

**Parkwood Village Homeowner's Association (PVHA)
Approved 2021 Budget**

Introduction

The 2021 Budget was approved at the PVHA Annual Business Meeting on November 12, 2020. It 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 Zoom Budget Hearing was held on Monday, October 26. This was an informational meeting which provided homeowners the opportunity to discuss and ask questions about the proposed budget.

Total 2021 Assessment Amounts

The Budget includes a \$4.00 (1.4%) increase in the assessment for 2021.

The monthly assessments will increase from \$280.00 to **\$284.00** for units identified as paying 1.008% of the budget amount* and from \$293.00 to **\$297.00** for units identified as paying 1.057% of the budget amount.* **This increase goes into effect on January 1, 2021.**

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

The increase for 2021 (1.4%) is well under the average rate of inflation over the past ten years (2.2%). This marks the seventh year in a row that the increase was kept below the average rate of inflation.

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 2021 Assessments is \$4.00 (1.4%) per month.** This is the result of a \$2.00 increase in both the Operating and Reserve portions of the Assessment.
- Operating expenses are projected to increase by **\$5,024 (2.2%)** in 2021. This is mainly due to a **\$2,700 (5.2%)** increases for grounds care and snow removal and a **\$1,900 (4.3%)** increase in the budget for water utilities. Of note: there is no increase in the second year (2022) of the grounds & snow removal contract.
- Where possible some budget line items were reduced (highlighted green on Page 1).
- The Board decided to set the increase in the Operating portion of the assessment to **\$2.00/month** generating an additional **\$2,304 in 2021. This does not cover the budgeted increase in expenses and results in a \$1,402 net loss in the Operating Fund.** The Board wanted a lower increase next year to provide some relief during this pandemic stricken economic times. The deficit would then be made up in 2022 when there will be no increase in the grounds and snow removal expenses.
- **Operating income is projected to exceed operating expenses by \$11,102 this year.** This is mainly the result of not opening the pool during the COVID-19 pandemic. This would

increase the **Operating Fund Balance** to **\$51,220** at 2020 year end.

The goal for the Operating Fund Balance is two months income plus \$5,000 to cover the payment of one insurance deductible (\$44,757).

- The 2021 Budget includes a transfer of \$9,000 from the Operating Fund to the Reserve Fund to help shore up the **Reserve Fund** which is projected to drop to a **\$46,043** balance at 2020 year end.
- The Water & Sewer utility is the largest single line item in the PVHA Budget (**\$48,510**) and accounts for **20% (\$42)** of the monthly operating assessment.
- Reserve Expenditures are projected to total **\$179,835** which would reduce the Reserve Fund Balance to **\$46,043** at 2020 year end. Major projects included completion of the asphalt replacement (\$79,800) and the installation of 25 resistance piers (\$51,750) to stabilize actively settling homes.
- Reserve Expenditures of **\$49,267** are proposed for 2021.
see Budget footnotes for project details
- In order to meet long range funding needs the Reserve Assessment is projected to increase by **\$3.00/month (3.5%)** from 2022-2025 and then by \$1.50 each year from 2026-2049. The chart at the bottom of page 4 shows the projected thirty-year Reserve Fund Balance for 2021-2049. The chart is based on this funding plan and expected future expenditures.

Reserve/Capital Improvements and Funding

This year will see an expenditure of \$66,700 for stabilization of active settling at six units and the repair of damage to brickwork caused by settling. The major challenges going forward will be funding the stabilization of foundations at Type 2 Units and rebuilding the Reserves so that sufficient funds are available to cover re-shingling which is expected to start in 2027. The total projected cost for re-shingling all 96 homes is \$460,000.

Looking to the future there are no specific pier installations set for 2021. From contact with Homeowners, possible candidates are 144, 146 and 216. There is \$15,000 to \$18,000 allocated for stabilization work each year from 2021-2030 and \$19,000 every three years from 2033-2049. **This represents a total of \$303,000 allocated to stabilization work from 2021 to 2049. This is an additional amount to be funded by Reserve Assessments which were not included in earlier reports by Reserve Advisors.**

The Capital Budget is presented on page 3. Major projects scheduled for 2021 include:

Description	Amount
Buildings – Masonry/Foundations – <ul style="list-style-type: none"> • Install 6 foundation resistance piers at locations to be determined \$15,000. • Repair/painting of 5 balconies \$2,805 • Minor tuckpointing \$800 and one pair of garage louvres \$625 	\$19,233
Fences – Stain and repair fences 2021-22 to extend their life and increase curb appeal. Fence replacement will then occur from 2028-2036.	\$11,933

