

Windsor Lakes Homeowners' Association

Proposed 2021 Budget

10 November 2020

Janet Tooman



2021 Budget Build Goal

Produce a Windsor Lakes budget for the calendar year 2021 that maintains and, if possible, improves the quality and value of Windsor Lakes facilities and services and ensures financial stability.



2021 Budget Presentation

Thanks to:

Board of Directors:

	President
Teresa Johnson	Vice President
Mike Miller	Secretary
Jim Cherry	Property Manager
Janet Tooman	Treasurer

Participating Finance Committee Members:

Stanley Everett
Mike Miller
Pete Terminie



2021 Budget Presentation Agenda

- **Key Terms: *Operational* and *Reserve***
- **Replacement Reserve Report**
- **Townhouse Roof Update**
- **Townhouse Assessment**
- **Homeowners' Summary**
- **2021 Budget Assumptions**
- **Proposed 2021 Assessment**
- **Replacement Reserve Fund**
- **Common and Townhouse Expenditures**
- **Assessment Worksheet**
- **Monthly Homeowner Assessment Breakdown**
- **Board Actions for 2021**
- **Questions/Answers**
- **What's Next?**



2021 Budget Key Terms

Operational Budget: Similar to a checking account. An operating budget is a combination of known expenses, expected future costs, and forecasted income over the course of a year. Operating budgets are completed in advance of the accounting period.

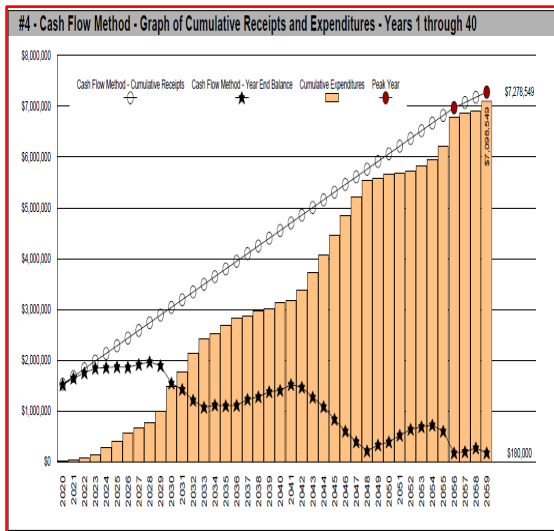
Replacement Reserve Budget: Similar to a savings account. A fund set aside to meet the future costs of major repairs and replacements.

Replacement Reserve Report: Provides WLHOA with an inventory of the common community facilities and infrastructure components that require periodic replacement. The Study includes a general view of the condition of these items and an effective financial plan to fund projected periodic replacements. This was last revised during 2019 for 2020 through 2024.



The Replacement Reserve Report

- **Guides Windsor Lakes Planning**
- Specific to Windsor Lakes
- Inventory of Community Assets
- Provides Methodology for Cost Computation
- Estimates Replacement Times and Costs
- **Updated 2019 for 2020-2024 planning.**



- **Common (Townhouse and Single-Family) and Townhouse-Only Sections**

**REPLACEMENT RESERVE REPORT FY 2020
WINDSOR LAKES HOA**

REPLACEMENT RESERVE REPORT FY 2020
WINDSOR LAKES HOA

millerdodson
Capital Reserve Consultants

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Section A
Replacement Reserve Analysis
Executive Summary

Section B
Replacement Reserve Inventory
Projected Annual Replacements
Homeowners' Association

Section C
Replacement Reserve Inventory
Projected Annual Replacements
Townhouses

Section D
Condition Assessment

Appendix
Overview, Standard Terms, and Definitions
Video Answers to Frequently Asked Questions

... a total of 572 units. The survey examined the common elements of the property, including:

- Concrete drive and parking.
- Concrete sidewalks and curbs.
- Fencing, mailboxes, and storm water curb inlets.
- Swimming pool and community building.
- Townhouse building roofing and siding.

