

# TREASURER'S REPORT

Fern Crest Home Owners  
Association

# 2014 BUDGET REPORT

## **How we did in 2014**

- **Assessment Income**
- **Recovered delinquencies**
- **Write-Offs – and what that means**

## **Required 2015 Reserve Update**

## **Your Questions?**

## **The 2015 Budgeting Process**

## **Presentation of the 2015 Budget**

## **Vote on the 2015 Budget**

# HOW WE DID IN 2014

## Slightly over our proposed budget

### As of November 1, 2014:

- **Budget: \$91,774.08**
- **Budgetary Income: \$82,645.50 (assessments rcvd.)**
- **Other (non-budget) Income\*: \$16,625.26**
- **Expenses\*\*: \$95,849.22**

\* **Fines, interest, penalty, recovered legal fees, etc.**

\*\* **Expenses paid from Reserves have been removed from the total.**

# HOW WE DID IN 2014

## **Assessment Income \$84,034.50 vs \$88,433.00)**

- **Lower Home Owner Delinquency Rate for 2014**
  - Troubled home owners sold houses

## **Other income (goes into “contingency fund”)**

- **Recovered \$5800 of legal fees from previous years**
- **Approved rentals paid \$1250.00 annual fees**
- **Homeowners paid \$5300 in fines**
- **Transfer fees (houses sold) paid \$3600**
- **Late Fees and Interest income (tardy homeowners) was \$1100**

**Contingency Fund Remains Strong, as Recommended by our  
Accountant**

# HOW WE DID IN 2014

## Slightly over our proposed budget

### Where we spent more than budgeted

- **Legal expenses**
  - Close to budget this year, but slightly over (about \$2500)
    - MUCH better than past years!
- **Write-offs**
  - More on this later
- **Landscaping, Irrigation and Park Repairs**
  - Weather damage and park equipment overhauls
    - Paid for from designated reserve funds
  - Vandalized and damaged irrigation plus special lawn care items
    - Paid from budget

# “WRITE-OFFS” AND WHAT IT MEANS

## Write-Off

- **Money owed to the HOA that is legally collectable**
  - We “wrote off” \$24,483.00
  - **We took final ownership of property in foreclosure**
    - Legally, judgment against missing owner is now “paid”
    - HOA now owns house, so books have to show write-off
    - Value of the house secures the amount we “wrote-off”
      - Board currently working with attorney to sell property

# OTHER COLLECTIONS

- **Attorney setting up payment plan with another home owner**
  - \$2800
- **We got bankruptcy judge in another case to order a payment plan**
  - Another \$2500 due (garnished wages for another \$2800)
  - Ordered to keep assessments current

# 2015 RESERVE STUDY UPDATE

What do we own that needs maintenance?





# OUR RESERVES AND RESERVE PLANNING

What is the cost to replace?

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
<b>Site/Grounds</b>				
120 Asphalt Path - Resurface	30	21	\$13,375	\$24,881
121 Asphalt Path - Seal/Repair	10	2	\$1,988	\$2,109
140 Wood Fence - Replace	18	10	\$6,160	\$8,279
142 Rail Fence - Replace	20	12	\$3,520	\$5,019
155 Chain Link Fence - Replace	30	22	\$6,030	\$11,554
170 Bark Mulch - Refurbish	2	0	\$5,000	\$5,305
190 Trees - Maintain/Replace	2	0	\$3,000	\$3,183
205 Mailboxes - Replace	20	12	\$19,600	\$27,945
<b>Recreation</b>				
340 Play Equipment - Replace	15	7	\$99,000	\$121,758
342 Basketball Assembly - Replace	20	12	\$2,000	\$2,852
346 Picnic Assets - Replace	15	7	\$17,500	\$21,523
11 Total Funded Components				

## OUR RESERVES AND RESERVE PLANNING

### If we do not replace?

**Home value impact**

**Increased legal liability (injury)**

Injury from trip hazard or damaged play equipment

**Damaged mailboxes = No mail delivery**

**Fencing = Legal liability**

Sensitive area (per city code/platting requirement)