Description	Amount
<ul style="list-style-type: none"> • 2021 and 2022 stain 23 fences each year. \$9,136 per year • 2021 – make repair and replace rotted posts based on inspection of all fences \$2,800 • 2028-2030 replace 32 fences. • 2034-2036 replace 32 fences. 	
<p>Swimming Pool – Replace circulating pump & strainer basket. \$4,000 Caulk joints in concrete pool deck. \$2,100 <i>The pool furniture will be replaced in 2022</i></p>	\$6,100
<p>Concrete - Sidewalk and porch replacement. Allowance for replacing sidewalk sections that are found to hold water/ice during the winter months.</p>	\$4,100
<p>Water/Sewer – Underground Mains – Allowance for checking operation of underground water main shut off valves.</p>	\$5,100

Reserve Advisors (RA) completed a full inspection of the property and update of PVHA's reserve report on April 9, 2016. The reserve report is currently being updated. 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 current thirty-year plan recognizes threshold funding in 2030 (shingle replacement), and in 2042 (replacement of siding and asphalt). This can be seen by the orange shaded figures at the top or page 4.

The Reserve Funding Plan assumes a 0.90% annual rate of return on invested reserves and a 2.0% future Inflation Rate for estimating Future Replacement Costs.

For 2021 the Board is holding the Reserve Assessment increase to \$2.00 (2.4%) per month. Then to rebuild the fund for re-shingling the Reserve Assessment will increase by \$3.00 (3.5%) each year from 2022-2025 for a total increase of \$12 in the monthly reserve assessment. From 2026-2049 the assessment will increase by \$1.50/month/year (1.5%).

The top of page 4 shows actual and budgeted PVHA Reserve Balances for 2019 - 2050 as well as the projected balances from the RA Report for 2019-2046. The complete Reserve Advisors Report is available by request via email to Mary@coalmorton.com.

Parkwood Village Homeowners Association, Inc.
2021 Operating Budget

	2019 Actual	2020 Estimated	2020 Budget	Foot Note	2021 Budget	% Change from '20
Operating Income						
4000 Monthly Assessment	232,744	235,084	235,084	1	237,388	1.0%
4100 Late Fee	720	350	300		300	0.0%
4150 Bad Debt Operating	(202)	(605)	(1,224)	2	(1,236)	1.0%
4200 Miscellaneous Income	380	270	300		300	0.0%
4300 Directory Ad Income	0	50	50		50	0.0%
Total Operating Income	233,642	235,149	234,510		236,802	1.0%
Operating Expenses						
Administrative Expenses						
5000 Monthly Management Fee	20,131	20,563	20,563		20,851	1.4%
5200 Accounting Expense	160	180	150		150	0.0%
5400 Insurance Expense	20,006	19,800	21,668	3	22,176	2.3%
5500 Legal Fees	2,340	4,100	2,500	4	2,000	-20.0%
5600 Banking Fees & Supplies	258	265	200		200	0.0%
5700 Postage, Copies, Directory	590	600	500		600	20.0%
5800 Meeting Expense	504	255	175		250	42.9%
5950 Other Expenses	16,602	3,900	3,000	5	2,000	-33.3%
Total Administrative Expenses	60,591	49,663	48,756		48,227	-1.1%
Utilities Expense						
6300 Unit Security Lights	992	985	985		985	0.0%
6400 Water & Sewer	41,066	46,200	46,532	6	\$48,510	4.3%
Total Utilities Expenses	42,058	47,185	47,517		49,495	4.2%
Repairs & Maintenance Expenses						
6500 Repairs & Maintenance-General	17,635	18,000	18,000	7	18,000	0.0%
6600 Gutter Repair & Maintenance	4,365	3,900	3,900	7	3,900	0.0%
6800 Light Bulbs, Fixtures & Repairs	2,722	2,600	2,600	7	2,600	0.0%
6900 Maintenance Supplies	1,813	1,900	2,000		2,000	0.0%
Total Repairs & Maintenance	26,535	26,400	26,500		26,500	0.0%

