

Parkwood Village Homeowner's Association (PVHA)
2013 Budget
approved November 8, 2012

Introduction

The 2013 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.

Two Budget Hearings were held for members on October 24 and October 27 at the PVHA clubhouse. The Budget was approved by the PVHA members at their Annual Meeting on November 8, 2012.

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 only \$1,227 (0.6%). The increase is the result of the ever increasing Water and Sewer expenses which are covered by PVHA assessments. Account 6400 (Water & Sewer) increases by \$5,500 which is based on a 3% increase from actual 2012 expenses. The 2013 Budget amount (\$41,571) represents \$36 (14.4%) of each homeowner's monthly assessment.

To offset this increase several budget items were lowered slightly based on historical 2011 and projected 2012 expenditures to achieve \$4,400 in savings.

At the end of 2011 the Operating Fund balance was \$25,551. This year (2012) the Association will experience a \$10,000 to \$11,000 net gain, increasing the Operating Fund balance to an estimated \$37,515 at 2012 year end. The net gain is the result of lower than normal snowfall from January - April of this year.

Reserve/Capitol Improvements and Funding

In March of this year Travis Warwick (Treasurer) and Lou Glauner (Coal Morton) met with Reserve Advisors to update PVHA's Reserve Study. Reserve Advisors adopted a majority of the changes noted by Lou Glauner which were outlined in the 2011 and 2012 Budgets.

The projected funding for reserves is now based very closely to the funding schedule presented in the March 2012 Reserve Advisors (RA) updated reserve study. The following significant changes have occurred since then and have been accounted for in proposing this budget.

The drainage project for this year for 6642-6652 Offshore Drive will be delayed until 2020 when asphalt replacement is scheduled to occur. This results in a \$16,000 reduction in 2012

estimated reserve expenditures and provides a corresponding increase to the estimated 2012 Reserve Fund Balance.

The Capital Budget is presented on page 3. Major projects scheduled for 2013 include:

Description	Amount
Buildings - Stabilize foundation at the front of the house at 214 Grand Canyon. The front door continues to get out of adjustment and the porch pitches to the left. Three piers would be installed to stabilize the foundation. To prevent damage to the brickwork no raising would be done.	\$5,000
Asphalt - Crack seal for asphalt. To maintain the asphalt until replacement in 2020.	\$2,000
Concrete - Sidewalk and porch replacement. Based on August 2012 tour.	\$10,450
Storm Drain - Project would run from 246 to 240 Grand Canyon. A small drain field and inlet would also be placed in the center of the grassy area between 246 & 254 Grand Canyon.	\$20,000
Fences - Repairs and staining will continue for two more years. Work focuses on replacing rotted 4x4s with treated posts. Phased replacement of all fencing begins in the year 2015.	\$6,638
Community Building - Minor renovation update - windows, doors, carpet, hot water heater.	\$13,419
Swimming Pool - Single fixed mounted reel & pool cover and five new chaise lounges or chars.	\$2,800

The top of page 4 shows a comparison of PVHA Budgeted Reserve Balance to the RA Report balances. Due to the deferred drainage project this year, PVHA's Reserve Fund balance will be \$9,000 over the projected RA balance at 2013 year end. Based on the PVHA updated Reserve Funding requirements, the budgeted reserve assessment is \$79,396 for 2013. Based on the PVHA updated budget future reserve assessments will increase by 2.1% per year from 2014 - 2042 to meet the funding requirements identified in the reserve report. The complete Reserve Advisors Report is available by requesting via email to Mary@coalmorton.com. The updated spreadsheet of projected thirty year reserve expenditures is available on the PVHA website www.parkwoodvillage.org.

Total 2013 Dues Assessment Amount

This budget proposes a \$1.50 per month increase in the operating portion of the monthly assessments to cover increasing water & sewer costs. The projected increase in reserve funding is \$2/month (3%). Based on the updated funding schedule this increase will bring the Reserve Fund balance to an estimated \$85,900 at 2013 year end.

When combined the small operating and reserve assessment increases would bring fees to **\$250** (from \$246) for units identified as paying 1.008% of the budget amount* and **\$262** (from \$258) for units identified as paying 1.057% of the budget amount.* This represents a 1.4% increase for 2013.

* as shown on Schedule E of the PVHA Declaration.

