

Parkwood Village Homeowner's Association (PVHA) Proposed 2024 Budget

Introduction

The 2024 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 23 to provide an opportunity for Homeowner input and feedback in the budget development.

This Budget was approved by the membership at the PVHA Annual Business Meeting on Thursday, November 9, 2023.

Total 2024 Assessment Amounts

This Budget results in a 4.6% increase in the assessment for 2024.

Based on the budget, the monthly assessments will increase from:

- **\$306.00 to \$320.00 (+\$14)**
*for units identified as paying 1.008% of the budget amount**
- **\$320.00 to \$335.00 (+\$15)**
*for units identified as paying 1.057% of the budget amount**

This increase would go into effect on January 1, 2024.

**as shown on Schedule B of the PVHA Restated Declaration.*

TDS Bulk Fiber Special Assessment

The monthly assessments presented in this budget are separate from and do not include the \$21 per month Special Assessment for Bulk Fiber Internet Service which was approved at the Special Meeting of all PVHA Homeowners on August 15, 2022.

Operating Budget Highlights

Last year, the 2023 Budget was approved with **expenses exceeding income by \$4,868**. The plan was to cover this deficit with \$5,800 in net income that was expected to be available due to very light snowfalls in January through March of 2022. Sixteen snowfalls in November and December of 2022 eliminated most of this projected net income **leaving a \$4,800 (\$4/month) shortfall** to be made up prior to any other 2024 Budget increases.

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

- **The increase in the 2024 Operating Assessment is \$11,520 (4.5%).
This is an average of \$10 per month per unit.**
- Operating expenses are projected to increase by **\$8,035 (2.8%)** in 2024. This is less than the high rates of inflation experienced from 2021 (7%), 2022 (6.5%) and 2023 (3.7%).
- The 2024 Operating Income increase (\$11,460) covers the increase in expenses (\$8,035) and \$3,425 of the \$4,868 budget shortfall carrying forward from 2022/23. This leaves a projected **(\$1,443) Net (Loss)** in the 2024 Budget (see Page 2).

- Increases in property insurance and the city water & sewer add **\$6,400** to expected 2024 expenses.
- Other contributors to 2023 budget increases are:
 - a. A 3.5% increase in trash/recycling contract and 30 yd dumpster cost **+\$680**.
 - b. Increase in the cost of chemicals for the pool **+\$600**.
- The Water & Sewer utility remains the largest single line item in the PVHA Budget (**\$53,600**) and accounts for **18% (\$47)** 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. Based on review of the specific sections in the report by management and Patrick Eagan (Structural Engineer), Reserve Advisors provided an updated report on August 24, 2021. Copies of this report can be viewed on the PVHA website. The Reserve Report will be reviewed and updated by Reserve Advisors in 2024.

The Effect of Inflation on Reserve Funding

Over the past few years, inflation has had a significant impact of both labor and building materials. The replacement cost estimates for asphalt, siding and roofing were updated as follows:

Asphalt: Rate for asphalt replacement increased from \$27 to \$40 per square yard. This increased the current estimated cost for asphalt replacement from \$262,000 to \$388,000.

Siding: Rate for siding replacement increased from \$5.25 to \$7.50 per square foot. This increased the current estimated cost for siding replacement from \$673,000 to \$961,000.

Roofing: Rate for shingle replacement increased from \$340 to \$400 per square (100 sq. ft.). This increased the current cost estimate for shingle replacement from \$450,000 to \$530,000.

Asphalt, siding and roofing replacement comprise nearly two-thirds (\$2.6 million) of the total thirty-year projected reserve expenditures (\$4.2 million).

The funding plan and projected expenditures in this budget are based largely on the Reserve Advisors report. The funding goal is to maintain reserves above an adequate, but not excessive level, during one or more years of significant expenditures. The updated thirty-year plan recognizes a critical funding threshold in 2043. This can be seen by the orange shaded figure on page 4. The far-right column represents the projected reserve balances from the Reserve Advisors report while the adjacent column to the left shows the projected balances based on the Revised Funding Plan, actual 2022 and projected 2023 reserve income and expenses. The 2024 Reserve income and expenditures are presented on page 3.

The Reserve Funding Plan assumes a **5.0% annual rate of return** (increased from 1.5%) on invested reserves and a 2.0% future Inflation Rate for estimating Future Replacement Costs.

Based on the updated and revised reserve report, the recommended funding plan calls for a \$4.50 (up from \$4.25) increase in the monthly Reserve Assessment each year from 2024 to 2042. The Reserve Fund Balance from 2022 through 2052 is depicted in the graph at the bottom of budget Page 4.

