

Lafayette Village Community Association

2023 BUDGET (BOARD ADOPTED)

The Finance Committee has prepared and the Board of Directors has recommended the following budget for the fiscal year starting January 1, 2023. This budget assumes that HOA fees will increase approximate 8.4%. The new amounts will be \$378 per quarter for town homes and \$193 per quarter for detached homes on Merrimac Trail. This budget includes a Replacement Reserve Fund contribution of \$104,880, recommended by the 2021 Reserve Study. The percentages provided in this budget refer to the variance between the 2022 budget and the 2023 budget.

LINE ITEM	2021 Actuals	2022 YTD Jul 31	2022 Budget	2023 DRAFT BUDGET		
				Budget Amount	% increase	Difference
Revenue						
Single Family Assessments	\$ 14,448	\$ 11,214	\$ 14,952	\$ 16,212	8.4%	\$ 1,260
Townhome Assessments	\$ 397,488	\$ 307,818	\$ 410,424	\$ 444,528	8.3%	\$ 34,104
Late Fees	\$ 224	\$ 357	\$ 200	\$ 200	0.0%	\$ -
Interest-Reserves	\$ 6,612	\$ 5,462	\$ 3,100	\$ 7,000	125.8%	\$ 3,900
Legal Fee Reimbursements	\$ 895	\$ -	\$ 500	\$ 500	n/a	\$ -
Miscellaneous Income	\$ 235	\$ 22	\$ 300	\$ 300	0.0%	\$ -
Garden Plot Income	\$ 700	\$ 760	\$ 700	\$ 760	8.6%	\$ 60
Total Revenue	\$ 420,602	\$ 325,632	\$ 430,176	\$ 469,500	9.1%	\$ 39,324
Administrative Expenses						
Miscellaneous Administrative	\$ 3,070	\$ 562	\$ 2,500	\$ 2,500	0.0%	\$ -
Community Events	\$ 6	\$ 7	\$ 1,500	\$ 1,200	-20.0%	\$ (300)
Management Fees	\$ 47,663	\$ 28,499	\$ 48,855	\$ 50,076	2.5%	\$ 1,221
Website/Newsletter	\$ 1,987	\$ 1,722	\$ 2,100	\$ 2,300	9.5%	\$ 200
Legal Fees	\$ 11,722	\$ 3,026	\$ 9,000	\$ 10,000	11.1%	\$ 1,000
Audit/Tax Preparation	\$ 4,529	\$ 4,632	\$ 4,600	\$ 4,700	2.2%	\$ 100
Reserve Study/Professional Fees	\$ 1,425		\$ -	\$ -	n/a	\$ -
Bad Debts	\$ (314)	\$ -	\$ 1,000	\$ 1,000	0.0%	\$ -
Neighborhood Watch	\$ -	\$ -	\$ 200	\$ 200	n/a	\$ -
Meeting Support	\$ 1,575	\$ 1,225	\$ 2,000	\$ 2,000	0.0%	\$ -
Total Administrative Expenses	\$ 71,664	\$ 39,673	\$ 71,755	\$ 73,976	3.1%	\$ 2,221
Contract & Maintenance Expenses						
Trash Removal Contract	\$ 61,911	\$ 39,367	\$ 64,000	\$ 76,000	18.8%	\$ 12,000
Grounds Maintenance & Repair	\$ 14,940	\$ 2,330	\$ 14,000	\$ 20,000	42.9%	\$ 6,000
Landscaping Contract	\$ 74,938	\$ 46,050	\$ 80,184	\$ 84,193	5.0%	\$ 4,009
Tree Maintenance	\$ 4,231	\$ 3,564	\$ 14,000	\$ 7,000	-50.0%	\$ (7,000)
Emergency Tree Fund	\$ -	\$ 7,569	\$ 4,000	\$ 5,000	25.0%	\$ 1,000
Snow Removal/Spring Sweep	\$ 11,296	\$ 12,520	\$ 10,700	\$ 11,741	9.7%	\$ 1,041
Garden Expense	\$ 507	\$ 235	\$ 500	\$ 500	0.0%	\$ -
Tot Lot Maintenance	\$ -	\$ -	\$ 850	\$ 850	0.0%	\$ -
General Maintenance	\$ 9,367	\$ 3,173	\$ 5,700	\$ 6,000	5.3%	\$ 300
Total Contract & Maintenance Expenses	\$ 177,189	\$ 114,808	\$ 193,934	\$ 211,284	8.9%	\$ 17,350

