

**Parkwood Village Homeowner's Association**  
**2016 Budget**  
*(approved 11/12/2015)*

**Introduction**

The proposed 2016 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.

A Budget Hearing was held on Wednesday, October 28 at the Parkwood Village Community Room. This provide residents an opportunity to ask questions, make suggestions and discuss future budgeting concerns. The 2016 Budget was approved at the Parkwood Village Annual Business Meeting on Thursday, November 12, 2015.

**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 \$1,670 (**0.8%**). **We are expecting a \$4,374 increase in the Madison Water Utility expenses for 2016.\* Small cuts in other budget line items will help to offset this increase.**

This year PVHA homeowners and Coal Morton staff spread 36 yards of mulch from Purple Cow Organics. This brought expenditures for account 7000 to \$7,800 for 2015 (\$1,800 over budget). A \$1,200 increase is included in the 2016 budget to cover 24 yards of mulch plus some extra labor for weeding common areas.

Due to a very mild winter we are projecting a \$12,816 Net Operating Profit in 2015. This would increase the Operating Fund Balance to \$43,176 at 2015 year end. The goal for the Operating Fund Balance is two months income (\$37,000).

The excellent status of the Operating Fund will allow us to maintain the Operating Assessment at its current amount. The slight deficit included in the 2016 Budget will be covered by the Operating Fund Balance.

*\* Of note: Account 6400 (Water & Sewer) remains the largest single annual expenditure and is budgeted for \$44,574 for 2016. This amount is based on the projected 2015 total plus 12%. The water and sewer costs represents \$39 of each homes monthly assessment and 20% of total annual operating expenses.*

## Reserve/Capitol Improvements and Funding

The Capital Budget is presented on page 3.

Major projects scheduled for 2016 include:

Description	Amount
<b>Buildings</b> - Minor tuck pointing of brickwork	\$2,500
<p><b>Fences</b> - Phased replacement of all fencing started in 2015.</p> <ul style="list-style-type: none"> <li>• Fences at nine homes will be completed each year from 2015-2024.</li> <li>• Cedar fence boards will be installed on 4x4 and 2x4 Cedartone treated lumber. The Cedartone is rated for ground contact and will easily last 30+ years without rotting.</li> <li>• The fences will be left to weather to a natural gray color. <b>This will save an estimated total of \$147,000 over the next thirty years.</b></li> </ul>	<p>\$14,500 <i>replacement</i></p> <p>\$2,500 <i>reduced painting as fences are replaced</i></p>
<p><b>Asphalt</b> - Asphalt replacement is scheduled to occur from 2020-2022.</p> <p>Patching and limited crack-sealing will be done as necessary over the next four years. Asphalt will be toured and patched as necessary in 2016.</p>	\$5,000
<p><b>Concrete</b> - Sidewalk and porch replacement.</p> <p>Based on the August 2015 tour only some concrete raising will be done this year to address drainage in a couple of locations. Next year will replace two or three porches and several separating walk sections.</p>	\$9,500
<p><b>Storm Drains</b></p> <p><b>6642-6652 Offshore</b> - 2012 project was delayed until work can be completed in conjunction with asphalt replacement. Estimated 2012 project cost was \$24,000. Project will be completed in the year 2020 at the estimated cost of \$16,000.</p> <p><b>242-254 Grand Canyon</b> - 2013 project was delayed until work can be complete in conjunction with asphalt replacement. Estimated 2013 project cost was \$24,000. Project will be completed in the year 2021 at the estimated cost of \$14,000.</p>	\$0
<b>Reserve Study Update</b> - Update PVHA Reserve Report by Reserve Advisors. Last update was in 2012	\$2,900

In 2012 Reserve Advisors (RA) updated Parkwood's Reserve Report to coincide with the figures developed by management. A reserve study update is budgeted for 2016. The top of page 4 shows a comparison of PVHA Budgeted Reserve Balance to the RA Report balances. Based on updated PVHA Reserve Funding requirements (as prepared by Coal Morton), the budgeted reserve assessment will remain \$85,732 for 2016. The complete Reserve Advisors Report is available by request via email to [Mary@coalmorton.com](mailto:Mary@coalmorton.com). The spreadsheet of projected thirty year reserve expenditures updated by Coal Morton is available on the PVHA website [www.parkwoodvillage.org](http://www.parkwoodvillage.org). To make the funding calculations as accurate as possible the update includes all known and projected reserve expenditures for 2015.

