

**Parkwood Village Homeowner's Association (PVHA)
Approved 2023 Budget**

Introduction

The 2023 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 Zoom Budget Hearing was held on Monday, October 24. This was an informational meeting where Homeowners discussed and asked questions about the budget.

The 2023 Budget was approved at Parkwood's Annual Business Meeting on Thursday, November 10, 2022.

Total 2023 Assessment Amounts

This Budget includes a 3.7% increase in the assessment for 2023.

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

- \$295.00 to **\$306.00 (+\$11)**
*for units identified as paying 1.008% of the budget amount**
- \$309.00 to **\$320.00 (+\$11)**
*for units identified as paying 1.057% of the budget amount**

This increase goes into effect on January 1, 2023.

**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 a Special Meeting of all PVHA Homeowners on August 15, 2022.

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 2023 Operating Assessment is \$8,064 (3.3%).
This is an average of \$7 per month per unit.**
- Operating expenses are projected to increase by **\$12,368 (5.0%)** in 2023. Setting the budgeted income lower than the budgeted expenses results in a budgeted deficit of **\$4,868** (see Page 2). This deficit is being covered by the projected net income of \$5,857 in 2022.
- A large portion of the budget increase (**\$7,500**) is in plowing and snow removal. A request for grounds and snow removal proposals was sent out to nine contractors. Only two complete proposals were received. Most contractors cited a lack of labor for snow shovellers as the reason for declining to submit a proposal. At their September

meeting the Board awarded the three-year contract for grounds & snow removal to the current provider, Property Services of Madison. There is no price increase in the contract for 2024 or 2025.

Of note: The competing quote from Boley Landscape Services would have resulted in a \$16,500 increase in grounds and snow removal expenses for 2023.

- Other contributors to 2023 budget increases are:
 - a. Expected increase in Property & Liability Insurance **\$4,100**
 - b. Converting the turf border in the parking area north of 2 Grand Canyon to a “No Mow” area **\$1,000**
 - c. 3% increase in trash/recycling contract plus a 30 yd dumpster **\$550**
 - d. Increase in the cost of chemicals for the pool **\$600**
- The Water & Sewer utility remains the largest single line item in the PVHA Budget **(\$50,433)** and accounts for **20% (\$44)** 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 funding plan and projected expenditures in this budget are based largely on the Reserve Advisors report. 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, but not excessive level, during one or more years of significant expenditures. The current thirty-year plan recognizes critical funding thresholds in 2030 and 2041. This can be seen by the orange shaded figures 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 and actual 2021 and projected 2022 reserve income and expenses. The 2023 Reserve income and expenditures are presented on page 3.

The Reserve Funding Plan assumes a **1.50%** (increased from 0.5%) 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 \$4.25 (down from \$4.75) increase in the monthly Reserve Assessment each year from 2023 to 2041. The Reserve Fund Balance from 2021 through 2051 is depicted in the graph at the bottom of budget Page 4.

2023 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.
2023 Operating Budget**

	2021 Actual	2022 Estimated	2022 Budget	Foot Note	2023 Budget	% Change from '22
Operating Income						
4000 Monthly Assessment	237,332	245,452	245,452	1	253,516	3.3%
4100 Late Fee	582	250	600		600	0.0%
4150 Bad Debt Operating	(211)	(211)	(1,278)	2	(1,320)	3.3%
4200 Miscellaneous Income	311	325	300		300	0.0%
4300 Insurance Income	6,488	0	0		0	0.0%
Total Operating Income	244,502	245,816	245,074		253,096	3.3%
Operating Expenses						
Administrative Expenses						
5000 Monthly Management Fee	20,827	21,082	21,082		21,427	1.6%
5200 Accounting Expense	140	150	150		150	0.0%
5400 Insurance Expense	22,890	28,157	25,178	3	29,284	16.3%
5500 Legal Fees	2,041	860	2,000	4	1,000	-50.0%
5600 Banking Fees & Supplies	307	269	200		270	35.0%
5700 Postage, Copies, Directory	407	400	600		400	-33.3%
5800 Meeting Expense	499	250	250		250	0.0%
5950 Other Expenses	2,211	2,150	2,000	5	2,000	0.0%
Total Administrative Expenses	49,322	53,318	51,460		54,781	6.5%
Utilities Expense						
6300 Unit Security Lights	978	988	985		985	0.0%
6400 Water & Sewer	48,587	48,964	50,000	6	\$50,433	0.9%
Total Utilities Expenses	49,565	49,952	50,985		51,418	0.8%
Repairs & Maintenance Expenses						
6500 Repairs & Maintenance-General	17,788	18,000	18,000	7	18,000	0.0%
6600 Gutter Repair & Maintenance	3,311	3,200	3,900	7	3,300	-15.4%
6800 Light Bulbs, Fixtures & Repairs	2,391	2,900	2,600	7	2,600	0.0%
6900 Maintenance Supplies	1,947	1,900	2,000		2,000	0.0%
Total Repairs & Maintenance	25,437	26,000	26,500		25,900	-2.3%

