

THE GROVE HOMEOWNERS ASSOCIATION

December 1, 2018

Dear Grove Homeowners:

Enclosed for your review is the approved 2019 budget for The Grove Homeowners Association. Please note that homeowner assessments will remain at \$440.00 per home per year. The following information will explain the major budget line items.

Income

- The amount of **Assessments**, \$440.00 per home per year, is based on total expenses minus all other sources of income.
- **Newsletter Advertising Income** comes from paid advertisers for the newsletter.
- **Rental Income** is generated by the rental of the clubhouse by homeowners.
- **Collections Income** is generated by **Late Charges**, which are assessed when an annual payment is not received within 30 days of the due date.
- **Other Income** comes primarily from charges assessed to homeowners for rules violations.
- **Interest Income** is earned on invested funds. The Association invests most of its assets in certificates of deposit (CDs) and money market funds to earn a reasonable rate of return while maintaining liquidity.

Administrative Expenses

- **Other Administrative** line item includes expenses for the Annual Meeting and certified mailings.
- **Collections Fees** are charged for sending delinquency notices to homeowners and for turning accounts over to the Association's attorney for collections.
- The Association has budgeted \$500 for **Uncollectable Accounts** that have to be written off due to bankruptcy or foreclosure.
- **Website Fees** are paid to manage www.TheGroveHOA.com.
- **Social Activities** are budgeted at \$1,800 for 2019. This includes National Night Out, Volunteer Appreciation Night and other community sponsored events.
- The Association incurs **Postage** and **Printing** costs for correspondence and meeting notices.
- The Association incurs expenses related to the drafting, editing and printing of the quarterly community **newsletter**.

Insurance

- The Association carries a \$1,000,000 property/liability **Insurance** policy as well as a \$1,000,000 Directors' & Officers' policy and a \$500,000 fidelity bond.

Utilities

- The Association incurs expenses for **Electricity** for the street lights, irrigation, and clubhouse operation. **Gas Service** is provided for the clubhouse. **Water/Sewer** is provided for the clubhouse, pool and irrigation of the common areas. The clubhouse has a **telephone** for summer emergency use only.

Landscaping, Irrigation, and Contracted Expenses

- **Grounds Maintenance** is provided by Nature's Way for 2019. The landscape contract includes mowing, edging, aerating, overseeding and fertilizing the turf in the common areas. In addition, Nature's Way will apply lime, pull weeds, apply mulch to common area mulch beds, apply

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herbicides, and prune shrubs.

- **Tree Removal** covers the cost of removal of dead, dying or diseased trees and stumps in the common areas.
- The **Grounds Repairs/Improvements** line item includes repairs of walkways, fence repairs and the as replacement of shrubs and mulch as needed.
- The **Irrigation System Repair & Maintenance** contract covers the cost of spring start-up, inspections, repairs and fall/winter shutdown.
- **Clubhouse Cleaning** is done twice per month. Additional services include end of pool season cleaning, tile floor cleaning, and window cleaning.
- **Pool Contract:** Swim Management will continue to provide the maintenance of the pool in 2019.

Repair & Maintenance Expenses

- **Clubhouse, Fencing, Lighting, and Sidewalk Repairs** are performed as needed to exterior building surfaces and all common area improvements.
- **Snow Removal** (plowing of clubhouse parking areas) is done as needed.

Professional Services

- **Audit/Tax Return** includes the preparation of tax returns and an annual audit by the accounting firm of Adams, Jenkins & Cheatham.
- The **Accounting** line item covers the cost of Community Group's accounting work including processing of assessment payments; coordinating collection of delinquent accounts; reconciling bank accounts; making payments to contractors; preparing bi-monthly financial statements; and preparation of a budget.
- **Legal/Professional** expenses consist primarily of attorneys' fees for consultation and advice. Corporate Fees are paid annually to the State Corporation Commission and the Common Interest Community Board as required by law.
- The Association's **Management** contract with Community Group includes inspections of the community, attendance at Board meetings and the Annual Meeting, responding to homeowner requests, correspondence, obtaining bids, overseeing the work of contractors, and providing counsel to the Board of Directors.

Reserves

A 20-year reserve analysis for the community was done by Design Management and updated in the spring of 2017. The reserve analysis calls for allocations for:

- **Pool** resurfacing and replacement
- Replacement of **Asphalt Parking/Walkways**
- Funding for replacing of **lighting** in all the common areas
- Replacement of **playground equipment**
- Replacement of **landscaping, walls, irrigation system, fences, sidewalks and other community amenities as needed.**
- **Interest** income is allocated to reserves to help offset the effects of inflation.

The Board members feel that the 2019 budget will help them maintain and enhance The Grove Homeowners Association. If you have questions concerning the budget, please do not hesitate to contact any Board member.

Budget Summary Report
Grove HOA
Grove HOA - 2019 Budget Final

	2019 Budget
Assessment Income	
4000 - Assessments	323,840.00
Total Assessment Income	323,840.00
User Fee Income	
4295 - Newsletter Advertising Income	4,714.00
Total User Fee Income	4,714.00
Rental Income	
4400 - Clubhouse Rental Income	6,804.00
Total Rental Income	6,804.00
Collections Income	
4710 - Late Charges	1,948.00
Total Collections Income	1,948.00
Other Income	
4835 - Other Income	1,800.00
Total Other Income	1,800.00
Investment Income	
4910 - Interest Income	1,380.00
Total Investment Income	1,380.00
Total Operating Income	340,486.00
Administrative	
5000 - Other Administrative	304.00
5010 - Uncollectable Accounts	500.00
5025 - Collection Fees	1,000.00
5115 - Website	1,730.00
5200 - Social Activities	1,800.00
5210 - Printing	4,180.00
5215 - Postage/Distribution	2,255.45
5225 - Newsletter	4,500.00
Total Administrative	16,269.45
Insurance	
5440 - Insurance - Premiums	11,038.98
Total Insurance	11,038.98
Utilities	
6000 - Electric Service	8,720.34
6005 - Gas Service	345.00
6025 - Water/Sewer - Clubhouse	19,997.18
6050 - Telephone-Clubhouse	372.00
Total Utilities	29,434.52
Landscaping	
6100 - Grounds Maintenance	83,148.00
6165 - Tree Removal	5,000.00
6199 - Grounds Repairs/Improvements	19,070.00
Total Landscaping	107,218.00

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Irrigation	
6200 - Irrigation Repair & Maintenance	13,500.00
Total Irrigation	13,500.00
Contracted Services	
6430 - Clubhouse Cleaning	3,150.00
6438 - Pool Contract	32,300.00
Total Contracted Services	35,450.00
Repair & Maintenance	
6525 - Clubhouse Repairs/Improvements	5,442.00
6640 - Lighting Supplies/Repair & Maintenance	2,500.00
6700 - Pool Supplies/Repair & Maintenance	2,700.00
6750 - Snow Removal & Supplies	1,311.00
6795 - Other Supplies/Repair & Maintenance	2,931.00
Total Repair & Maintenance	14,884.00
Professional Services	
7000 - Audit/Tax Return	2,638.00
7015 - Accounting	8,766.60
7020 - Legal/Professional	3,273.00
7040 - Management Fees	38,519.62
Total Professional Services	53,197.22
Reserve Expenses	
9800 - Replacement Reserves	37,226.15
9834 - Contingency Funds Reserve	20,887.68
9908 - Interest to Reserves	1,380.00
Total Reserve Expenses	59,493.83
Total Operating Expense	340,486.00
Total Association Net Income / (Loss)	(0.00)