

Summit Park HOA Operating Budget, Expenses, and Finances

Operating Budget and Expenses cover day-to-day operation, upkeep and repairs, and electricity, water/sewer/trash, fire suppression system, landscaping, snow removal, insurance, HOAMCO property management, etc.

Account Balances (as of 9/30/18): Total operating accounts: \$98,971

- Checking and money market accounts: \$40,797
- “Rainy day” account: \$58,175

2018 Expected Operating Income: \$229,424 (primarily from operating assessments plus some interest and fees) as originally budgeted, plus an additional \$24,000 transferred from reserve assessments (see below) to maintain sufficient cash flow

As of the end of September, we had spent \$181,241. That is about \$3,000 more than our originally budgeted income as of the end of September, and around \$14,000 more in expenditures than had been budgeted for this time period. Several items that cost more than originally budgeted include:

- Painting - Board approved \$8,000 additional work this year to catch up in painting rotation
- Cleaning – new vendor this year that wasn’t in budget, around \$7,000
- \$5,000 insurance deductible (for hail damage/roof claim)

We estimate that by the end of 2018 we will spend \$248,000. That is around \$19,000 more than our originally budgeted 2018 income, and \$26,000 more in expenditures than had been budgeted for the year.

To close the gap between income and expenses, the Board had to find additional monies to pay the bills. We moved \$15,000 from the “rainy day” account into the checking account. And we decided to retain in the operating account the monthly assessments that would normally be transferred to the reserve account for the last four months of 2018 to give us an extra \$6,000 per month, or \$24,000 total. Consequently, we are estimated to end the year in the black instead of far into the red.

The 2017 and 2016 operating expenses, respectively, were \$26,000 and \$42,000 more than the income in those years due to extra maintenance, snow removal, and other necessary projects.

For the 2019 Budget (included in your packet) that the Board approved, we aimed to have the budgeted expenses more accurately reflect our actual expenses. It is not fiscally sustainable or responsible to keep borrowing from the reserve account or the “rainy day” fund to meet regular operating expenses. The 2019 budget is based on our actual expenses over the past four years, plus known and projected rate increases and maintenance tasks. Not only are costs rising, but repairs will increasingly be needed given our aging infrastructure. Accordingly, the 2019 budget increases both the projected expenses and the income needed to cover them.

The approved monthly 2019 assessments, therefore are:

- Condo unit = \$149 (at \$143 since 2015)
- Garage = \$20 (same since 2012)
- Storage = \$10 (same since 2012)

Summit Park Approved 2019 Operating Budget			
			2019
OPERATING EXPENSES		OPERATING INCOME:	budget
5100 - ACCOUNTING/TAX PREP FEES	700	4100 - ASSESSMENT	221712
5200 - BAD DEBT	2500	4105 - GARAGE ASSESSMENT	9600
5250 - BANK FEE	50	4110 - STORAGE ASSESSMENT	4440
5400 - INSURANCE	26600	4330 - LATE FEES	250
5405 - INSURANCE DEDUCTIBLE	5000	4350 - LIEN/COLLECTION FEES	750
5500 - LEGAL FEES	1000	4600 - INTEREST INCOME	150
5530 - LIEN/COLLECTION COSTS	750	4740 - TENANT UTILITIES	750
5600 - MANAGEMENT FEES	19669	4800 - VIOLATION FINES	0
5650 - MEETINGS	100	TOTAL OPERATING INCOME	237652
5810 - POSTAGE	700		
5820 - PRINTING	2000	Operating Income > Expenses	4173
5860 - SOCIAL COMMITTEE	450		
5900 - WEBSITE	300		
6050 - BACK FLOW TESTING	4000	2019 Monthly Operating Assessments:	
6070 - FIRE PROTECTION	5000	condo unit - \$149	
6075 - FIRE SPRINKLER MAINTENANCE	6000	garage unit - \$20	
6160 - GROUNDS TRASH, SIDEWALKS ETC	1000	storage unit - \$10	
6200 - JANITORIAL/CLEANING	6000		
6300 - LANDSCAPE MAINTENANCE	16000		
6330 - LANDSCAPE - OTHER	3000	2019 Assessments	
6500 - REPAIRS & MAINTENANCE	2000	Condo Operating + Reserve	\$203
6510 - R & M - BUILDING	5000	Condo + garage	\$223
6520 - R & M - GUTTERS	3000	Condo + storage	\$213
6530 - R&M: IRRIGATION	1500	Condo + garage + storage	\$233
6550 - R & M - LIGHTING	1000		
6565 - R & M: PAINTING	1000		
6570 - R & M - PLUMBING	2000		
6575 - R & M - SIGNAGE	1000		
6578 - R & M - STAIRWAYS	1000		
6580 - R & M - STREETS	900		
6600 - SNOW REMOVAL	25000		
6680 - SUPPLIES	750		
6750 - TOWING	200		
6800 - TREE REMOVAL & MAINT.	4000		
8250 - CONTINGENCY	2500		
8280 - CORPORATION COMMISSION	10		
8600 - RESERVE STUDY	0		
8800 - TAXES - FEDERAL	2500		
8840 - TAXES - PROPERTY	100		
8850 - TAXES - STATE	500		
7100 - ELECTRICITY	20000		
7300 - GAS	700		
7550 - TRASH/SANITATION	10000		
7900 - WATER/SEWER	47000		
7950 - UTILITY CUT-INS	1000		
TOTAL OPERATING EXPENSES	233479		

