair/paint 3 balcony rails/decks \$3,900; remv/replace brick wall with siding at 222/224 GC \$10,000, Likely found. pier locations 212 & 214 on beam, 230 perimeter \$16,500; allowance for found. piers or other work related to settling \$15,000
- 3 **Property Site Elements** - repair/stain 6 fences \$4,800; replace approx 500 sf of common walk primarily around south perimeter of the pool \$4,500
- 4 **Pool Elements** - pool furnt. 10 chaise lounges and 4 chairs \$2,900
- 5 Projected Fund Balance at 2021 Year End: **\$102,956**
- 5 Projected Fund Balance at **2022 Year End:** **\$144,735**

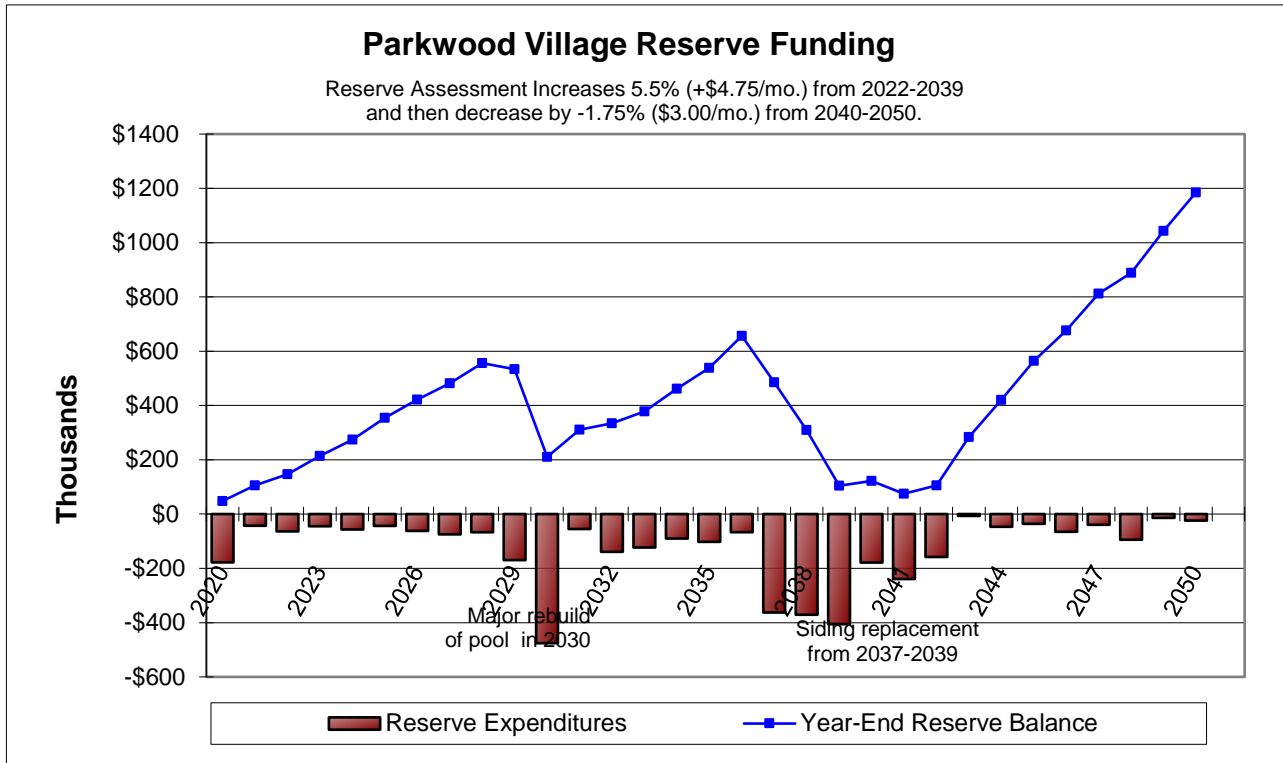
Monthly Assessments on averag would increase by 4.0% (\$11.75/month) for 2022.
Assesments would go from \$284 to \$295 and from \$297 to \$309 per month.