Attractive nuisance

**We are currently 9 years into the life of these assets**

# OUR RESERVES AND RESERVE PLANNING

## Output from Reserve Study

Goal: Have the needed money to replace without special assessments

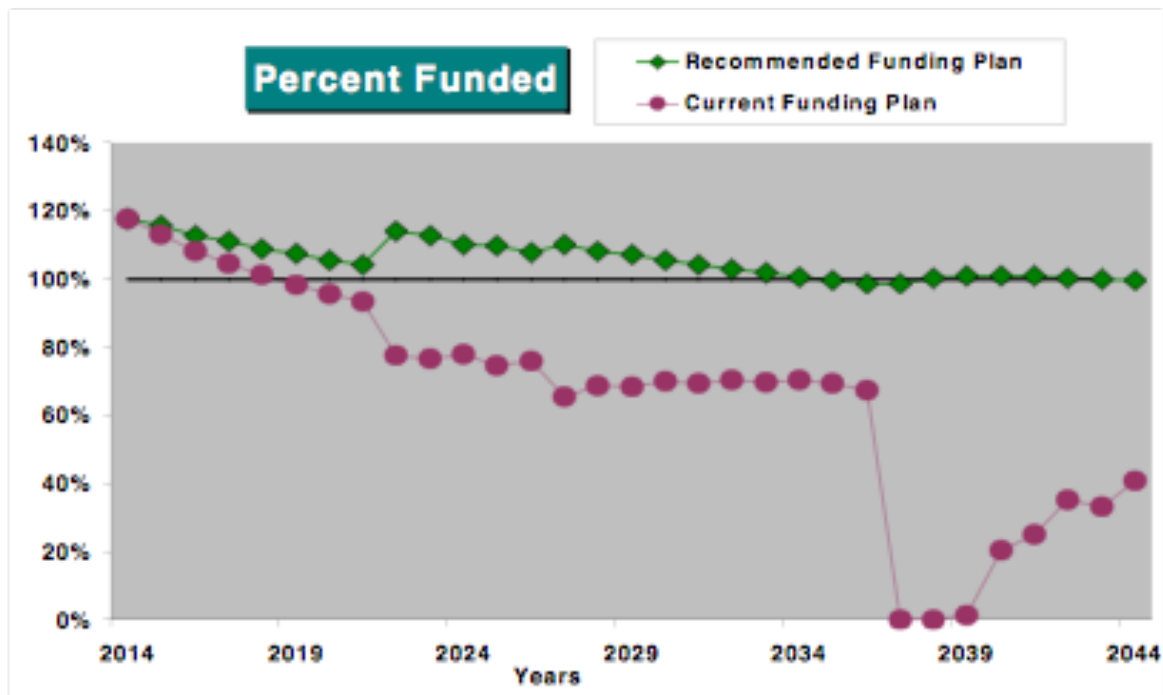
### *Results as-of 1/1/2014:*

Projected Starting Reserve Balance: .....	\$105,894
Fully Funded Reserve Balance: .....	\$90,130
Average Reserve Deficit (Surplus) Per Unit:.....	\$(83)
<b>Percent Funded: .....</b>	<b>117.5%</b>
100% Full Funding 2014 Monthly Reserve Contribution:.....	\$1,308
70% Threshold Monthly Reserve Contribution.....	\$1,209
Baseline Contribution (min to maintain reserves above \$0) .....	\$1,168
Recommended 2014 Special Assessment for Reserves: .....	\$0

# OUR RESERVES AND RESERVE PLANNING

## Output from Reserve Study

Goal: Have the needed money to replace without special assessments



# OUR RESERVES AND RESERVE PLANNING

**2015 is the year for our next Reserve Update**

- BOD has been doing these every two years since 2007
- State now requires it by law.