2024 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.
2024 Operating Budget**

	2022 Actual	2023 Estimated	2023 Budget	Foot Note	2024 Budget	% Change from '23
Operating Income						
4000 Monthly Assessment	245,874	253,516	253,516	1	265,036	4.5%
4050 TDS Fiber Sp. Assessment	4,011	24,192	24,192		24,192	0.0%
4100 Late Fee	260	725	600		600	0.0%
4150 Bad Debt Operating	(216)	(218)	(1,320)	2	(1,380)	4.6%
4200 Miscellaneous Income	368	420	300		300	0.0%
Total Operating Income	250,297	278,635	277,288		288,748	4.1%
Operating Expenses						
Administrative Expenses						
5000 Monthly Management Fee	21,062	21,427	21,427		21,773	1.6%
5100 TDS Bulk Fiber	3,042	24,192	24,192		24,192	0.0%
5400 Insurance Expense	28,157	30,574	29,284	3	32,500	11.0%
5500 Legal Fees	1,774	950	1,000	4	1,000	0.0%
5600 Banking Fees & Supplies	411	405	420		420	0.0%
5700 Postage, Copies, Directory	154	250	400		300	-25.0%
5800 Meeting Expense	215	250	250		250	0.0%
5950 Other Expenses	2,149	2,100	2,000	5	2,000	0.0%
Total Administrative Expenses	56,964	80,148	78,973		82,435	4.4%
Utilities Expense						
6300 Unit Security Lights	885	975	985		985	0.0%
6400 Water & Sewer	48,664	52,253	50,432	6	\$53,600	6.3%
Total Utilities Expenses	49,549	53,228	51,417		54,585	6.2%
Repairs & Maintenance Expenses						
6500 Repairs & Maintenance-General	17,903	17,800	18,000	7	18,000	0.0%
6600 Gutter Repair & Maintenance	3,414	3,100	3,300	7	3,300	0.0%
6800 Light Bulbs, Fixtures & Repairs	2,655	2,500	2,600	7	2,600	0.0%
6900 Maintenance Supplies	1,951	1,900	2,000		2,000	0.0%
Total Repairs & Maintenance	25,923	25,300	25,900		25,900	0.0%

- 1 **Proposed \$10.00 (4.5%) increase in the 2023 Operating Assessment.**
- 2 Bad debt loss is based on **6 months** lost income.
- 3 Insurance **+6%** Based on Travelers renewal at same rate + increase in est. rebuilding cost (**+\$3,200**)
- 4 Legal fees - covers 10 hours for consult and opinion on rules, collection, other...
- 5 Other Expenses - \$2,000 covers common area plumbing contractors, unexpected expenses, partial insurance deduct
- 6 2024 based on est 2023 + **rate increase information from City Water & Engineering (+\$3,200)**
- 7 Based on 2022-'23. 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

	2022	2023	2023	Foot	2024	% Change	
	Actual	Estimated	Budget	Note	Budget	from '23	
Lawn Care Expense							
7000	Landscape Non-Contract	8,159	8,950	8,900	1	8,900	0.0%
7100	Landscape Contract	14,168	15,400	15,400	2	15,400	0.0%
	Total Lawn Care	22,327	24,350	24,300		24,300	0.0%
Snow Care Expenses							
7300	Snow Plowing Contract	6,295	11,775	14,500	3	13,500	-6.9%
7400	Snow Shoveling Contract	4,146	11,014	9,500	3	10,000	5.3%
7500	Non-Contracted Snow Removal	6,557	5,200	3,500		4,000	14.3%
7600	Ice Dam Removal	219	1,240	1,800		1,800	0.0%
7610	Salt & De-Icer	19,754	15,089	15,200	3	15,200	0.0%
	Total Snow Care	36,971	44,318	44,500	3	44,500	0.0%
Other Grounds Care							
7710	Tree Care, Removal/Replace	8,590	7,600	8,000	4	8,000	0.0%
7720	Shrub Care, Removal/Replace	4,571	4,700	5,000	5	5,000	0.0%
7800	Gutter Cleaning	2,634	2,800	2,700		2,700	0.0%
7900	Pest Control	3,115	2,900	2,900	6	2,900	0.0%
7910	Trash Removal	18,646	19,264	19,076	7	19,756	3.6%
	Total Other Grounds Care	37,556	37,264	37,676		38,356	1.8%
Pool & Community Room Expenses							
8000	Pool Maint & Repairs	10,123	9,300	9,500		9,500	0.0%
8100	Pool Chemicals	3,041	3,500	2,900	8	3,500	20.7%
8110	Pool Supplies-Equipment	191	660	650		650	0.0%
8200	Pool Licenses & Fines	699	725	700		725	3.6%
8400	Pool -Telephone	199	234	240		240	0.0%
8600	Pool/Community Rm. - Utilities	4,338	4,400	4,400	9	4,500	2.3%
8700	Community Rm. Repairs/Events	1,374	980	1,000	9	1,000	0.0%
	Total Pool & Community Room	19,965	19,799	19,390		20,115	3.7%
	Total Operating Expense	249,255	284,407	282,156	10	290,191	2.8%
	Net Operating Income/(Loss)	1,042	(\$5,772)	(4,868)	11	(1,443)	
	Transfer (To)/From Reserves	0	0	0		0	
	Operating Fund Balance	\$50,365	\$44,593	\$44,097	11	\$43,150	