Parkwood Village Thirty Year Recommended Reserve Funding Table and Graph

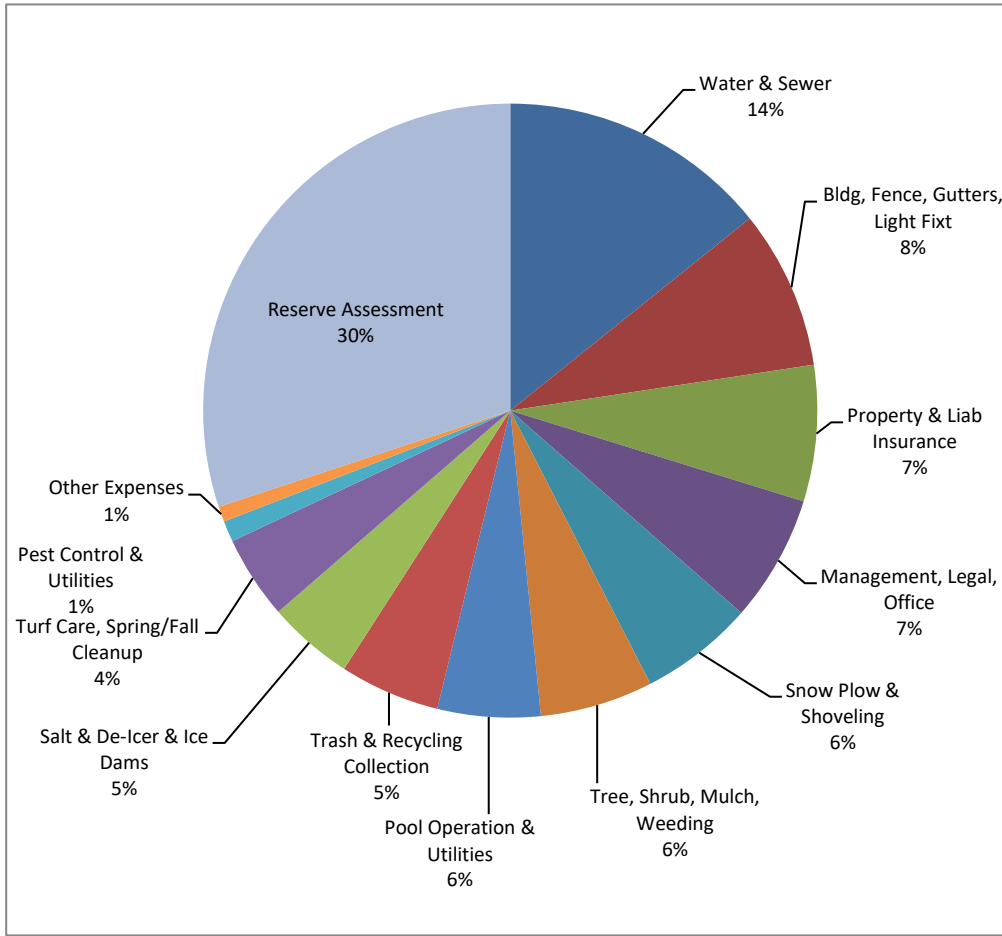
Assumptions: A long term inflation rate of 2.0% and interest on investments of 0.5% per year.
All amounts in the table are in thousands (\$)

Year	Budgeted* Reserve Assessment	Projected Reserve Expense	PVHA Projected Reserve Balance	Reserve Advisors Projected Balance		Year	Budgeted* Reserve Assessment	Projected Reserve Expense	PVHA Projected Reserve Balance	Reserve Advisors Projected Balance
2020	98	178	48			2036	182	67	656	117
2021	100	43	105	147		2037	188	363	485	218
2022	105	64	147	165		2038	193	371	310	143
2023	111	45	214	253		2039	199	406	104	87
2024	117	57	275	341		2040	195	179	121	61
2025	122	44	355	454		2041	192	239	75	166
2026	127	62	422	596		2042	188	158	105	290
2027	133	75	482	702		2043	185	7	284	442
2028	138	67	556	492		2044	181	47	420	564
2029	144	170	533	493		2045	178	36	564	707
2030	149	476	210	514		2046	174	65	676	813
2031	155	55	311	643		2047	171	40	811	957
2032	160	139	334	692		2048	168	95	889	992
2033	166	123	378	474		2049	164	14	1043	1,156
2034	171	90	461	281		2050	161	24	1185	1,317
2035	177	102	538	57						

<p style="text-align: center;">Critical Years</p> <p>2029-2035 - Replace shingles - \$575,000</p> <p>2030 - Rebuild Pool - \$316,000</p>	<p>2037-2039 - Replace siding - \$960,000</p> <p>2040-2042 - Replace asphalt - \$397,000</p> <p style="text-align: center;"><i>*Reserve assessment does not include interest income</i></p>
--	---



**Parkwood Village
2022 Assessment Breakdown**



Category	Annual	Monthly	%
Water & Sewer	50,000	\$43	14%
Bldg, Fence, Gutters, Light	29,400	\$26	8%
Property & Liab Insurance	25,178	\$22	7%
Management, Legal, Office	23,432	\$20	7%
Snow Plow & Shoveling	21,100	\$18	6%
Tree, Shrub, Mulch, Weedir	20,900	\$18	6%
Pool Operation & Utilities	19,030	\$17	6%
Trash & Recycling Collectio	18,520	\$16	5%
Salt & De-Icer & Ice Dams	15,900	\$14	5%
Turf Care, Spring/Fall Clear	15,400	\$13	4%
Pest Control & Utilities	3,885	\$3	1%
Other Expenses	2,850	\$2	1%
Reserve Assessment	105,604	\$92	30%