Level of Service: This study has been performed as a Level II Update. With Site Visit/On-Site Review as defined under the National Reserve Study Standards that have been adopted by the Community Association Institute. As such, the component inventory is based on the study that was performed by Miller Dodson in March, 2014. This information was adjusted to reflect changes to the inventory that were provided by the community manager, and the quantities were adjusted accordingly from field measurement and/or quantity takeoffs from to-scale drawings. The condition of all commonly-owned components was ascertained from a site visit and the visual inspection of each component by the Analyst. The life expectancy and the value of components are provided based in part on these observations. The fund status and funding plan have been derived from analysis of this data.



The Replacement Reserve Report

- Replacement Schedule for WLHOA Property
- Costs by Year
- Suggests Minimum Contributions to WLHOA Reserve by Year (Uninflated)
- Windsor Lakes is Contributing Less Than the Minimum Recommended: \$476,867 vs. \$670,704, or \$193,837 (29%) less.

#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 1 through 40 Community

Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Starting Balance	\$1,381,954									
Projected Replacements	\$524,422	(\$20,650)	(\$47,422)	(\$59,020)	(\$138,191)	(\$136,646)	(\$159,440)	(\$97,639)	(\$100,629)	(\$222,403)
Annual Deposit	\$151,057	\$151,057	\$151,057	\$151,057	\$151,057	\$151,057	\$151,057	\$151,057	\$151,057	\$151,057
End of Year Balance	\$1,008,589	\$1,650,293	\$1,753,929	\$1,846,065	\$1,897,931	\$1,873,343	\$1,864,960	\$1,918,379	\$1,968,805	\$1,997,459
Cumulative Expenditures	\$13,125	\$33,775	\$81,197	\$141,117	\$279,309	\$414,954	\$574,394	\$672,033	\$772,663	\$996,066
Cumulative Receipts	\$1,533,011	\$1,684,068	\$1,835,125	\$1,986,182	\$2,137,240	\$2,288,297	\$2,439,354	\$2,590,411	\$2,741,468	\$2,892,525

#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 1 through 40 Townhouses

Year	2020	2021	2022	1st Peak - 2023	2025	2026	2027	2028	2029	2048	2049
Starting Balance	\$354,792									(\$329,339)	(\$34,793)
Projected Replacements		(\$931,124)	(\$931,124)	(\$931,124)						\$219,452	\$336,716
Annual Deposit	\$519,647	\$519,647	\$519,647	\$519,647	\$81,596	\$81,596	\$81,596	\$81,596	\$81,596	\$5,943,156	\$5,977,951
End of Year Balance	\$1,374,429	\$982,953	\$551,476	\$140,000	\$221,596	\$303,191	\$384,787	\$466,383	\$547,979	\$629,574	\$5,913,697
Cumulative Expenditures	\$931,124	\$1,862,247	\$2,793,371	\$2,793,371	\$2,793,371	\$2,793,371	\$2,793,371	\$2,793,371	\$2,793,371	\$2,793,371	\$2,793,371
Cumulative Receipts	\$1,374,429	\$1,894,076	\$2,413,723	\$2,933,371	\$3,014,966	\$3,096,562	\$3,178,159	\$3,259,753	\$3,341,349	\$3,422,945	\$3,422,945

Year	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Projected Replacements										
Annual Deposit	\$81,596	\$81,596	\$81,596	\$81,596	\$81,596	\$81,596	\$81,596	\$81,596	\$81,596	\$81,596
End of Year Balance	\$711,170	\$792,766	\$874,361	\$955,957	\$1,037,553	\$1,119,149	\$1,200,744	\$1,282,340	\$1,363,936	\$1,445,532
Cumulative Expenditures	(\$2,793,371)	(\$2,793,371)	(\$2,793,371)	(\$2,793,371)	(\$2,793,371)	(\$2,793,371)	(\$2,793,371)	(\$2,793,371)	(\$2,793,371)	(\$2,793,371)
Cumulative Receipts	\$3,504,641	\$3,586,136	\$3,667,732	\$3,749,328	\$3,830,924	\$3,912,519	\$3,994,115	\$4,075,711	\$4,157,306	\$4,238,902