With the replacement of two sanitary sewer main pipes behind us we are well on the way to bringing the Reserve Fund Balance in line with the Reserve Advisor funding schedule. The Reserve Fund Balance at 2015 year end is expected to reach \$164,000. Controlled spending and careful planning are projected to lead to a \$210,000 fund balance at 2016 year end.

The reserve assessment is set to cover the expenditures as laid out in the thirty year reserve report. This allows for equitable distribution of the expenses between both current and future PVHA Homeowners. Based on projected thirty year expenditures a 1.9% reserve assessment increase per year will be sufficient to fund long term projects as indicated in the graph at the bottom of page 4. This graph is based on updated thirty year reserve expenditures and includes this year's reserve income and expenses.

### **Total 2016 Dues Assessment Amount**

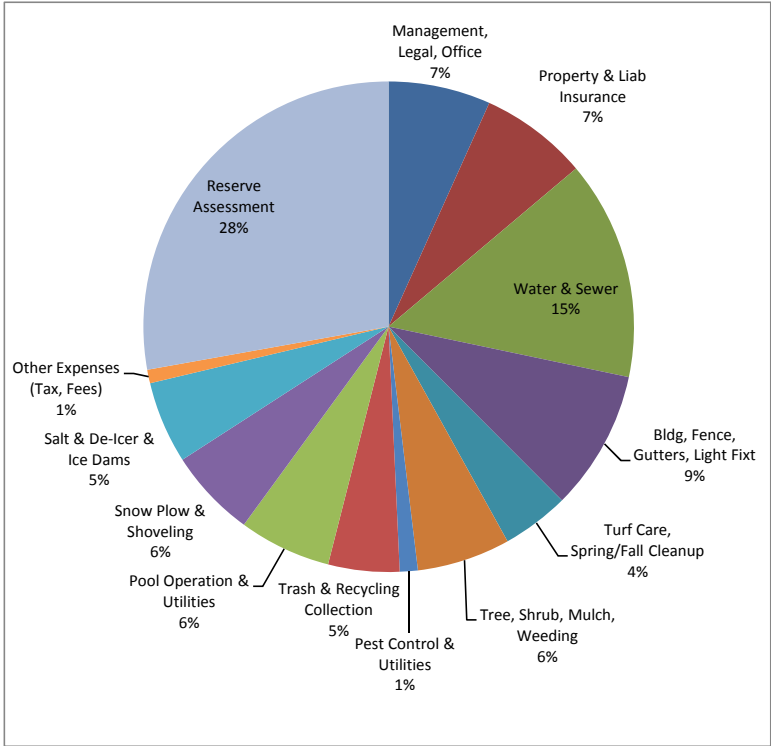
This Budget proposes no increase in the operating or reserve portion of the monthly assessments for 2016.

The monthly assessments will remain at **\$259.00** for units identified as paying 1.008% of the budget amount\* and **\$271.50** for units identified as paying 1.057% of the budget amount.\* This marks the third year in a row that assessment increases will be held below the rate of inflation, which has averaged 2.2% over the past ten years.

With the continued double digit increase in the water utility costs, and the maintenance requirements in a maturing condominium association, it will be very challenging to keep future assessment increases below the rate of inflation.

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

*The budgeted fractional assessments in 2016 are \$259.08 rounded down to \$259.00 and \$271.68 rounded down to \$271.50. The assessment will be rounded off to the nearest 0.50 increment each year with 0.25 and 0.75 rounded up.*



**Parkwood Village  
2016 Assessment Breakdown**

Category	Annual	Monthly	%
Management, Legal, Office	20,753	\$18	7%
Property & Liab Insurance	21,900	\$19	7%
Water & Sewer	44,574	\$39	14%
Bldg, Fence, Gutters, Light Fix	28,500	\$25	9%
Turf Care, Spring/Fall Cleanup	13,600	\$12	4%
Tree, Shrub, Mulch, Weeding	19,000	\$16	6%
Pest Control & Utilities	3,650	\$3	1%
Trash & Recycling Collection	14,463	\$13	5%
Pool Operation & Utilities	18,749	\$16	6%
Snow Plow & Shoveling	18,000	\$16	6%
Salt & De-Icer & Ice Dams	16,700	\$14	5%
Other Expenses (Tax, Fees)	2,750	\$2	1%
Reserve Assessment	85,732	\$74	28%