- 1 **Proposed \$7.00 (3.3%) increase in the 2023 Operating Assessment.**
- 2 Bad debt loss is based on **6 months** lost income.
- 3 Insurance **+4% from current** premium based on initial information from M3 Insurance **(+\$4,100)**
- 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 2023 based on est 2022 + **rate increase information from City Water & Engineering (+\$433)**
- 7 Based on 2021-'22. 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 **large tree removal and g-gds are reducant gutter cleaning expenses(\$600)**

	2021	2022	2022	Foot	2023	% Change	
	Actual	Estimated	Budget	Note	Budget	from '22	
Lawn Care Expense							
7000	Landscape Non-Contract	7,995	7,900	7,900	1	8,900	12.7%
7100	Landscape Contract	13,851	14,800	15,400	2	15,400	0.0%
	Total Lawn Care	21,846	22,700	23,300		24,300	4.3%
Snow Care Expenses							
7300	Snow Plowing Contract	7,558	5,930	10,500	3	14,500	38.1%
7400	Snow Shoveling Contract	4,586	4,800	4,100	3	9,500	131.7%
7500	Non-Contracted Snow Removal	8,141	5,600	6,500	4	3,500	-46.2%
7600	Ice Dam Removal	1,827	1,100	1,800		1,800	0.0%
7610	Salt & De-Icer	13,124	14,500	14,100	3	15,200	7.8%
	Total Snow Care	35,236	31,930	37,000	3	44,500	20.3%
Other Grounds Care							
7710	Tree Care, Removal/Replace	12,781	8,300	8,000	5	8,000	0.0%
7720	Shrub Care, Removal/Replace	4,969	4,700	5,000	6	5,000	0.0%
7800	Gutter Cleaning	2,616	2,600	2,900		2,700	-6.9%
7900	Pest Control	3,285	2,900	2,900	7	2,900	0.0%
7910	Trash Removal	17,901	18,520	18,520	8	19,076	3.0%
	Total Other Grounds Care	41,552	37,020	37,320		37,676	1.0%
Pool & Community Room Expenses							
8000	Pool Maint & Repairs	9,482	9,400	9,700		9,500	-2.1%
8100	Pool Chemicals	2,162	2,950	2,300	9	2,900	26.1%
8110	Pool Supplies-Equipment	646	450	650		650	0.0%
8200	Pool Licenses & Fines	1,247	699	740		700	-5.4%
8400	Pool -Telephone	255	240	240		240	0.0%
8600	Pool/Community Rm. - Utilities	3,557	4,400	4,400	10	4,400	0.0%
8700	Community Rm. Repairs/Events	814	900	1,000	10	1,000	0.0%
	Total Pool & Community Room	18,163	19,039	19,030		19,390	1.9%
	Total Operating Expense	241,121	239,959	245,595	11	257,964	5.0%
	Net Operating Income/(Loss)	3,381	\$5,857	(522)	12	(4,868)	
	Transfer (To)/From Reserves	0	0	0		0	
	Operating Fund Balance	\$46,022	\$51,879	\$44,097	12	\$47,011	