Year	2040	2041	2042	2043	2044	2045	2046	2047	2nd Peak - 2048	2049
Projected Replacements										
Annual Deposit	\$81,596	\$81,596	\$81,596	\$81,596	\$81,596	\$81,596	\$81,596	\$81,596	\$81,596	\$81,596
End of Year Balance	\$1,527,127	\$1,608,723	\$1,690,319	\$1,771,914	\$1,853,510	\$1,935,106	\$1,336,737	\$738,369	\$140,000	\$216,348
Cumulative Expenditures	(\$2,793,371)	(\$2,793,371)	(\$2,793,371)	(\$2,793,371)	(\$2,793,371)	(\$2,793,371)	(\$2,793,371)	(\$2,793,371)	(\$2,793,371)	(\$2,793,371)
Cumulative Receipts	\$4,320,498	\$4,402,094	\$4,483,689	\$4,565,285	\$4,646,881	\$4,728,476	\$4,810,072	\$4,891,668	\$4,973,264	\$5,054,861

Year	2050	2051	2052	2053	2054	2055	2056	2057	3rd Peak - 2058	2059
Projected Replacements										
Annual Deposit	\$75,349	\$75,349	\$75,349	\$75,349	\$75,349	\$75,349	\$75,349	\$75,349	\$75,349	\$75,349
End of Year Balance	\$390,696	\$332,443	\$374,191	\$415,939	\$457,687	\$500,435	\$543,183	\$585,931	\$628,679	\$140,000
Cumulative Expenditures	(\$4,833,264)	(\$4,866,864)	(\$4,900,464)	(\$4,934,064)	(\$4,934,064)	(\$4,934,064)	(\$4,934,064)	(\$4,934,064)	(\$4,934,064)	(\$4,934,064)
Cumulative Receipts	\$5,123,959	\$5,199,307	\$5,274,655	\$5,350,002	\$5,425,350	\$5,500,698	\$5,576,046	\$5,651,393	\$5,726,741	\$5,726,741



Townhouse Roof Update

- 2020 Reserve Study shows over double the cost (133%) of the 2015 Reserve Study, including replacement of 100% of soffit and fascia which are Hardieplank and replaced infrequently in Texas
- Estimated townhouse roof cost has been reviewed annually by the WLHOA Board and adjusted to account for updates
- Roofing committee was formed in 2020 to prepare contractor proposal specifications as well as evaluate and make recommendation to the Board
- The Board has approved the roofing committee recommendation of Home Quality Roofing at the cost of \$1,428,000
- Any excess of townhouse specific operating costs will be reclassified to roof reserve
- Inflation Not Estimated