Summit Park HOA Reserve Budget, Expenses, and Finances – October 2018

The Reserve Budget and Expenses cover replacement of infrastructure plus larger-cost maintenance of the road, parking lot, stairways, sidewalks, painting, irrigation system, carports, mailboxes, light fixtures, perimeter wall & fence, BBQ grills, roofs, etc. The Board voted to move some expenses that were formerly in the operating account into the reserve account to be better able to plan for these big expense items and to be more in line with standard HOA practices. We also instituted a separate reserve budget starting in 2019.

Account Balances (as of 9/30/18): Total: \$425,516

- Money market: \$114,542
- Longer-term, insured CDs: \$310,975

2018 Expected Reserve Income: \$51,960. This reflects the original amount expected (\$75,960, mostly from assessments plus some interest) minus the \$24,000 in reserve assessments retained in the operating account for the last four months of this year. (See the operating budget report.)

2018 Year-to-date (as of 9/30/18) Actual Reserve Expenses: \$8,960. For adding crushed granite to parking lot islands and under rooflines to reduce siding damage caused by rain splashing up

Projected (Estimated) Additional Fourth Quarter Reserve Expenses - \$20,000

- Asphalt seal coating and repairing metal stair stringers and handrails (weather permitting)

An updated reserve study was done this summer by Capital Reserve Analysts to recalculate when different items will need to be replaced/repared and determine our future reserve funding needs given the roof replacement this year. The reserve account currently is 87% funded (up from 55% in 2016 and 28% in 2013), which is considered a strong financial position. Nonetheless, the study recommended increasing the reserve assessment to \$59/month per unit to cover future projected expenses, plus an annual increase of 1.03% thereafter to keep up with inflation. (The two prior reserve studies also had recommended an annual inflation increase, but that was not done.) The study projections using our current assessment level showed that we would not be able to fully pay for reserve expenses in as few as five years, and that our reserve funds would be grossly inadequate in ten years and close to zero in twenty years. The Board does NOT ever want to need a large emergency special assessment to perform repairs or replacements. (For the full study, go to: www.summitparkcondos.com.)

For the 2019 Reserve Budget (included in your packet), based on work we know is needed and on the reserve study's projections, the Board approved **\$109,000** in reserve expenditures, which include painting two buildings, major irrigation system work, repairing cracked or uneven sidewalks, getting new stair treads, repairing/repainting selected carports, completing the rock work, adding mulch, replacing the mailboxes, etc.

After 2019, the next big reserve expenditures are projected to occur in 2023 (\$305,000) and 2028 (\$312,000), with projected expenses of \$35,000 to \$75,000 in each of the years in between. (The reserve study's table of projected expenses for the next 10 years is included in your packet.)

The approved 2019 monthly reserve assessment is \$54 per condo unit. (It has been \$45 since 2015.) This is less than the assessment level recommended by the reserve study and is slightly less than the study's recommended "threshold level" needed to keep the reserve account "strongly" funded (above 70%) in most of the next thirty years.

