

# THE GROVE HOMEOWNERS ASSOCIATION

December 1, 2019

Dear Grove Homeowners:

Enclosed for your review is the approved 2020 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 \$869.11 for **Uncollectable Accounts** that have to be written off due to bankruptcy or foreclosure.
- **Website Fees** are paid to manage [www.TheGroveHOA.com](http://www.TheGroveHOA.com).
- **Social Activities** are budgeted at \$1,800 for 2020. This includes National Night Out, Grovetoberfest 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 2020. 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

# THE GROVE HOMEOWNERS ASSOCIATION

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 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 2020.

## 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 balance sheet review by the accounting firm of Adams, Jenkins & Cheatham. Full Audit is done every 5 years.
- 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 2020 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.

The procedures used for the estimation and accumulation of cash reserves by the Association include the following steps:

## THE GROVE HOMEOWNERS ASSOCIATION

- Reviewing the reserve study, which estimates the reserve amounts needed and the annual contributions to be made to the cash reserves,
- Considering the expenditures made for the repair, replacement and restoration of capital components by the Association since the reserve study was completed,
- Considering recommendations, if any, from vendors for upcoming repairs, replacements or restorations of capital components,
- Reviewing the current balance of the cash reserves, and
- Based on that information, evaluating whether the Association should follow the reserve study's recommendations for annual reserve contributions or whether it should budget for an increased or decreased annual reserve contribution.

The Association's reserve study recommends a balance of \$350,030 as of December 31, 2019. The amount of cash allocated to reserves as of July/ Aug 2019 is \$415,960.85.

**Budget Summary Report**  
**Grove HOA**  
**Grove HOA - 2020 Budget Final**

	<u>2020 Budget</u>
<b>Assessment Income</b>	
4000 - Assessments	323,840.00
<b>Total Assessment Income</b>	<b>323,840.00</b>
<b>User Fee Income</b>	
4295 - Newsletter Advertising Income	4,636.00
<b>Total User Fee Income</b>	<b>4,636.00</b>
<b>Rental Income</b>	
4400 - Clubhouse Rental Income	6,773.00
<b>Total Rental Income</b>	<b>6,773.00</b>
<b>Collections Income</b>	
4710 - Late Charges	1,839.62
<b>Total Collections Income</b>	<b>1,839.62</b>
<b>Other Income</b>	
4835 - Other Income	267.00
<b>Total Other Income</b>	<b>267.00</b>
<b>Investment Income</b>	
4910 - Interest Income	1,210.00
<b>Total Investment Income</b>	<b>1,210.00</b>
<b>Total Operating Income</b>	<b>338,565.62</b>
<b>Administrative</b>	
5000 - Other Administrative	304.00
5010 - Uncollectable Accounts	869.11
5025 - Collection Fees	800.00
5115 - Website	1,559.00
5200 - Social Activities	1,800.00
5210 - Printing	4,000.00
5215 - Postage/Distribution	2,255.45
5225 - Newsletter	4,667.60
<b>Total Administrative</b>	<b>16,255.16</b>
<b>Insurance</b>	
5440 - Insurance - Premiums	9,019.28
<b>Total Insurance</b>	<b>9,019.28</b>
<b>Utilities</b>	
6000 - Electric Service	8,894.75
6005 - Gas Service	345.00
6025 - Water/Sewer - Clubhouse	18,308.45
6050 - Telephone-Clubhouse	333.00
<b>Total Utilities</b>	<b>27,881.20</b>
<b>Landscaping</b>	
6100 - Grounds Maintenance	83,148.00
6165 - Tree Removal	5,000.00
6199 - Grounds Repairs/Improvements	34,922.00
<b>Total Landscaping</b>	<b>123,070.00</b>

**Budget Summary Report**  
**Grove HOA**  
**Grove HOA - 2020 Budget Final**

	<u>2020 Budget</u>
<b>Irrigation</b>	
6200 - Irrigation Repair & Maintenance	13,500.00
<b>Total Irrigation</b>	<b>13,500.00</b>
<b>Contracted Services</b>	
6430 - Clubhouse Cleaning	2,700.00
6438 - Pool Contract	34,300.00
<b>Total Contracted Services</b>	<b>37,000.00</b>
<b>Repair &amp; Maintenance</b>	
6525 - Clubhouse Repairs/Improvements	6,000.00
6640 - Lighting Supplies/Repair & Maintenance	1,225.00
6700 - Pool Supplies/Repair & Maintenance	2,700.00
6750 - Snow Removal & Supplies	1,311.00
6795 - Other Supplies/Repair & Maintenance	3,500.00
<b>Total Repair &amp; Maintenance</b>	<b>14,736.00</b>
<b>Professional Services</b>	
7000 - Audit/Tax Return	4,040.00
7015 - Accounting	9,003.24
7020 - Legal/Professional	3,273.00
7040 - Management Fees	39,559.63
<b>Total Professional Services</b>	<b>55,875.87</b>
<b>Reserve Expenses</b>	
9800 - Replacement Reserves	40,018.11
9834 - Contingency Funds Reserve	0.00
9908 - Interest to Reserves	1,210.00
<b>Total Reserve Expenses</b>	<b>41,228.11</b>
<b>Total Operating Expense</b>	<b>338,565.62</b>
<b>Total Association Net Income / (Loss)</b>	<b><u>(0.00)</u></b>