**Parkwood Village Homeowners Association, Inc.**  
**2016 Operating Budget**

	2014 Actual	2015 Estimated	2015 Budget	Foot Note	2016 Budget	% Change from '15
<b>Operating Income</b>						
4000 Monthly Assessment	220,122	221,860	222,700	1	222,700	0.0%
4100 Late Fee	60	210	300		300	0.0%
4150 Bad Debt Operating	(1,464)	(2,500)	(2,320)		(2,320)	0.0%
4200 Miscellaneous Income	323	275	500		400	-20.0%
4300 Directory Ad Income	87	67	75		75	0.0%
<b>Total Operating Income</b>	<b>219,128</b>	<b>219,912</b>	<b>221,255</b>		<b>221,155</b>	<b>0.0%</b>
<b>Operating Expenses</b>						
<b>Administrative Expenses</b>						
5000 Monthly Management Fee	18,000	18,400	18,374	2	18,778	2.2%
5200 Accounting Expense	10	20	100		100	0.0%
5300 Income Tax Expense	0	32	200		200	0.0%
5400 Insurance Expense	21,961	21,900	23,758	3	21,900	-7.8%
5500 Legal Fees	0	150	2,000	4	1,750	-12.5%
5600 Banking Fees & Supplies	172	105	125		125	0.0%
5700 Postage, Copies, Directory	810	650	600		600	0.0%
5800 Meeting Expense	369	150	150		150	0.0%
5950 Operating Contingency Exp.	1,896	1,200	2,000	5	1,800	-10.0%
<b>Total Administrative Expenses</b>	<b>43,218</b>	<b>42,607</b>	<b>47,308</b>		<b>45,403</b>	<b>-4.0%</b>
<b>Utilities Expense</b>						
6300 Unit Security Lights	952	850	720		850	18.1%
6400 Water & Sewer	45,421	39,798	40,200	7	\$44,574	10.9%
<b>Total Utilities Expenses</b>	<b>46,373</b>	<b>40,648</b>	<b>40,920</b>		<b>45,424</b>	<b>11.0%</b>
<b>Repairs &amp; Maintenance Expenses</b>						
6500 Repairs & Maintenance-General	18,009	18,200	18,500	8	18,000	-2.7%
6600 Gutter Repair & Maintenance	4,130	3,500	3,700	8	3,700	0.0%
6800 Light Bulbs, Fixtures & Repairs	2,177	2,000	2,500	8	2,200	-12.0%
6900 Maintenance Supplies	1,883	1,750	2,000		2,000	0.0%
<b>Total Repairs &amp; Maintenance</b>	<b>26,199</b>	<b>25,450</b>	<b>26,700</b>		<b>25,900</b>	<b>-3.0%</b>

1 No increase in 2016 Assess and will budget at a deficit. Will be covered by projected Oper Fund Bal (\$43,176)

2 Coal Morton contract from Jan 2015 - Dec 2016. Budget based on \$16.30/month management fee in 2016

3 Insurance - based on no increase from 2016. Will have quotes by mid-November

4 Legal fees - covers 7 hrs at \$250/hour

5 Contingency - to help cover an insurance deductible or unexpected expense (**Current Ins deductible is \$5,000**)

6 Bad debt loss is based on 12 months lost income

7 **2016 based on 12% increase from projected 2015. Rate increase was recently approved.**

8 Slight decrease based on 2014-2015. Labor for 6500, 6600 & 6800 allows for an average of 16 hrs/week from Mar 1 - Dec 1 @ \$35/hr (\$20,700) plus \$3,200 for any contract work, gutter parts, bulbs & photo-cells...