Parkwood Village Homeowners Assc, Inc.
2013 Operating Budget

	2011 Actual	2012 Estimated	2012 Budget	Foot Note	2013 Budget	% Change from '12
Operating Income						
4000 Monthly Assessment	205,077	215,500	215,500	1	217,228	0.8%
4100 Late Fee	531	340	500		500	0.0%
4150 Bad Debt Operating	(3,968)	(3,600)	(3,600)		(3,200)	-11.1%
4200 Miscellaneous Income	1,926	480	500		500	0.0%
4300 Directory Ad Income	75	50	50		50	0.0%
Total Operating Income	203,641	212,770	212,950		215,078	1.0%
Operating Expenses						
Administrative Expenses						
5000 Monthly Management Fee	15,280	17,280	17,280	2	17,683	2.3%
5200 Accounting Expense	0	75	100		100	0.0%
5300 Income Tax Expense	94	72	300		300	0.0%
5400 Insurance Expense	21,195	20,700	23,254		21,321	-8.3%
5500 Legal Fees	7,630	1,000	2,500	3	2,000	-20.0%
5600 Banking Fees & Supplies	69	70	100		100	0.0%
5700 Postage, Copies, Directory	680	480	600		480	-20.0%
5800 Meeting Expense	50	100	150		150	0.0%
5950 Operating Reserve Expense	2,278	710	2,000	4	2,000	0.0%
Total Administrative Expenses	47,276	40,487	46,284		44,134	-4.6%
Utilities Expense						
6300 Unit Security Lights	841	850	720		720	0.0%
6400 Water & Sewer	35,833	40,360	36,050	6	41,571	15.3%
Total Utilities Expenses	36,674	41,210	36,770		42,291	15.0%
Repairs & Maintenance Expenses						
6500 Repairs & Maintenance-General	16,479	18,500	19,000	7	18,500	-2.6%
6600 Gutter Repair & Maint	2,639	3,700	4,000	7	3,700	-7.5%
6800 Light Bulbs, Fixtures & Repairs	2,050	2,650	2,500	7	2,500	0.0%
6900 Maintenance Supplies	631	1,850	2,000		2,000	0.0%
Total Repairs & Maintenance	21,799	26,700	27,500		26,700	-2.9%

1 Income is based on amount needed to cover budgeted expenses

2 Coal Morton contracte for 2012-13. Budget based on \$15/month management fee.

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

4 Oper Reserv - to help cover an insurance claim deductible or unexpected expense

5 Bad debt loss is based on 18 mos lost income

6 **Based on a 2012 actual plus 3% (+\$5,500 from 2012)**

7 Slight decrease based on 2011 & 2012 projected. Labor for 6500, 6600 & 6800 based on 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

	2011 Actual	2012 Estimated	2012 Budget	Foot Note	2013 Budget	% Change from '12
7000 Landscape Non-Contract	4,803	5,100	4,800	1	4,800	0.0%
7100 Landscape Contract	13,192	13,500	14,100	2	13,500	-4.3%
Total Lawn Care	17,995	18,600	18,900		18,300	-3.2%
Snow Care Expenses						
7300 Snow Plowing Contract	11,300	7,200	10,000		10,000	0.0%
7400 Snow Shoveling Contract	6,735	3,100	7,000		7,000	0.0%
7500 Non-Contracted Snow Removal	880	1,600	1,100	3	1,100	0.0%
7600 Ice Dam Removal	1,020	2,050	3,000	4	2,400	-20.0%
7610 Salt & De-Icer	11,052	7,850	9,500		9,500	0.0%
Total Snow Care	30,987	21,800	30,600		30,000	-2.0%
Other Grounds Care						
7710 Tree Care, Removal/Replace	9,828	8,600	9,500	5	9,500	0.0%
7720 Shrub Care, Removal/Replace	4,268	3,800	3,800	6	3,800	0.0%
7800 Gutter Cleaning	2,402	2,600	3,500	7	2,600	-25.7%
7900 Pest Control	4,234	2,800	3,400	8	2,800	-17.6%
7910 Trash Removal	16,745	18,456	16,900	9	18,456	9.2%
Total Other Grounds Care	37,477	36,256	37,100		37,156	0.2%
Pool & Community Room Expenses						
8000 Pool Maint & Repairs	7,211	7,300	7,200	10	7,200	0.0%
8100 Pool Chemicals	1,476	1,450	1,500	10	1,500	0.0%
8110 Pool Supplies-Equipment	182	440	275		275	0.0%
8200 Pool Licenses & Fines	670	670	670		670	0.0%
8400 Pool Utilities-Telephone	154	168	220		220	0.0%
8600 Pool/CH Utilites-Electric	4,381	4,750	5,000	10	4,800	-4.0%
8700 Clubhouse Repairs & Supplies	958	975	1,000	11	1,000	0.0%
Total Pool & Community Room	15,032	15,753	15,865		15,665	-1.3%
Total Operating Expense	207,240	200,806	213,019	12	214,246	0.6%
Net Operating Profit/Loss	(3,599)	11,964	(69)		832	
Operating Fund Balance	\$25,551	\$37,515	\$25,482	13	\$38,347	