- 1 **Proposed \$2.00 (1.5%) increase in the 2021 Operating Assessment.**
- 2 Bad debt loss is based on **6 months** lost income.
- 3 Insurance - **12% increase from current** premium based on initial information from M3 Insurance
- 4 Legal fees - reduced to \$2,000 with completion of Amended Declaratoin
- 5 Other Expenses - \$2,000 covers common area plumbing contractors, unexpected expenses, partial insurance deduct...
less by \$1,000 as 2020 included the purchase of sec camera system for the community building
- 6 2021 based on est 2020 + **5% for a possible rate increase (plus \$1,978 - \$1.70/mo/home)**
- 7 Based on 2019-'20 (+100). 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

	2019	2020	2020	Foot	2021	% Change
	Actual	Estimated	Budget	Note	Budget	from 20
7000 Landscape Non-Contract	8,624	7,800	7,900	1	7,900	0.0%
7100 Landscape Contract	13,951	14,700	14,700	2	15,400	4.8%
Total Lawn Care	22,575	22,500	22,600		23,300	3.1%
Snow Care Expenses						
7300 Snow Plowing Contract	9,085	6,665	10,000	3	10,500	5.0%
7400 Snow Shoveling Contract	8,929	6,125	4,600	3	4,100	-10.9%
7500 Non-Contracted Snow Removal	5,480	3,288	4,000	4	5,900	47.5%
7600 Ice Dam Removal	2,958	1,281	1,800		1,800	0.0%
7610 Salt & De-Icer	20,976	14,649	14,000	3	14,100	0.7%
Total Snow Care	47,428	32,008	34,400	3	36,400	5.8%
Other Grounds Care						
7710 Tree Care, Removal/Replace	8,307	8,000	8,000	5	8,000	0.0%
7720 Shrub Care, Removal/Replace	4,902	5,100	4,900	6	4,900	0.0%
7800 Gutter Cleaning	3,447	2,900	2,900	7	2,900	0.0%
7900 Pest Control	2,852	2,900	2,900	8	2,900	0.0%
7910 Trash Removal	16,644	17,252	16,718	9	17,592	5.2%
Total Other Grounds Care	36,152	36,152	35,418		36,292	2.5%
Pool & Community Room Expenses						
8000 Pool Maint & Repairs	9,857	7,100	9,400	10	9,400	0.0%
8100 Pool Chemicals	1,950	500	1,600	10	1,600	0.0%
8110 Pool Supplies-Equipment	752	0	650		650	0.0%
8200 Pool Licenses & Fines	699	0	699		699	0.0%
8400 Pool -Telephone	153	40	240		240	0.0%
8600 Pool/Community Rm. - Utilities	4,058	1,500	4,400	10	4,400	0.0%
8700 Community Rm. Repairs/Events	1,175	1,000	1,000	11	1,000	0.0%
Total Pool & Community Room	18,644	10,140	17,989		17,989	0.0%
Total Operating Expense	253,983	224,048	233,180	12	238,203	2.2%
Net Operating Income/(Loss)	(20,341)	\$11,102	1,330	13	(1,402)	
Transfer (To)/From Reserves	0	(9,000)	0		0	
Operating Fund Balance	\$40,118	\$42,220	\$44,097	13	\$40,819	

- 1 Labor+mat. for seeding, weeding, & mulching. Edge & apply 20 yds of mulch in 2021.
- 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). **Plus \$200 for 2021**. No increase in 2022
- 4 **Increases by \$1,900** as shoveling of individual walks is not included in snow removal contract.
- 5 \$3,000 removal & repl 1 ash tree & 2 flwr crab trees, \$5,000 for pruning (\$4,000 contract/\$1,000 small trees)
- 6 \$3,700 for annual pruning plus \$1,200 to remove and replace 10-12 shrubs/perennials per year
- 7 Based on 2019-'20 gutter cleaning. Should gradually decrease with gutter guard installations
- 8 2021 based on monthly contract with Professional Pest Control + \$300 xtra for CM trapping animals/other
- 9 Budget based on 3 yr. Waste Mangt contract (+3%/yr). +\$400 to correct amount for 30 yd dumpster.
- 10 Based on 2019-'20 expenses. Includes daily checks, weekly cleaning, repair of valves, boiler & mechanicals, and \$650 to winterize the pool. **Budgeted for a 15 week season (1 wk past Labor Day)**
- 11 Based on 2019-'20 exp. For furnace inspection, cleaning, and minor community room repairs.
- 12 Increase/(Decrease) from 2021 **\$5,024 2.2%**

Goal for Operating Fund is two months income + \$5,000 for one insurance deductible: \$44,565
 13 Budgeted 2021 net operating income/(loss) **(\$1,402)** will reduce the Operating Fund to: **\$40,819**