**It is in the budget**

## 2015 BUDGETING PROCESS

**The budget: How much we ANTICIPATE we will need for 2015**

- **Based on past expenses**
- **Research requested increases by PSE and Soos Creek Water**

**Landscaper increasing about \$900**

**Management Company**

- **No increase for 2015!**

**Bi-Annual Reserve Study is required in 2015**

**Printing and Mailing Increased**

- **Special mailings**
  - Post card announcements
  - Governing Documents
- Reserve Study Mailing (2015)

# 2015 BUDGETING PROCESS

## **Increased maintenance costs**

- **Playgrounds**
  - Wear and tear
- **Irrigation system repairs**
  - Vandalism
  - Sprinkler heads damaged
- **Landscaping**
  - Special lawn maintenance

## **Increased Water and Electricity rates – just like homeowners pay.**

- Water the parks
- Street lighting power

# 2015 BUDGETING PROCESS

## **Legal Budget Remains the same**

- **Fewer problems with home owners**

## **“Bad Debt” (Write-Off) Remains the Same**



# 2015 BUDGET

Acct ID	Account	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	2014
5115	Accounting Services (Tax Preparation / Audit)	184.00	184.00	184.00	184.00	184.00	184.00	184.00	184.00	184.00	184.00	184.00	184.00	2,000.00	2,208.00
6215	Administrative Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	0.00	20.00	20.00
5126	Banks Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
5170	Electricity (Street Lights)	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	6,000.00	6,000.00
5232	Park Irrigation (Backflow Testing/repair)	200.50	200.50	200.50	200.50	200.50	200.50	200.50	200.50	200.50	200.50	200.50	200.50	2,406.00	275.00
5185	Functions & Facilities (National Night, meeting rooms, etc)	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	300.00	780.00
5240	Insurance (Liability & Property)	300.50	300.50	300.50	300.50	300.50	300.50	300.50	300.50	300.50	300.50	300.50	300.50	3,606.00	2,650.00
5250	Landscaping (monthly/qtrly contract)	1,488.94	1,488.94	1,488.94	1,488.94	1,488.94	1,418.09	1,488.94	1,488.94	1,488.94	1,488.94	1,488.94	1,488.94	17,796.43	17,017.08
5256	Landscaping -(broken out unscheduled maint, crainfly, moss, fertilize)	262.50	262.50	262.50	262.50	262.50	262.50	262.50	262.50	262.50	262.50	262.50	262.50	3,150.00	4,200.00
5270	Legal Fees	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	16,500.00	16,500.00
5275	Lien Recording Fee	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	600.00	1,500.00
5278	License Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5127	Bad Debt to HOA (Unrecoverable - bankrupt,etc)	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	6,000.00	6,000.00
5187/5332	Maintenance & Repairs (park equip, fences)	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00	1,200.00
5300	Management Fees	1,875.00	1,875.00	1,875.00	1,875.00	1,875.00	1,875.00	1,875.00	1,875.00	1,875.00	1,875.00	1,875.00	1,875.00	\$22,500.00	22,500.00
5315	Newsletters/Postcard mailers	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	360.00	360.00
5360	Postage	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	324.00	600.00
5388	Reserve Study (required two-year update)						1,800.00							1,800.00	0.00
5360	Special Services (Mailouts (Rules revisions, audit report, printing, special notices))	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	720.00	2,160.00
5415	Storage (HOA Files - at Iron Mountain)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	120.00	120.00
5420	Supplies (e.g.,parking notices)	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	360.00	600.00
5425	Taxes: Property (Parks)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	120.00	132.00
5500	Water / Sewer	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	6,600.00	6,600.00
5505	Website	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	72.00	72.00
5510	Welcome Packets / Baskets	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	840.00	840.00
	<b>Total Expenses</b>	<b>5,519.14</b>	<b>7,819.14</b>	<b>5,899.14</b>	<b>5,539.14</b>	<b>6,319.14</b>	<b>10,999.14</b>	<b>8,569.14</b>	<b>9,319.14</b>	<b>6,699.14</b>	<b>5,419.14</b>	<b>6,239.14</b>	<b>7,364.14</b>	<b>93,394.43</b>	<b>92,434.08</b>

# 2015 BUDGET

**Budget about \$900 higher than 2014**

- **The Board Proposes NO INCREASE in assessment**
  - Recovered substantial dollars from previous year's legal expenses
  - Can cover the difference from these funds and still maintain the contingency fund
  - No added burden on home owners during economic issues

**2015 Assessment: \$231.50 every six months**

**Vote on Budget**