Townhouse Assessment: Small Shortfall in 2023

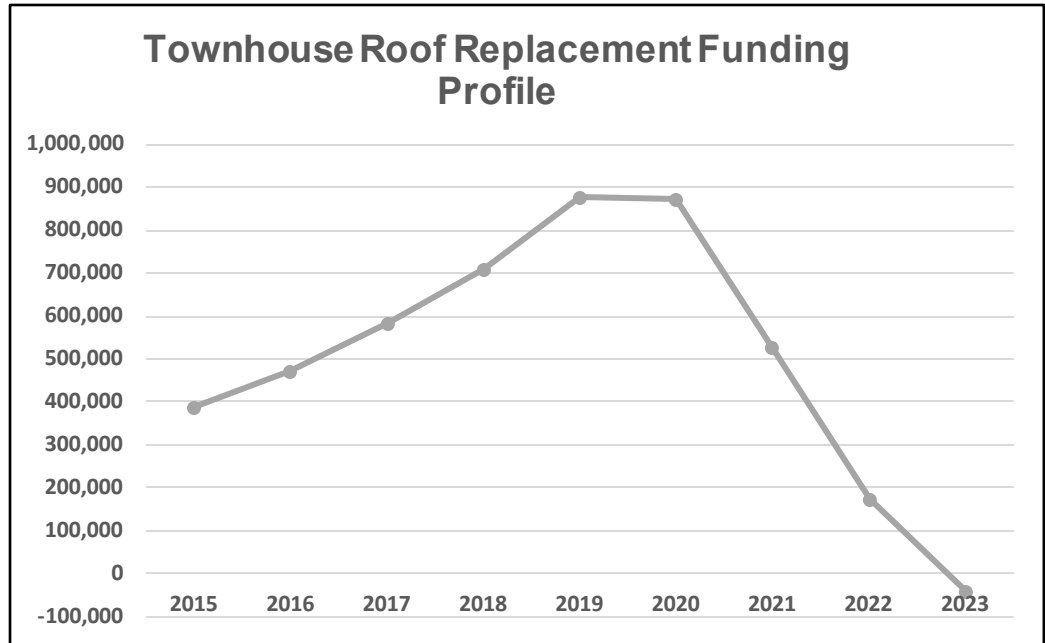
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Starting Balance	286,641								
Yearly Costs	-	(13,886)	-	-	-	(138,720)	(476,000)	(476,000)	(337,280)
Yearly Reserve Contribution*	100,224	100,224	108,957	128,972	167,778	133,573	130,732	122,122	120,573
End of Year Balance	386,865	473,203	582,160	711,132	878,910	873,763	528,495	174,617	(42,090)
Cumulative Costs	-	(13,886)	(13,886)	(13,886)	(13,886)	(152,606)	(628,606)	(1,104,606)	(1,441,886)
Cumulative Contributions	386,865	487,089	596,046	725,018	892,796	1,026,369	1,157,101	1,279,223	1,399,796

* includes estimated interest income allocation

Planning Parameters (Uninflated)

Townhouses	174
Roofs to be Replaced	87
Replacement Span (Years)	3
Roof Lifetime (Years)	15
Total Replacement Cost	1,428,000
Cost/Year during Replacement	476,000
Townhouse Cost/Roof	8,207
Building Cost/Roof	16,414

Begin Roof Replacements 2020
Complete Roof Replacements 2023



Homeowners' Summary

2021 Budget

- Reserve Report used as guideline
- All operating costs for 2021 were revaluated and updated where necessary
- Exterior home painting reserve has been increased by \$50,000/year (approximately \$7.50/month/homeowner)
- Lawn maintenance contract comprises 46% of our total operating budget
- Payroll amounts to approximately 16% of our total operating budget
- Insurance amounts to approximately 11% of our total operating budget



2021 Budget Assumptions

- Initiation fee income will remain constant
- Parties, travel, and clubhouse functions will be breakeven beginning in 4th quarter
- No COLA for lawn maintenance contract
- Door refinishing has been adjusted to \$150/door
- Allowance has been made for bridge inspections
- 10% increase in insurance premiums
- Personnel headcount has been reduced to four
- Additional COVID measures include air filtration system and quarterly clubhouse professional disinfecting
- Residual roof repair funds will be rolled into roof reserves year-to-year
- Painting may be included in the Reserve Fund if tax preparer is notified
- Inflation will be reassessed on a yearly basis

Cost Increases FY 2021	
	% Increase
COLA	1.3
Personnel	3
Insurance	10
Management Fee	2

Windsor Lakes Homes	
Single family homes	398
Townhouses	174
Total homes	572

Maintenance/Replacement Cycle	
Item	Years
Reserve Study	5
Paint	8
Wood Fence	12
Townhouse Roof	15
Iron Fence	40



Proposed 2021 Budget Assessments

Proposed 2021 Assessments			
	2020 Assessment	Proposed 2021 Assessment	Increase %
Common (Single Family)	194.00	198.00	2.06%
Townhouse	304.00	311.00	2.30%

Common: Items that apply to both single-family homes and townhouses



Replacement Reserve Fund (1 of 2)