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

		2019 Actual	2020 Estimated	2020 Budget	Foot Note	2021 Budget	% Change from '20
Reserve Income							
4500	Reserve Assessments	94,352	97,828	97,828	1	100,132	2.4%
4600	Reserve Account Interest	853	575	500		500	
495	Bad Debt Reserve	(86)	(259)	(510)		(522)	2.3%
	Total Reserve Income	<u>95,119</u>	<u>98,144</u>	<u>97,818</u>		<u>100,110</u>	2.3%
Reserve/Capital Expenses							
9000	Buildings-Masonry/Foundations	27,360	66,700	56,625	2	19,230	
9100	Fence Replacement	17,228	18,500	14,533	3	11,936	
9200	Common- Fence/Timber Wall	0	0	0		0	
9400	Roofing Replacement	0	0	0		0	
9500	Asphalt - Replace/Maintain	93,364	79,800	79,800		0	
9620	Community Room - Capital	1,336	0	0		0	
9630	Swimming Pool - Mechanicals	0	0	1,275	4	6,100	
9700	Concrete Replacement	32,820	11,400	10,100	5	4,100	
97500	Water/Sewer - UG Mains	0	0	0	6	5,100	
9800	Drainage/Catch Basins	22,424	0	0		0	
9850	Reserve Study Update	0	3,200	2,900		0	
9900	Income Tax	223	235	200		200	
	Total Reserve/Capital Expense:	<u>\$194,755</u>	<u>\$179,835</u>	<u>\$165,433</u>		<u>\$46,666</u>	
	Net Reserve Income/(Loss)	(<u>\$99,636</u>)	(<u>\$81,691</u>)	(<u>\$67,615</u>)		\$53,444	
	Transfer To/(From) Reserves	<u>0</u>	<u>9,000</u>	<u>0</u>	7	<u>0</u>	
	Reserve Fund Balance	<u>\$127,734</u>	<u>\$55,043</u>	<u>\$60,670</u>	8	<u>\$108,487</u>	

1 Reserve Assessment is set to meet long range funding needs based on a 30 year long range budget.

Increase is 2.4% (\$2.00) for 2021; \$3.00/yr from 2022-2025 and \$1.50/yr from 2026-2049.

2 6 foundation piers to stabilize active settling (\$2,500/pier) plus minor tuckpointing

3 Based on inspection - stain 23 fences each in 2021 and 2022, plus allowance for rotted post repl.

Was only able to paint 12 fences in 2020 (have airless sprayer now. Reduces time to 6 hrs/fence)

4 Replace pool furniture, circ pump & strainer in 2021. Caulk joints in concrete pool deck.

5 For sidewalks & porches. Small allowance for 2021.

6 For checking operation of exterior underground shut off valves.

7 Based on projected low Reserve Fund Balance (\$46,000), transfer \$10,000 from Operating to Reserves

7 Projected Fund Balance at 2020 Year End: **\$55,043** (Includes \$9,000 transfer.)

8 Projected Fund Balance at 2021 Year End: **\$108,487**

Monthly Assessments would increase by \$4/month (1.4%) for 2021 (+\$2 Operating +\$2 Reserves).

Assesments would go from \$280 to \$284 and from \$293 to \$297 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 0.9% 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
2019	94	195	128	252		2035	132	62	542	584
2020	98	180	55	229		2036	134	57	623	440
2021	100	47	108	243		2037	136	282	482	130
2022	104	40	172	335		2038	138	282	342	161
2023	107	35	246	393		2039	140	326	159	77
2024	111	39	318	495		2040	142	153	149	133
2025	114	61	373	623		2041	145	144	150	206
2026	116	24	467	631		2042	147	169	128	314
2027	117	109	479	360		2043	149	80	198	383
2028	119	148	454	314		2044	151	21	329	499
2029	121	155	424	289		2045	153	64	421	571
2030	123	406	143	309		2046	156		580	675
2031	125	99	170	294		2047	158	8	734	--
2032	126	12	285	447		2048	160	53	847	--
2033	128	40	375	600		2049	163	37	980	--
2034	130	40	468	765		2050	165	22	1132	--

2019-2020 - Asphalt, walks & piers - \$374,590
 2027-2031 - Replace shingles - \$659,995
 2030 - Rebuild Pool - \$255,989

2037-2039 - Replace siding - \$889,695
 2040-2042 - Replace asphalt - \$465,899

**Reserve assessment does not include interest income*