LINE ITEM	2021 Actuals	2022 YTD Jul 31	2022 Budget	2023 DRAFT BUDGET		
				Budget Amount	% increase	Difference
Pool Expenses						
Pool Contract	\$ 36,700	\$ 36,800	\$ 35,526	\$ 46,000	29.5%	\$ 10,474
Pool Telephone	\$ 332	\$ 350	\$ 660	\$ 660	0.0%	\$ -
Pool Electricity	\$ 3,390	\$ 1,523	\$ 4,000	\$ 4,000	0.0%	\$ -
Pool Water	\$ 4,664	\$ 1,385	\$ 4,000	\$ 4,700	17.5%	\$ 700
Pool Gas	\$ 224	\$ 106	\$ 200	\$ 200	0.0%	\$ -
Pool Supplies & Maintenance	\$ 6,108	\$ 2,136	\$ 6,000	\$ 6,000	0.0%	\$ -
Total Pool Expenses	\$ 51,419	\$ 42,299	\$ 50,386	\$ 61,560	22.2%	\$ 11,174
Utility Expenses						
Street Light Electricity	\$ 4,177	\$ 1,992	\$ 3,000	\$ 1,800	-40.0%	\$ (1,200)
Total Utility Expenses	\$ 4,177	\$ 1,992	\$ 3,000	\$ 1,800	-40.0%	\$ (1,200)
Fixed Expenses						
Taxes & Licenses	\$ 3,425	\$ 1,140	\$ 2,500	\$ 2,000	-20.0%	\$ (500)
Insurance	\$ 9,360	\$ 5,516	\$ 9,600	\$ 14,000	45.8%	\$ 4,400
Total Fixed Expenses	\$ 12,785	\$ 6,656	\$ 12,100	\$ 16,000	32.2%	\$ 3,900
Replacement Reserve Contributions						
Replacement Reserve Contribution^	\$ 85,567	\$ 57,740	\$ 98,982	\$ 104,880	6.0%	\$ 5,898
Total Replacement Reserve Contributions	\$ 85,567	\$ 57,740	\$ 98,982.00	\$ 104,880	6.0%	\$ 5,898
Total Operating Expenses	\$ 402,801	\$ 263,167	\$ 430,157	\$ 469,500	9.1%	\$ 81,908
Transfer To Unappropriated Members Equity						
Transfer From Unappropriated Members Equity						
Surplus / (Deficit)	\$ 17,801	\$ 62,465	\$ 19	\$ (0)		

LINE ITEM	2021 Actuals	2022 YTD Jul 31	2022 Budget	2023 DRAFT BUDGET		
				Budget Amount	% increase	Difference

CAPITAL RESERVE BUDGET

Reserve Fund Balance						
Replacement Reserve Balance			\$ 850,915	\$ 822,937		
Equity Surplus Transfer			\$ -	\$ -		
Reserve Fund Balance (Jan 1 of budget year)	\$ 834,308		\$ 850,915	\$ 822,937		
Planned Reserve Fund Projects (Per Study)						
Property Site Elements						
Replacement Private Parking signs			\$ 3,000			
Water line to Garden		\$ 16,452	\$ 16,452			
Picnic Table	\$ 1,374					
Erosion Control	\$ 59,702	\$ 32,541	\$ 35,000			
Retaining Walls, survey			\$ 18,400			
Tree Survey			\$ 8,900			
Basketball & Multipurpose Resurfacing				\$ 25,000		
Retaining Walls, replacement				\$ 150,000		
Lamp LED replacement		\$ 23,650	\$ 25,000			
New poles and lamps (5)				\$ 30,000		
Playground	\$ 3,625					
Pool Elements						
Tile Replacement, Partial	\$ 4,259					
Pool Cover-Wading Pool				\$ 2,000		
Total Planned Projects	\$ 68,960		\$ 106,752	\$ 207,000		
Annual Reserve Contribution	\$ 85,567		\$ 98,982	\$ 104,880		
Reserve Study Recommendation^	\$ 913,567		\$ 979,848	\$ 846,040		
Surplus / (Deficit)	\$ (62,652)		\$ (136,703)	\$ (125,223)		
Reserve Fund Balance (Projected as of Dec. 31)	\$ 850,915		\$ 843,145	\$ 720,817		

Replacement cost and asset life:

The current estimated replacement cost, estimated remaining life and estimated useful life of the Association's capital components can be found in the most recent Reserve Study, posted on the association's website.

Assumptions regarding recommended cash reserves:

The reserve study uses the Cash Flow Method to compute the Reserve Funding Plan. This method offsets future variable Reserve Expenditures with existing and future stable levels of reserve funding. This method considers current and future costs of replacement, 0.9% anticipated annual rate of return on invested reserves and 2.0% future inflation rate. The company, Reserve Advisors, maintains a database of historical costs of labor and combines this with data publicly available to estimate local labor costs. The stable levels of funding are calculated using the Funding Goal, in order to maintain reserves above an adequate, not excessive, threshold during one or more years of significant expenditures, i.e. replacement of the pool deck. For additional information, please refer to the full reserve study found on the association's website.

Link to the current Reserve Study:

<http://lafayettevillage.org/wp-content/uploads/2021/03/Lafayette-Village-Community-Association-Report.pdf>

The Replacement Reserve Fund is managed in accordance with the Reserve Study received January 2021. The Study recommends annual contributions from the operating budget to sustain the infrastructure and capital property in the community. The projects outlined above are in line with recommended improvements and maintenance within the study, and the board has adopted this capital reserve budget as a part of the annual budget process as revised. The Board contracts for an updated Reserve Study approximately every 5 years.