	2014	2015	2015	Foot	2016	% Change	
	Actual	Estimated	Budget	Note	Budget	from '15	
7000	Landscape Non-Contract	6,201	7,800	6,000	1	7,200	20.0%
7100	Landscape Contract	12,536	13,500	14,200	2	13,600	-4.2%
	<b>Total Lawn Care</b>	<b>18,737</b>	<b>21,300</b>	<b>20,200</b>		<b>20,800</b>	<b>3.0%</b>
<b>Snow Care Expenses</b>							
7300	Snow Plowing Contract	9,527	5,200	10,000		10,000	0.0%
7400	Snow Shoveling Contract	5,160	3,500	6,400	3	4,600	-28.1%
7500	Non-Contracted Snow Removal	4,490	3,300	1,700	3	3,400	100.0%
7600	Ice Dam Removal	3,055	1,250	2,700	4	2,700	0.0%
7610	Salt & De-Icer	16,688	12,500	15,000		14,000	-6.7%
	<b>Total Snow Care</b>	<b>38,920</b>	<b>25,750</b>	<b>35,800</b>		<b>34,700</b>	<b>-3.1%</b>
<b>Other Grounds Care</b>							
7710	Tree Care, Removal/Replace	8,514	9,400	8,000	5	8,000	0.0%
7720	Shrub Care, Removal/Replace	3,606	3,800	3,800	6	3,800	0.0%
7800	Gutter Cleaning	2,887	2,700	2,600	7	2,600	0.0%
7900	Pest Control	2,773	2,700	2,950	8	2,800	-5.1%
7910	Trash Removal	13,687	14,042	14,042	9	14,463	3.0%
	<b>Total Other Grounds Care</b>	<b>31,467</b>	<b>32,642</b>	<b>31,392</b>		<b>31,663</b>	<b>0.9%</b>
<b>Pool &amp; Community Room Expenses</b>							
8000	Pool Maint & Repairs	10,611	9,500	9,500	10	9,500	0.0%
8100	Pool Chemicals	1,550	1,500	1,500	10	1,500	0.0%
8110	Pool Supplies-Equipment	1,037	300	500		500	0.0%
8200	Pool Licenses & Fines	699	699	699		699	0.0%
8400	Pool -Telephone	212	200	200		200	0.0%
8600	Pool/Community Rm. - Utilities	5,225	5,100	5,000	10	5,100	2.0%
8700	Community Rm. Repairs & Events	1,767	1,400	1,250	11	1,250	0.0%
	<b>Total Pool &amp; Community Room</b>	<b>21,101</b>	<b>18,699</b>	<b>18,649</b>		<b>18,749</b>	<b>0.5%</b>
	<b>Total Operating Expense</b>	<b>226,015</b>	<b>207,096</b>	<b>220,969</b>	12	<b>222,639</b>	<b>0.8%</b>
	<b>Net Operating Profit/Loss</b>	<b>(6,887)</b>	<b>\$12,816</b>	<b>286</b>		<b>(1,483)</b>	
	<b>Transfer (To)/From Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	
	<b>Operating Fund Balance</b>	<b>\$30,360</b>	<b>\$43,176</b>	<b>\$29,413</b>	13	<b>\$41,692</b>	

1 Labor/supplies for seeding, weeding, & mulching. 36 yds mulch in 2015. **Plus \$1,200 for 24 yds mulch in 2016.**

2 No contract increase for mowing, fert, + spring/fall leaf clean up. **Includes weekly collection of yard waste.**

3 Contract shovel less as Coal Morton shovels when <1" of snow and clean up after snow storms.

4 Covers 65 hours for ice dam clearing at \$40/hour

5 \$3,500 for removal & repl [2-4 trees/year]. Plus \$4,500 for 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 2014-2015 gutter cleaning

8 2016 based on monthly contract with Professional Pest Control

9 Budget based on 3 year Waste Mangt contract. **Includes \$350 for one dumpster for spring cleanout.**

10 Based on 2014-15 expenses. Includes daily checks, weekly cleaning, repair of valves, boiler & mechanicals, and \$1,400 for USA Pool to open & winterize the pool

11 For furnace inspection and minor community room repairs. **Includes \$300 for PVHA events.**

12 Increase (Decrease) from 2015 **\$1,670 0.8%**

13 **Goal is to maintain Operating Fund Balance at two month's incomve \$37,000.**