- 1 Lbr+mat. For weeding & seeding; edge & apply 20 yd mulch; **Plus \$1,000 for "No Mow" area**
- 2 2022-2025 Grounds Contract. **No increase for 2024 of 2025.**
- 3 2022-2025 Snow Removal Contract (7300, 7400 & 7610). **No increase in 2024 or 2025**
- 4 Decreases as individual walk shoveling (if >0.5" snow) is included in Grounds/Snow contract
- 5 For removal of one large tree and maintenance pruning of all large trees
- 6 \$3,700 for annual pruning plus \$1,300 to remove and replace 6-8 shrubs/perennials per year
- 7 2023 based on monthly contract with Professional Pest Control + \$300 xtra for CM treated bees/other
- 8 Budget based on Waste Mangt contract (+3%/yr). **+\$950 for 30 yd dumpster.**
- 9 For opening/closing, daily checks, any parts/repair of mechanicals. 2023 Budget based on 16 weeks. 16 week season allows for 2 weeks past Labor Day). **Pool Chems budget increased by \$600**
- 10 Based on 2021-'22 exp. For furnace inspection, cleaning, and minor community room repairs.
- 11 Increase/(Decrease) from 2022 **\$12,368 5.0%**

12 **Goal for Operating Fund is two months income + \$5,000 for one insurance deductible: \$47,253**
Budgeted 2022 net operating income/(loss) (\$4,868) will reduce Operating Fund to: \$47,011

**Parkwood Village Homeowners Association, Inc.
2023 Capital/Reserve Budget**

		2021 Actual	2022 Estimated	2022 Budget	Foot Note	2023 Budget	% Change from '22
Reserve Income							
4500	Reserve Assessments	100,132	100,132	105,604	1	110,500	4.6%
4600	Reserve Account Interest	108	575	657	2	2,783	
495	Bad Debt Reserve	(86)	(211)	(550)		(576)	4.6%
	Total Reserve Income	<u>100,154</u>	<u>100,496</u>	<u>105,711</u>		<u>112,707</u>	6.6%
Reserve/Capital Expenses							
1.000	Ext. Building Elements	18,340	36,600	47,650	3	28,902	
4.000	Property Site Elements	7,318	14,040	13,202	4	20,750	
5.000	Community Bldg. Elements	0	0	0		0	
6.000	Pool Elements	5,058	2,025	2,913		0	
7.000	Income Tax	143	2	167		805	
	Total Reserve/Capital Expense:	<u>\$30,859</u>	<u>\$52,667</u>	<u>\$63,932</u>		<u>\$50,457</u>	
	Net Reserve Income/(Loss)	<u>\$69,295</u>	<u>\$47,829</u>	<u>\$41,779</u>		<u>\$62,251</u>	
	Transfer To/(From) Reserves	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>	
	Reserve Fund Balance	<u>\$117,217</u>	<u>\$165,046</u>	<u>\$144,735</u>	5	<u>\$227,297</u>	

