

Surprise, Surprise—monthly fees won't go up next year

BOARD OF HOME OWNER'S ASSOCIATION MAINTAINS CONDO FEES AT 2019 LEVEL

After four years of increases each year in monthly Condo fees, the Home Owner's Association Board of Directors (Condo Management Committee) of Grandview Farm approved a budget for 2020 without an increase in those fees.

At the December 10 Budget Review meeting, Daryl Acor, Chair, said the Committee had carefully reviewed the reserve analysis in relationship to anticipated expenses for next year and savings in this years operating expenses. They concluded the reserve account could be maintained in 2020 without an increase in fees. It is almost certain there will be an increase in 2021.

There was a caution expressed in the meeting as to whether the reserve fund would actually be at an appropriate level without an increase in dues.

The budget for 2020 anticipates operating expenses at \$173,445, with \$44,161 added to the reserve account. Another \$10,433 will be placed in reserve from operating savings in 2019. Presently there is \$204,577 in the reserve account.

If there are no bad debts, Condo dues income in 2020 will be \$223,176. There are several other smaller items of income like late fees and interest from CDs.

It should be remembered that dues are calculated based on the square footage of each of the four models. As a reminder, here are the monthly fees for 2020 for those four unit sizes:

- Yorktown (2,750 sq. ft.): \$259
- Townhouse (2,872 sq. ft.): \$271
- Lexington (2,996 sq. ft.): \$282
- Monarch (3,098 sq. ft.): \$368

The key to understanding the need for a large reserve fund is knowing the age of this complex and the amount of money needed to replace the infrastructure.

Trash Pickup Change for Holiday

Trash would normally be picked up on Christmas Day (Wednesday). **Note this change:** the trash run will be on Thursday, December 26, at the usual times (5 & 9 p.m.)

It was in 1983-84 when the first phase was completed, with the last phase finished in 1995. Roofs, exterior painting, club house/pool, sprinkler systems, asphalt, and underground water and sewer systems are some of the major items which have to be repaired and eventually replaced.

As an example, there are 12 stop and waste valves located deep underground throughout the complex. Life expectancy is unpredictable, and the longer they last the more expensive it will become to replace. The present cost of replacing one is approximately \$10,000.

When the first roofs had to be replaced there was not enough money in reserve to cover the cost. Large assessments were required over several years to cover those costs.

Adequate reserves can eliminate the need for special assessments, which hit much harder than small increases in fees.

One of the most difficult challenges for a Management Committee is this financial jig saw puzzle of adequately funding maintenance and then still having the resources to replace. Sufficient financial reserves are the only wise solution to that challenge

Grandview Farm Condominiums, Inc
Budget for 2020

Income

HOA Fees	\$223,176.00
Interest Income - Reserves	4,675.00
Interest Income - Operating	188.00
Total Income	<u>228,039.00</u>

Expenses

Facilities

Clubhouse	1,800.00
Repair	500.00
RV Parking	300.00
Swimming Pool	2,800.00

General Expenses

Insurance	28,000.00
Office Expenses	900.00
Sunshine Fund Expenses	300.00

Landscape

Improvements & Betterments	1,500.00
Maintenance	37,500.00
Snow Removal	11,000.00
Sprinkling System	5,000.00

Taxes

Federal	950.00
State	200.00

Utilities

Electricity	8,900.00
Gas	2,200.00
Recycling	2,475.00
Sewer	23,000.00
Storm Drain	11,500.00
Trash	3,000.00
Trash Pick-up	3,120.00
Water	28,500.00
Total Expenses	<u>173,445.00</u>

Net Income from Operations \$54,594.00

Planned Maintenance Reserve Expenditures \$44,161.00

Additional Reserve Savings Allocation 10,433.00

Total Amount for Reserve \$54,594.00