Projected profit in 2015 will increase Operating Fund to **\$43,176**

**Parkwood Village Homeowners Association, Inc.**  
**2016 Capital/Reserve Budget**

	2014 Actual	2015 Estimated	2015 Budget	Foot Note	2016 Budget	% Change from '15	
<b>Reserve Income</b>							
4500	Reserve Assessments	84,254	85,250	85,732	1	85,732	0.0%
4600	Reserve Account Interest	196	315	300		300	
495	Bad Debt Reserve	(518)	(804)	(893)		(893)	0.0%
	<b>Total Reserve Income</b>	<b><u>83,932</u></b>	<b><u>84,761</u></b>	<b><u>85,139</u></b>		<b><u>85,139</u></b>	<b>0.0%</b>
<b>Reserve/Capital Expenses</b>							
9000	Capital-Buildings/Light Fixtures	3,366	6,863	7,500		2,500	-66.7%
9100	Capital-Fences	6,436	15,000	17,176		17,000	-1.0%
9200	Capital-Common/Other	1,950	0	0		3,000	
9400	Capital-Roofing	7,200	1,500	0		0	
9500	Capital-Asphalt	3,600	4,035	6,200		5,000	-19.4%
9620	Capital-Community Room	0	0	0		0	0.0%
9630	Capital-Pool	0	1,010	0		0	0.0%
9700	Capital-Concrete	6,841	2,400	9,500		9,500	0.0%
97500	Capital-Water/Sewer	1,591	0	0		0	0.0%
9800	Capital-Drainage/Catch Basins	0	0	0		0	0.0%
9900	Reserve Study Update	0	0	0		2,900	
	<b>Total Reserve/Capital Expenses</b>	<b><u>\$30,984</u></b>	<b><u>\$30,808</u></b>	<b><u>\$40,376</u></b>	2	<b><u>\$39,900</u></b>	<b>-1.2%</b>
	Net Reserve Profit/Loss	\$52,948	\$53,953	\$44,763		\$45,239	
	Transfer To/(From) Reserves	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>	
	<b>Reserve Fund Balance</b>	<b><u>\$110,689</u></b>	<b><u>\$164,642</u></b>	<b><u>\$148,837</u></b>	<b>3</b>	<b><u>\$209,881</u></b>	

1 Reserve Assessment is set to meet Reserve funding needs based on report by Reserve Advisors and updated by Coal Morton in October 2015.

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

3 The estimated Fund Balance at 2014 Year End is **\$164,642**  
**This is a great recovery considering the major expenditure in 2013 for replacing two sanitary sewer mains.**

# Parkwood Village Thirty Year Recommended

## Reserve Funding Table and Graph

**Assumptions:** A long term inflation rate of 2.0% and interest on investments of 1.0% per year.

All amounts in the table are in thousands (\$)

Year	Budgeted Reserve Income	Projected Reserve Expense	PVHA Projected Reserve Balance	Reserve Advisors Projected Balance	Year	Budgeted Reserve Income	Projected Reserve Expense	PVHA Projected Reserve Balance	Reserve Advisors Projected Balance
2014	84	31	111	136	2030	116	437	222	271
2015	85	31	165	185	2031	115	134	203	245
2016	85	40	210	224	2032	117	34	286	291
2017	88	31	268	271	2033	120	61	345	409
2018	90	25	333	342	2034	123	19	448	508
2019	93	44	382	287	2035	126	58	517	642
2020	95	162	315	358	2036	129	13	633	764
2021	96	104	307	346	2037	132	312	454	538
2022	98	115	290	349	2038	133	313	274	327
2023	100	38	352	408	2039	134	334	73	88
2024	102	32	422	472	2040	134	114	94	38
2025	105	40	487	579	2041	137	113	117	26
2026	107	9	585	678	2042	140	174	83	23
2027	110	128	568	651	2043	142	32	193	--
2028	112	114	566	648	2044	146	31	307	--
2029	114	136	544	620	2045	150	75	382	--

2020-2022 - Replace asphalt -	\$381,323	2037-2039 - Replace siding -	\$958,688
2027-2031 - Replace roof/gutter -	\$666,615	2040-2042 - Replace asphalt -	\$401,652
2030 - Rebuild Pool -	\$282,632		