Proposed 2021 Replacement Reserve Common Items							
	2019 Year-End Balance	2020 Annual Income	2020 Expenses 1/1 - 8/31	Est 2020 Year-End Balance	2021 Annual Income	Estimated 2021 Expenses	Est 2021 Balance Year-End
Clubhouse Exterior/Interior	234,263	22,140	(25,230)	255,861	24,047	(43,950)	235,958
Exterior Home Painting	285,004	100,000	(189,000)	198,610	151,480	(169,927)	180,163
Iron Fence Painting	6,530	12,000		3,881	14,909	(17,818)	972
Fences: Perimeter, Home	(11,374)	114,555		104,553	115,334	-	219,887
Iron Fences	(200)	7,615	(2,565)	(6,107)	17,569	(11,700)	(238)
Insurance Deductible	25,261	10,000		35,261	-		35,261
Private Streets	87,032	-		88,189	5,657		93,846
Side Walk Repairs	103,568	-	(3,190)	97,659	5,728	(10,000)	93,387
Site Improvements	323,972	22,724		349,482	12,605		362,087
Storm Water Drainage	146,182	5,000		148,126	6,104		154,230
Swimming Pool	27,072	16,156	(3,873)	36,179	16,246	(16,600)	35,825
Totals	\$1,227,309	\$ 310,190	\$ (223,858)	\$ 1,311,694	\$ 369,679	\$ (269,995)	\$ 1,411,378

Replacement Reserve: Essentially a savings account that includes funds for the appearance and infrastructure of Windsor Lakes.



Replacement Reserve Fund (2 of 2)

Proposed 2021 Replacement Reserve Townhouse Items							
	2019 Year-End Balance	2020 Annual Income	2020 Expenses 1/1 - 8/31	Est 2020 Year-End Balance	2021 Annual Income	Estimated 2021 Expenses	Est 2021 Balance Year-End
Townhouse Roofs	878,910	120,573		873,763	130,732	(476,000)	528,495
Totals	\$ 878,910	\$ 120,573	\$ -	\$ 873,763	\$ 130,732	\$ (476,000)	\$ 528,495

Proposed 2021 Replacement Reserve Totals							
	2019 Year-End Balance	2020 Annual Income	2020 Expenses 1/1 - 8/31	Est 2020 Year-End Balance	2021 Annual Income	Estimated 2021 Expenses	Est 2021 Balance Year-End
Totals	\$ 2,106,219	\$ 430,763	\$ (223,858)	\$ 2,185,457	\$ 500,411	\$ (745,995)	\$ 1,939,873



Common Expenses Summary

Item Category	2020 Budget	2020 YTD	2020 YE	
			Projected	2021 Budget
Audit & Tax	11,800	-	10,654	11,800
Clubhouse Activities	65,000	24,298	32,290	25,500
Community Maintenance	133,876	91,336	148,475	155,048
Individual Home Maintenance	462,500	297,252	454,440	458,000
Insurance	120,068	77,826	116,739	128,413
Legal Expenses	1,500	5,628	8,097	8,000
Office/Administrative	48,972	35,536	56,211	57,783
Other Expenses	4,000	-	-	4,000
Payroll & Related Cost	224,300	122,621	182,211	181,000
Pool/Clubhouse Expenses	71,349	46,426	67,181	68,339
Utilities	68,000	38,207	61,882	68,000
Total Common Expenses	1,211,365	739,130	1,138,179	1,165,884
Less Other Income	(82,700)	(49,879)	(68,166)	(53,075)
Net Common Expenses	1,128,665	689,252	1,070,014	1,112,809



Common Expenses Detail (1 of 4)

Item Category	2020 Budget	2020 YTD	2020 YE	
			Projected	2021 Budget
Audit & Taxes				
Audit & Tax Preparation	3,850	-	3,850	3,850
Property Tax	7,950	-	6,804	7,950
Subtotal Audit & Tax	11,800	-	10,654	11,800