1 Labor & supplies for seeding, weeding, branch collection, plus \$800 for mulch

2 Based on contract amount for mowing, fertilization + spring & fall leaf clean up. Property Service no increase 2010-13

3 For calls/salting between storms and allowance for hauling away snow in a heavy snow month

4 Covers 60 hours for ice dam clearing at \$40/hour

5 \$5,000 for removal & repl [3-5 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 2011 & 2012 gutter cleaning

8 2013 based on new monthly contract with Profesional Pest Control

9 Budget included weekly trash/recycling collection plus \$700 for two dumpsters in May for garage sale cleanout

10 Based on 2011-12 expenses for a pool season

11 2013 Furnace inspection and minor clubhouse repairs

12 Increase (Decrease) from 2012 **\$1,227** **0.6%**

13 Goal is to maintain Operating Fund Balance at or near \$40,000. At 2009 year end balance was \$13,145.

Parkwood Village Homeowners Assc, Inc.
2013 Capital/Reserve Budget

	2011 Actual	2012 Estimated	2012 Budget	Foot Note	2013 Budget	% Change from '12
Reserve Income						
4400	Special Assessment	6,441	235	0	0	0.0%
4500	Reserve Assessments	67,720	77,092	77,092	1	79,396 3.0%
4600	Reserve Account Interest	341	150	800		300
495	Bad Debt Reserve	(1,502)	(1,400)	(1,600)		(1,200) -25.0%
	Total Reserve Income	<u>73,000</u>	<u>76,077</u>	<u>76,292</u>		<u>78,496</u> 2.9%
Reserve/Capital Expenses						
9000	Capital-Buildings/Light Fixt	19,386	1,340	0		5,000 0.0%
9100	Capital-Fences	6,207	7,200	6,500		6,638 2.1%
9400	Capital-Roofing	27,302	22,476	22,000		0 -100.0%
9500	Capital-Asphalt/Parking	200	5,052	3,000		2,000 -33.3%
9610	Capital-Reserve Study	0	0	2,600		0 -100.0%
9630	Capital-Pool	8,367	3,123	3,400		2,800 -17.6%
9650	Capital-Community Bldg	0	0	0		13,419 0.0%
9700	Capital-Concrete	3,245	7,400	9,455		10,450 10.5%
9800	Capital-Drainage/Catch Basins	27,203	5,000	25,000		20,000 -20.0%
	Total Reserve/Capital Expenses	\$91,910	\$51,591	\$71,955	2	\$60,307 -16.2%
	Net Reserve Profit/Loss	(\$18,910)	\$24,486	\$4,337		\$18,189
	Reserve Fund Balance	<u>\$43,229</u>	<u>\$67,715</u>	<u>\$47,566</u>	3	<u>\$85,904</u>

1 Reserve Assessment is set to meet reserve funding needs based on report by Reserve Advisors (updated March 2012)

2 See Reserve Advisors Report and Notes for details on capital expenditures

3 The estimated Fund Balance at 2012 Year End is \$67,715. The increase is the result of delaying the 6642-6652 Offshore drainage project until 2020 when the asphalt is replaced

Parkwood Village Thirty Year Recommended

Reserve Funding Table and Graph

Assumptions: Operating & Reserve Expenses increase by 2.0% and Return on Investment 1.25% per year.

Year	1.008%		PVHA Budgeted Reserve		Reserve Advisors Projected Balance	Year	1.008%		PVHA Budgeted Reserve		Reserve Advisors Projected Balance
	Units*	Units*	Balance	Balance			Units*	Units*	Balance	Balance	
2011	234	245	43,229		22,314	2027	330	347	622,617		666,399
2012	246	258	67,715		18,418	2028	337	354	603,739		648,014
2013	250	262	85,904		76,699	2029	344	361	575,792		620,097
2014	255	267	143,096		136,325	2030	351	368	250,976		270,878
2015	260	272	190,568		184,597	2031	358	375	227,637		244,903
2016	265	278	227,184		224,470	2032	365	383	242,723		290,740
2017	270	284	269,853		270,540	2033	373	391	338,502		408,722
2018	276	289	335,165		341,604	2034	380	399	436,696		507,553
2019	282	295	376,846		286,702	2035	388	407	561,184		641,857
2020	287	301	336,788		357,987	2036	396	415	672,020		764,479
2021	293	307	320,675		345,923	2037	404	423	462,995		537,980
2022	299	313	320,784		348,787	2038	412	432	278,661		327,069
2023	305	320	379,420		407,656	2039	420	441	53,854		87,574
2024	311	326	442,055		471,719	2040	429	450	51,918		37,851
2025	318	333	543,564		579,441	2041	438	459	54,391		25,876
2026	324	340	633,128		677,907	2042	446	468	68,455		23,379

*As identified on Exhibit E of the PVHA Declaration