- 1 Lbr+mat. For weeding/seeding/mulching (20 yds); Incl. \$1,000 for "No Mow" or Rain Garden
- 2 2023-2025 Grounds Contract. No increase for 2024 of 2025.
- 3 2023-2025 Snow Removal Contract (7300, 7400 & 7610). No increase in 2024 or 2025
- 4 Remv/replace one large tree and maintenance pruning of approx 12 large trees/year
- 5 \$3,700 for annual pruning plus \$1,300 to remove and replace 6-8 shrubs/perennials per year
- 6 2024 based on monthly contract with Professional Pest Control + \$300 xtra for CM treated bees/other
- 7 Budget based on Waste Mangt contract (+3%/yr). +\$200 incr in 30 yd dumpster price
- 8 For opening/closing, daily checks, any parts/repair of mechanicals. 2024 Budget based on 16 weeks. 16 week season allows for 2 weeks past Labor Day). Pool Chems budget increased by \$600
- 9 Based on 2022-'23 exp. For furnace inspection, cleaning, and minor community room repairs.
- 10 Increase/(Decrease) from 2023 \$8,035 2.8%

Goal for Operating Fund is two months income: \$44,173

11 **Budgeted 2024 net operating income/(loss) (\$1,443) will reduce Operating Fund to: \$43,150**

**Parkwood Village Homeowners Association, Inc.
2024 Capital/Reserve Budget**

		2022 Actual	2023 Estimated	2023 Budget	Foot Note	2024 Budget	% Change from '23
Reserve Income							
4500	Reserve Assessments	105,713	110,812	110,500	1	115,996	5.0%
4600	Reserve Account Interest	948	3,600	2,783	2	13,154	
495	Bad Debt Reserve	(93)	(98)	(575)		(604)	5.1%
	Total Reserve Income	106,568	114,314	112,708		128,545	14.1%
Reserve/Capital Expenses							
1.000	Ext. Building Elements	36,758	28,653	28,902	3	19,902	
4.000	Property Site Elements	15,169	18,100	20,750	4	21,000	
5.000	Community Bldg. Elements	0	0	0	5	10,000	
6.000	Pool Elements	2,025	2,400	0	6	5,000	
7.000	Income Tax/Reserve Rpt Update	2	270	805	7	7,316	
	Total Reserve/Capital Expense:	\$53,954	\$49,423	\$50,457		\$63,218	
	Net Reserve Income/(Loss)	\$52,614	\$64,891	\$62,251		\$65,327	
	Transfer To/(From) Reserves	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>	
	Reserve Fund Balance	\$169,832	\$234,723	\$227,297	8	\$300,050	

- 1 Reserve Assessment is set to meet long range funding needs based on a 30 year long range budget.
Increase funding from \$4.25 to \$4.50/mo/yr for 2024-2042.
- 2 6 foundation piers to stabilize active settling (\$2,500/pier) plus minor tuckpointing
- 2 **Reserve Acct. Interest:** Increase from 1.5% to **5.0%** based on current CD Rates.
- 3 **Ext. Building Elements** - repair/paint 3 balcony rails \$3,900; Allowance for foundation piers, foundation crack repairs and/or work related to settling \$16,000
- 4 **Property Site Elements** - post/fence sect repl \$6,300; paint 6-8 fences \$3,200; replace approx. 18 walk sect, conc around 2 storm drains \$10,000; allow for ext. water main valves \$1,500
- 5 **Community Room** - \$10,000 allowance for minor renovation; paint, kitchenette, bathroom, flooring
- 6 **Pool Elements** - caulk/repair conc deck joints \$2,400; remove/replace sand in pool filters \$2,600
- 7 **Reserve Rpt. Update** - Updated Reserve Report every four years \$3,400; Income Tax
- 8 Projected Fund Balance at 2023 Year End: **\$234,723**
Projected Fund Balance at **2024 Year End:** **\$300,050**

Parkwood Village Thirty Year Recommended

Reserve Funding Table and Graph

Assumptions: A long term inflation rate of 2.0% and interest on investments of 5.0% per year.