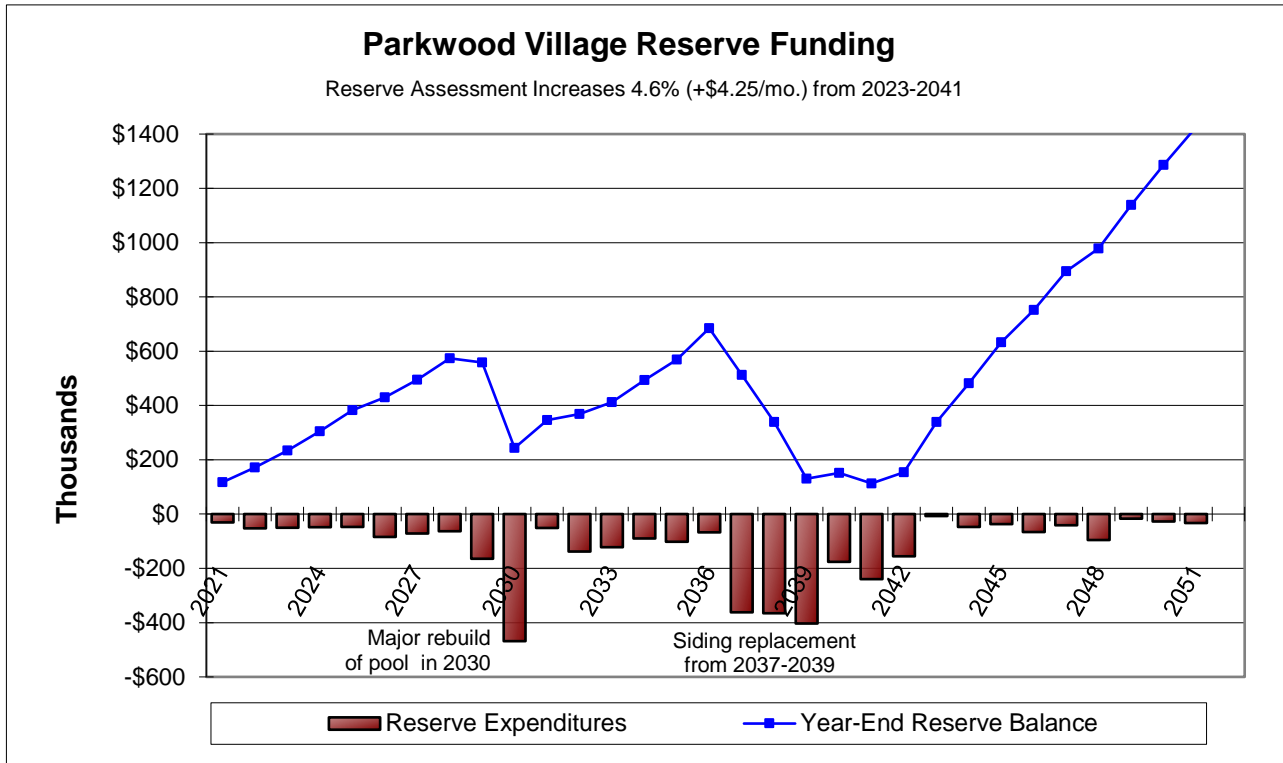
- 1 Reserve Assessment is set to meet long range funding needs based on a 30 year long range budget. **Incr reduced from \$4.75 to \$4.25/mo/yr) for 2023-2041 and then decr by \$4/mo/yr.**
- 2 **Ext. Building Elements** - repair/paint 3 balcony rails \$3,900; Allowance for 6 foundation piers \$15,000; allowance for found crack repair or other work related to settling \$10,000
- 3 **Property Site Elements** - post/fence sect repl \$5,500; paint 7-8 fences \$3,200; replace approx. 18 walk sect \$4,950; allow to repair ext water main valves \$1,500; remove timbers/plant bed bed west side 132 GC \$1,500; asphalt crack sealing \$4,400
- 5 Projected Fund Balance at 2022 Year End: **\$165,046**
- 5 Projected Fund Balance at **2023 Year End:** **\$227,297**