Clubhouse Activities				
Clubhouse Classes	7,500	8,586	15,491	8,500
Clubhouse Functions	6,000	481	731	1,000
Committees Trips	20,000	13,596	14,036	5,000
Entertainment Cost	23,000	660	660	7,500
Clubhouse Office Supplies	4,500	669	1,066	2,500
Social Events Expense	4,000	306	306	1,000
Subtotal Clubhouse Activities	65,000	24,298	32,290	25,500

Community Maintenance				
Landscape Maintenance	79,000	49,149	81,912	79,000
Landscape Improvements	9,526	9,526	9,638	10,000
Lake Management	5,700	3,044	5,375	6,000
Tree Removal/Replacement	5,000	3,724	5,000	5,000
Gates Access Control	4,000	1,801	3,994	4,000
Gates Maintenance/Repairs	8,000	1,567	3,407	6,000
Common Area Maintenance & Repairs	2,000	8,207	8,207	2,000
Bocce Ball Court Maintenance & Repairs	450	-	-	450
Sidewalk Maintenance & Repairs	500	-	-	500
Sprinklers Maintenance & Repairs	1,000	1,120	1,993	3,250
Streets Maintenance & Repairs	1,250	-	-	10,348
Painting Doors	17,450	13,200	28,950	28,500
Subtotal Community Maintenance	133,876	91,336	148,475	155,048



Common Expenses Detail (2 of 4)

Item Category	2020 Budget	2020 YTD	2020 YE	
			Projected	2021 Budget
Individual Home Maintenance				
Landscape Front Yards	446,000	291,875	440,542	446,000
Maintenance & Repairs	1,500	10	25	1,000
Irrigation Maintenance & Repairs	1,000	541	1,223	1,000
Townhouse Roof Maintenance	10,000	4,825	8,650	6,000
Townhouse Exterior Maintenance & Repairs	4,000	-	4,000	4,000
Subtotal Individual Home Maintenance	462,500	297,252	454,440	458,000

Insurance				
Directors & Officers	800	688	1,032	1,135
Property	23,300	13,160	19,740	21,714
Townhouse Property & Casualty	95,968	63,979	95,968	105,565
Subtotal Insurance	120,068	77,826	116,739	128,413

Legal Expenses				
Legal Collections	750	2,798	4,113	4,000
Legal Corporate	750	2,830	3,984	4,000
Subtotal Legal Expenses	1,500	5,628	8,097	8,000



Common Expenses Detail (3 of 4)

Item Category	2020 Budget	2020 YTD	2020 YE	
			Projected	2021 Budget
Office/Administrative				
Auto Expense	500	-	-	-
Management Services	39,747	26,498	39,747	40,542
Administrative Expense	1,200	586	879	1,000
Bank Charges	800	20	175	400
Copies & Printing	1,250	2,086	3,785	4,000
Mailouts/Coupon Books	1,750	1,664	4,176	4,250
Misc Office Expense	-	1,570	2,430	2,580
Office Supplies	875	164	500	500
Postage	875	1,333	2,304	2,500
Website Expenses	1,975	1,613	2,213	2,011
Subtotal Office/Administrative	48,972	35,536	56,211	57,783

Other Expenses				
Bad Debt	4,000	-	-	4,000
Subtotal Other Expenses	4,000	-	-	4,000

Payroll & Related Cost				
Payroll Office	164,500	94,198	139,388	136,000
Payroll Health Insurance	25,000	15,288	21,345	20,000
Payroll Processing Expense	12,400	6,670	11,430	13,000
Payroll Taxes	22,400	6,465	10,048	12,000
Subtotal Payroll & Related Cost	224,300	122,621	182,211	181,000



Common Expenses Detail (4 of 4)