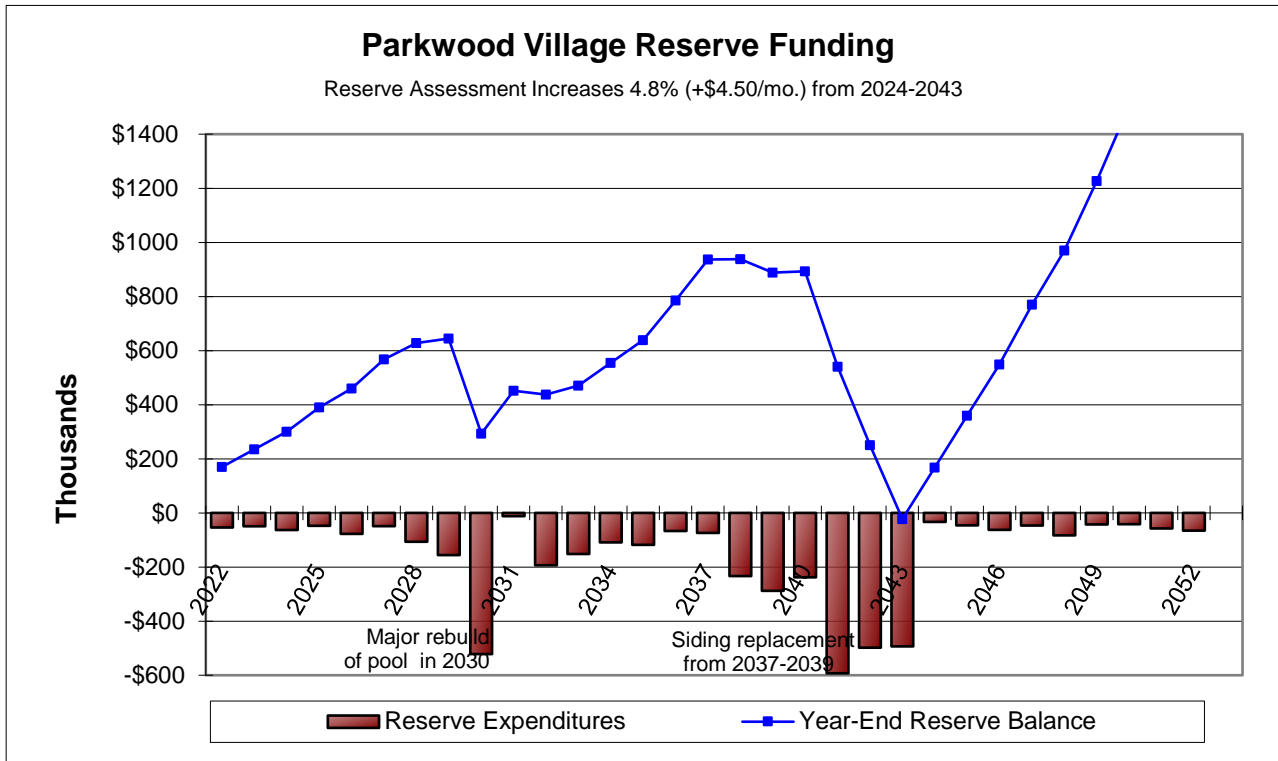
All amounts in the table are in thousands (\$)

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
2022	106	54	170	165	2038	189	233	938	143
2023	111	49	235	253	2039	194	288	889	87
2024	115	63	300	341	2040	199	238	893	61
2025	121	48	390	454	2041	204	593	540	166
2026	126	78	460	596	2042	209	498	251	290
2027	132	49	568	702	2043	214	493	-22	442
2028	137	107	628	492	2044	220	33	167	564
2029	142	156	645	493	2045	225	46	359	707
2030	147	522	293	514	2046	230	63	549	813
2031	152	12	452	643	2047	235	47	770	957
2032	157	194	437	692	2048	240	83	970	992
2033	163	152	470	474	2049	246	43	1227	1,156
2034	168	109	554	281	2050	251	42	1503	1,317
2035	173	118	639	57	2051	256	57	1782	-
2036	178	67	785	117	2052	261	65	2073	-
2037	183	74	937	218					

