

## **2018 Financial Overview**

**December 6, 2018**

This document details the key financial events that occurred during 2018 and includes a discussion of potential project work in the future.

### **BUDGET DECREASE:**

This year's proposed budget is \$56,510, or a 10% decrease, compared to 2018. The single most important factor explaining this decrease is the 16% reductions in the Operations Category, largely because of the 2018 completion of fence repair and painting.

### **RESERVES:**

Reserve expenditures in 2018 were \$13,419 versus \$6,492 in 2017. The increase, again, is attributable to fence repair and painting and, in addition, an increase in irrigation infrastructure expenditures. Four factors explain the irrigation infrastructure increase: 1) Replacement of the Sump Pump, 2) Installation of Isolation Valves, 3) Replacement of the Variable Frequency Drive and Transducer and 4) Replacement of the Large System Pump. The aging of irrigation infrastructure explains the necessity of these expenditures; our system is approximately 25-years old.

### **ACCOUNTING / FINANCIAL TRACKING AND REPORTING:**

In 2018, the budget included \$5,000, which included both the management company and tax accounting expenses. The 2019 budget includes \$3,500 for all-inclusive accounting; we no longer employ a management company. Our accountant has assumed most of the bookkeeping portion of the management company duties. The Board has assumed the remaining duties. This revised accounting arrangement not only saves the Association money, it also works more efficiently.

### **HOA WEBSITE:**

The new Board-managed website operated efficiently during 2018. No changes are planned for 2019.

### **RETENTION POND DREDGING:**

The pond dredging project is scheduled for around February 2019. The pond will be cleared of old debris and sludge bringing it back to the original capacity and state of efficiency. Dredging the pond will eliminate the cost of weekly spin filter cleaning, a savings of \$1,375.00 annually. The addition of cobble rock on the exposed perimeter of the pond will eliminate another \$750.00 from the annual landscape maintenance agreement with Bookcliff Gardens. The increase in pond efficiency should minimize residents' clogged drippers and sprinkler heads and reduce owners' personal time maintaining their sprinkler systems.

Repair of the ancient pond liner resulted in expenditures of \$2,300 in 2018. Future expenditures should be substantially reduced with the pond dredging and installation of compacted bentonite over the existing liner.

#### **FILING 4 COURTYARD:**

Filing 4 Courtyard year-end projections are \$6,430, which matches the projected budget level collected for services in 2018. There was \$98.96 billed to Filing 4 Courtyard during 2018 for Time and Material maintenance. This reduced the Filing 4 Courtyard Owner reserves to \$600.00. This amount will be carried forward for 2019 posted on the Reserve Sheet, Filing 4 Courtyard Landscape.

#### **FENCE REPAIR AND PAINTING PROJECT:**

Fuller Fence repaired fence panels and replace 12 rotten fence posts. The work was awarded to Fuller Fence by Direct Source. The cost was \$2,200.00.

The fences along South Broadway and Seasons Drive were painted during July of 2018 by Sunshine Painting. Sunshine Painting was awarded the work after receiving bids from four (4) paint contractors. The cost to paint both sides of the wooden fence was \$11,980.00.

The total cost of the Fence Project was \$14,180.00.

#### **MASTER CONTRACT FOR LANDSCAPE AND IRRIGATION:**

The Board determined having a single total-care contractor model for both irrigation and landscape services is the best management solution for the Seasons. Benefits of having a total-care contractor include:

- Coordinated work efforts between Landscape and Irrigation.
- One monthly invoice for both landscape and irrigation contracted work.
- Detailed invoicing for Time and Material work by Filing and address.
- Single point of contact.
- One contact for emergencies during on and off hours.
- Schedule of annual services.

Bookcliff Gardens services will be retained for 2019. The new contract will extend the contract for two more years. Pricing is based on original contract signed in October of 2016. The hourly rates of forty dollars (\$40.00) per hour for landscape services and fifty-five dollars (\$55.00) per hour for irrigation services will remain at the same level. The new contract now includes Filing 7 common area maintenance as part of the Master Agreement. The new contract amount is \$19,319.00 or a savings of \$1,607.00 per year. The 2018 combined contracts totaled \$20,926.00.

- *Note: The HOA interests are protected under this two-year contract locking in pricing for the life of the agreement and the inclusion of a "Termination for Convenience" clause.*

## **FUTURE PROJECT WORK:**

Projects work falls into two categories:

- Projects that are part of ongoing routine maintenance that require attention on a 3-to-5-year cycle.
- Projects that are modification, upgrades or enhancements to existing assets designed to fix problems, improve efficiency, and ensure the functionality of the original intent or design, now and into the future.

## **2019 PROJECTS:**

- Lot D repair and reclamation work will be required after the dredging project is complete. Lot D will be used as access to the pond during construction. This access will serve to accommodate large trucks and heavy equipment. The estimated cost for landscape repair is approximately \$6,000.00. This amount will be covered by transferring a 2018 budget surplus into Reserves, Landscape Improvement.

## **FUTURE POTENTIAL PROJECTS:**

- Construct a pump house on Berm 4 Common Area. A pump house would house large irrigation equipment, electrical and pump equipment. The objective is to raise the pump, PVC piping and sensitive electronic devices out of the pit. The existing design has the continued potential for damages due to flooding. Even a minor leak can cause extensive damage because water is confined to the pit with a sump pump, which had to be replaced in 2018, as the only inadequate safeguard. The pump replacement was the result of a leak which submerged the equipment. The estimated cost for this pump house project is approximately \$5,700.00.
- Install large irrigation flush gates at the intake point under the grated walkway. The flush gates would be an additional means to clean the sludge and debris before entering the pump and delivering water to property owners. The approximate cost for installation of the gates is \$5,000.00.
- Plan for large-scale tree maintenance at the South Broadway entrance and on Berm 4. The trees were over-planted and have overgrown resulting in excessive shade and insufficient nutrients to sustain healthy growth. This situation will continue to be monitored in 2019. The budget contains \$4,000 for common area landscape maintenance and some if these funds could be directed to this expenditure.

Your Board of Directors