Parkwood Village Thirty Year Recommended Reserve Funding Table and Graph

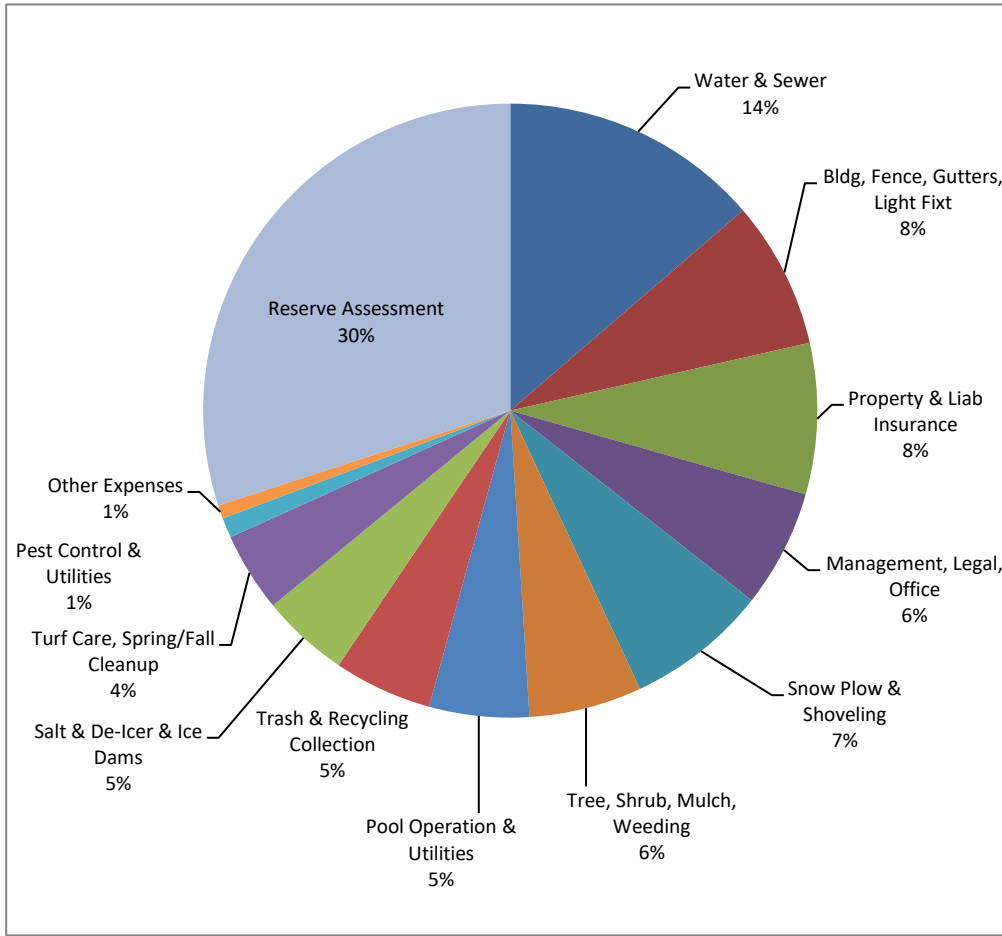
Assumptions: A long term inflation rate of 2.0% and interest on investments of 1.5% per year.
All amounts in the table are in thousands (\$)

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
2021	100	31	118	147		2037	179	362	513	218
2022	106	53	171	165		2038	184	365	339	143
2023	110	50	234	253		2039	189	403	131	87
2024	115	48	304	341		2040	194	176	151	61
2025	120	47	382	454		2041	199	240	113	166
2026	125	84	429	596		2042	194	156	154	290
2027	130	72	495	702		2043	189	7	339	442
2028	135	63	574	492		2044	185	48	482	564
2029	140	165	559	493		2045	180	37	633	707
2030	145	468	244	514		2046	176	66	752	813
2031	150	51	347	643		2047	171	41	894	957
2032	155	138	369	692		2048	166	96	979	992
2033	159	122	412	474		2049	162	17	1139	1,156
2034	164	90	493	281		2050	157	27	1286	1,317
2035	169	102	569	57		2051	153	33	1426	
2036	174	67	685	117						

<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
2023 Assessment Breakdown**



Category	Annual	Monthly	%
Water & Sewer	50,433	\$44	14%
Bldg, Fence, Gutters, Light	28,600	\$25	8%
Property & Liab Insurance	29,284	\$25	8%
Management, Legal, Office	22,847	\$20	6%
Snow Plow & Shoveling	27,500	\$24	7%
Tree, Shrub, Mulch, Weedir	21,900	\$19	6%
Pool Operation & Utilities	19,390	\$17	5%
Trash & Recycling Collectio	19,076	\$17	5%
Salt & De-Icer & Ice Dams	17,000	\$15	5%
Turf Care, Spring/Fall Clear	15,400	\$13	4%
Pest Control & Utilities	3,885	\$3	1%
Other Expenses	2,650	\$2	1%
Reserve Assessment	110,500	\$96	30%