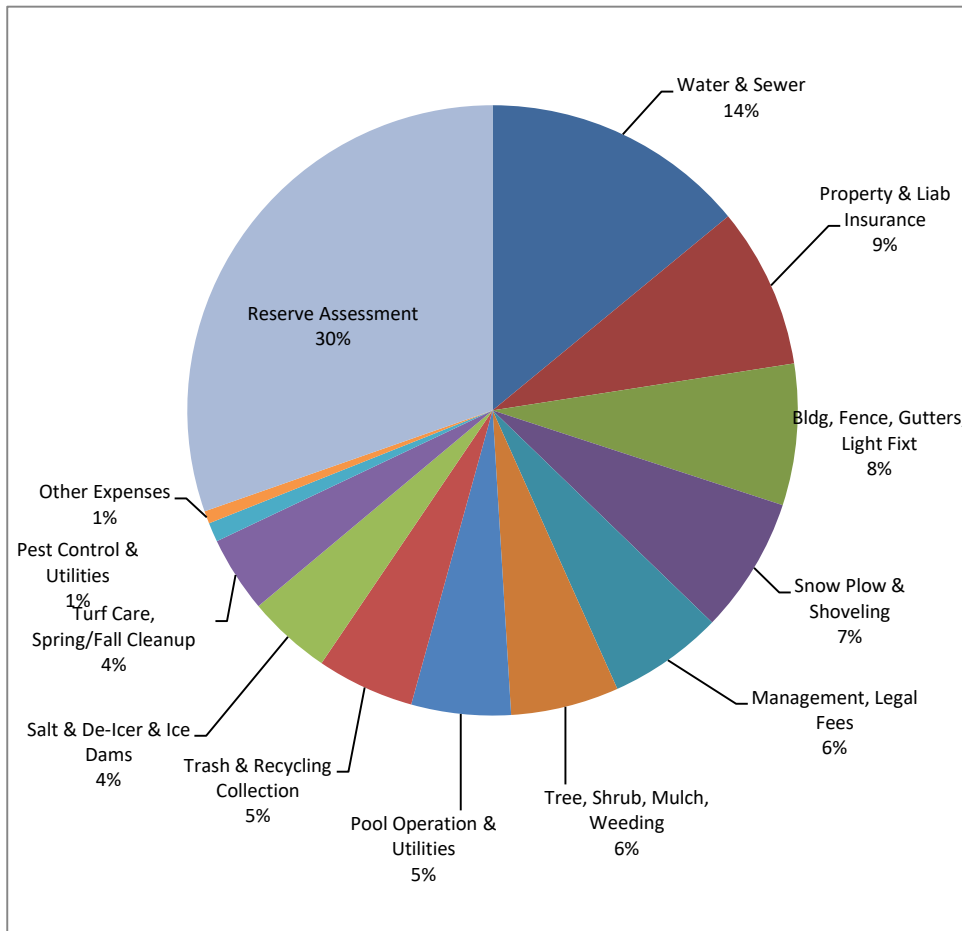
Critical Year
 2029-2035 - Replace shingles - \$649,000
 2030 - Rebuild Pool - \$304,000

2038-2040 - Replace asphalt - \$576
 2041-2043 - Replace siding - \$1.4 million

*Reserve assessment does not include interest income



**Parkwood Village
2024 Assessment Breakdown**



Category	Annual	Monthly	%
Water & Sewer	53,600	\$47	14%
Property & Liab Insurance	32,500	\$28	9%
Bldg, Fence, Gutters, Light	28,600	\$25	7%
Snow Plow & Shoveling	27,500	\$24	7%
Management, Legal Fees	23,193	\$20	6%
Tree, Shrub, Mulch, Weedir	21,900	\$19	6%
Pool Operation & Utilities	20,115	\$17	5%
Trash & Recycling Collectio	19,756	\$17	5%
Salt & De-Icer & Ice Dams	17,000	\$15	4%
Turf Care, Spring/Fall Clear	15,400	\$13	4%
Pest Control & Utilities	3,885	\$3	1%
Other Expenses	2,550	\$2	1%
Reserve Assessment	115,996	\$101	30%