Item Category	2020 Budget	2020 YTD	2020 YE	
			Projected	2021 Budget
Pool/Clubhouse Expenses				
Cable TV/Internet Clubhouse	13,000	8,169	12,309	13,000
Janitorial Expense	5,000	2,098	2,698	4,340
Clubhouse Maintenance & Repairs/Tools	500	2,821	4,507	5,000
Fitness Center		4,286	5,805	2,909
Clubhouse Office Furniture & Equipment	4,000	454	454	2,000
Clubhouse Pest Control	525	389	518	525
Trash Removal Contract	6,000	3,654	5,514	6,000
Pool Management Contract	17,500	12,561	16,869	17,500
Pool Equipment & Furniture	200	2,427	2,427	500
Misc Maintenance & Repairs	2,000	1,748	3,608	2,000
Landscape Maintenance Pool Area	5,974	1,200	1,200	2,000
Building Maintenance & Repairs	10,000	2,447	5,319	5,000
Clubhouse Monitoring Service	3,150	1,109	2,040	3,150
Lighting Maintenance & Repairs	1,000	211	309	1,000
Clubhouse Repairs/Supplies		104	131	250
Permits & Licenses	2,500	2,750	3,473	3,165
Subtotal Pool/Clubhouse Expenses	71,349	46,426	67,181	68,339

Utilities				
Electric Common Areas	50,000	29,997	44,912	49,000
Water/Sewer	15,000	7,203	15,411	16,000
Gas Common Area	3,000	1,007	1,559	3,000
Subtotal Utilities	68,000	38,207	61,882	68,000

Total Common Expenses	1,211,365	739,130	1,138,179	1,165,884
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Townhouse Budget Items

2021 Operational Budget		
Item Category	2020 Budget	2021 Budget
Maintenance Roof Repairs	10,000	6,000
Maintenance & Repairs Bldg Exterior	4,000	4,000
Insurance-Townhouse Property & Casualty	95,968	105,565
Total	109,968	115,565
2021 Reserve Budget		
Item Category	2020 Budget	2021 Budget
Townhouse Roof Reserve	120,573	120,573
Total	120,573	120,573



2021 Assessment Worksheet

2021 Assessment Computation

Common Items	2020	2021
Operational Expenses	1,018,697	997,244
Reserves	310,190	360,190
Common Assessment (Single Family)	193.60	197.76
Round to	194.00	198.00
Townhouse Items		
Operational Expenses	109,968	115,565
Reserves	120,573	120,573
Total	230,541	236,138
Dedicated Townhouse Assessment	110.41	113.09
Townhouse Assessment	304.01	310.85
Round to	304.00	311.00



Monthly Homeowner Assessment Breakdown

2020	2021	
\$ 8.29	\$ 10.56	Management, tax filing fees, accounting, auditing, liability insurance, general and administrative fees
\$ 17.54	\$ 20.51	Community maintenance including streetlights, street landscaping and pathway maintenance, access control system maintenance, and private street reserves
\$ 64.98	\$ 64.98	Complete front yard landscape maintenance
\$ 2.54	\$ 4.15	Reserve for refinishing your front door as needed but no more frequently than every 3 years
\$ 0.15	\$ 0.15	Reserve for sprinkler maintenance
\$ 14.79	\$ 22.00	Reserve for painting the exterior of your home as needed but no more frequently than every 8 years
\$ 19.55	\$ 21.42	Fence replacement no more frequently than every 12 years and perimeter fence repair as needed
\$ 66.16	\$ 54.23	Windsor Lodge management, property insurance & taxes, maintenance & reserves
\$ 194.00	\$ 198.00	Total Common Areas Assessment
\$ 45.96	\$ 50.87	Insurance on structure
\$ -	\$ -	Reserve for painting the exterior
\$ 57.34	\$ 57.34	Reserve for roof replacement
\$ 6.70	\$ 4.79	Maintenance for painting/siding/roof
\$ 110.00	\$ 113.00	Total Additional Townhome Assessment
\$ 304.00	\$ 311.00	Total Townhome Assessment



Board Actions for 2021

- Year 2 of 5 of 8-year cycle of exterior home painting
- Year 2 of 3-year door refinishing
- Year 3 of 4 of iron fence painting to then be put on same 8-year schedule as exterior home painting
- Only replace as needed iron fences from reserves
- Townhouse roof replacements to begin December, 2020 and conclude in 2023



Questions/Answers



What's Next?

- WLHOA Board Meeting: Tuesday, 15 December 2020 7 PM