TABLE 6. ANNUAL EXPENSE PROJECTIONS YEARS 1-10

ITEM #	SUB-CATEGORY	RESERVE ASSET DESCRIPTION	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
COMMON AREA												
1	Parking & Private Drives	Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$241,895
2	Parking & Private Drives	Asphalt - Seal Coat	\$10,021	\$0	\$0	\$10,792	\$0	\$0	\$11,793	\$0	\$0	\$0
3	Parking & Private Drives	Asphalt - Partial Replacements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Garages	Garage Building Roofs - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Small Garage Buildings	Roll-Up Doors - Replace	\$0	\$0	\$0	\$0	\$7,020	\$0	\$0	\$0	\$0	\$0
6	Carport Roofs	Carport Roofs - Repair (5% of Total)	\$0	\$0	\$0	\$0	\$2,048	\$0	\$6,955	\$0	\$0	\$0
7	Carport Roofs	Carport Roofs - Repaint	\$0	\$0	\$0	\$0	\$2,048	\$0	\$0	\$0	\$0	\$2,368
8	Mailbox Kiosk	Mailboxes - Replace	\$10,850	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Mailbox Kiosk	Parcel Lockers - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Common Area	Common Area Deck - Replace	\$0	\$0	\$0	\$0	\$38,633	\$0	\$0	\$0	\$0	\$0
11	Common Area	Bollard Lights - Replace	\$0	\$0	\$0	\$0	\$95,802	\$0	\$0	\$0	\$0	\$0
12	Common Areas	Backflow Preventers - Replace	\$0	\$0	\$0	\$0	\$2,980	\$0	\$0	\$0	\$0	\$0
13	Common Area	Irrigation System - Retrofit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Entrance	Monument Sign - Refurbish	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,539	\$0	\$0
15	Buildings & Islands	Landscape Granite - Replenish	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,255	\$0	\$0
16	Common Areas & Bldgs.	Ground Cover - Replenish/Install	\$30,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$38,265	\$0
17	Common Area	BBQ Grills - Replace	\$0	\$3,198	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	Sidewalks & Curbing	Concrete Surfaces - Repair	\$3,000	\$0	\$0	\$3,231	\$0	\$0	\$3,530	\$0	\$0	\$3,830
19	Perimeter	Block Walls - Repair (10% of Total)	\$7,920	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	Perimeter	View Fence - Replace (South)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	Perimeter	View Fence - Repair (South)	\$1,380	\$0	\$0	\$0	\$0	\$1,580	\$0	\$0	\$0	\$0
22	Bldgs. 1-11	Building Roofs - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	Unit Bldgs, Garage/Trash	Building Roofs - Repair (Allowance)	\$0	\$0	\$0	\$0	\$5,519	\$0	\$0	\$0	\$0	\$5,519
24	Buildings	Gutters & Downspouts - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	Building Exteriors	Building Exteriors - Repair/Repair	\$30,000	\$30,750	\$31,519	\$32,307	\$33,114	\$34,358	\$35,303	\$36,274	\$37,271	\$38,296
26	Buildings	Building Wall Lights - Replace	\$0	\$0	\$0	\$0	\$21,580	\$0	\$0	\$0	\$0	\$0
27	Buildings	Balcony Decking - Replace	\$0	\$0	\$0	\$0	\$59,694	\$0	\$0	\$0	\$0	\$0
28	Buildings	Landing Decks - Replace	\$0	\$0	\$0	\$0	\$22,242	\$0	\$0	\$0	\$0	\$0
29	Buildings	Stairways - Repair (Railing/Stringers)	\$0	\$0	\$0	\$0	\$7,506	\$0	\$0	\$0	\$0	\$8,681
30	Buildings	Stairways - Repair (Treads)	\$0	\$0	\$0	\$0	\$8,831	\$0	\$0	\$0	\$0	\$10,212
Total Expenses			\$93,971	\$33,948	\$31,519	\$46,329	\$304,969	\$35,939	\$57,581	\$46,068	\$75,537	\$311,665

Summit Park Approved 2019 Reserve Budget

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RESERVE EXPENSES		RESERVE INCOME	
9125 - CONCRETE, STAIRWAYS - RES	10000	4101 - ASSESSMENT - RESERVE	80352
STAIR TREADS - RES	5000	4510 - WORKING CAPITAL RESERVE	5000
STAIR STRINGERS/HANDRAILS - RES	0	4610 - INTEREST INCOME - RES	6000
9205 - LANDSCAPE COMMON AREA - RES	25000	TOTAL RESERVE INCOME	91352
LANDSCAPING - IRRIGATION - RES	25000		
9400 - PAINTING - RESERVES	28000		
PAINTING - CARPORTS - RES	2000	Reserve Income > Expenses	-17648
CARPORT REPAIR - RES	1500		
9500 - ROOF REPAIR/REPLACE - RES	0		
9600 - STREET REPAIR - RESERVES	0	2019 Monthly Reserve Assessments:	
MAILBOX REPLACEMENT - RES	11000	condo unit - \$54	
DECK REPLACEMENT - RES	0		
BOLLARD LIGHT REPLACEMENT - RES	0		
ENTRANCE SIGN REFURBISH - RES	0		
BBQ GRILL REPLACEMENT - RES	0		
BLDG LIGHTS REPLACEMENT - RES	0		
BLOCK WALLS REPAIR - RES	0		
FENCE - REPLACE - RES	0		
FENCE - REPAIR/REPAINT - RES	1500		
TRASH BLDG DOORS - REPLACE - RES	0		
TOTAL RESERVE EXPENSES:	109000		