

LFGHOA 2015 Budget

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Budget Philosophy

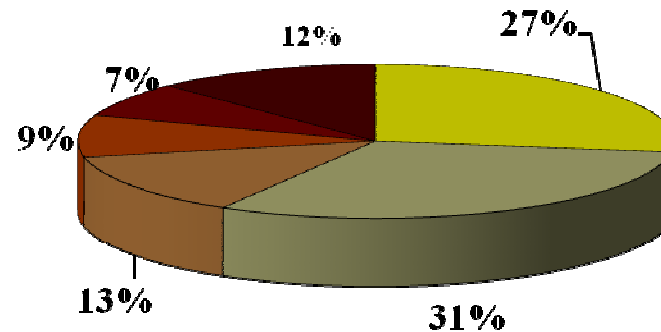
1. Prudent fiscal management
“It’s our money”
2. Don’t create future problems by avoiding maintenance
3. No special assessments
“We have to forecast”

2015 Major Budget Items

Income

- Dues ~ \$ 908k
- Other ~ \$8k

Expenditure ~\$664k (includes painting)



Replacement Fund

- '15 Balance ~ \$314k (latest est)
- Spending ~\$145k (2015)

Operating Budget Performance

	2013				2014				2015			
	Budget	Actual	Delta	%	Budget	Actual	Delta	%	Budget	Est. Finish	Delta	%
Landscape	73531	71834	1697	2%	76246	75992	254	0%	78076	80326	-2250	-3%
Utilities	64500	64879	-379	-1%	64700	64400	300	0%	64400	68400	-4000	-6%
Pool/Tennis	51667	54473	-2806	-5%	54425	66577	-12152	-22%	57825	60525	-2700	-5%
Repair/Maintance	150036	130616	19420	13%	153899	135956	17943	12%	148874	140332	8542	6%
Administration	184133	192832	-8699	-5%	184921	190969	-6048	-3%	193004	200504	-7500	-4%
Total	523867	514634	9233	2%	534191	533894	297	0%	542179	550087	-7908	-1%
Annual Change					3.8%	3.7%			1.6%	3.0%		
Labor	252509	253590	-1081	0%	255184	257488	-2304	-1%	269579	269579	0	0%
					0.6%	1.5%			4.7%	4.7%		

Note: Does not include painting or landscape improvements



Efficiencies

❑ **Snow Removal**

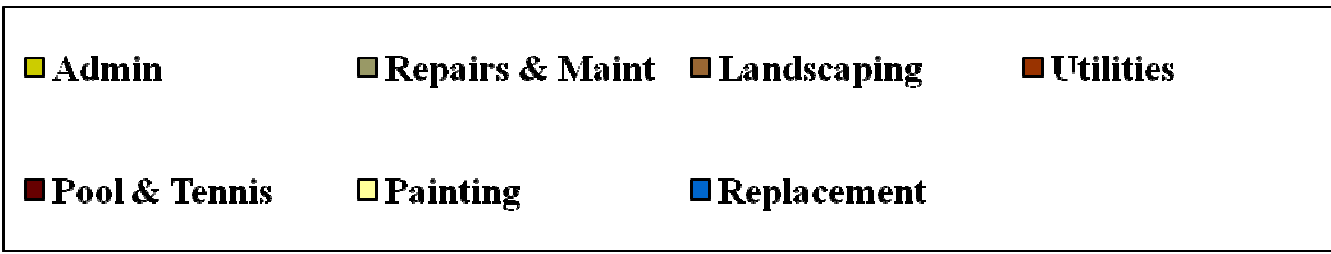
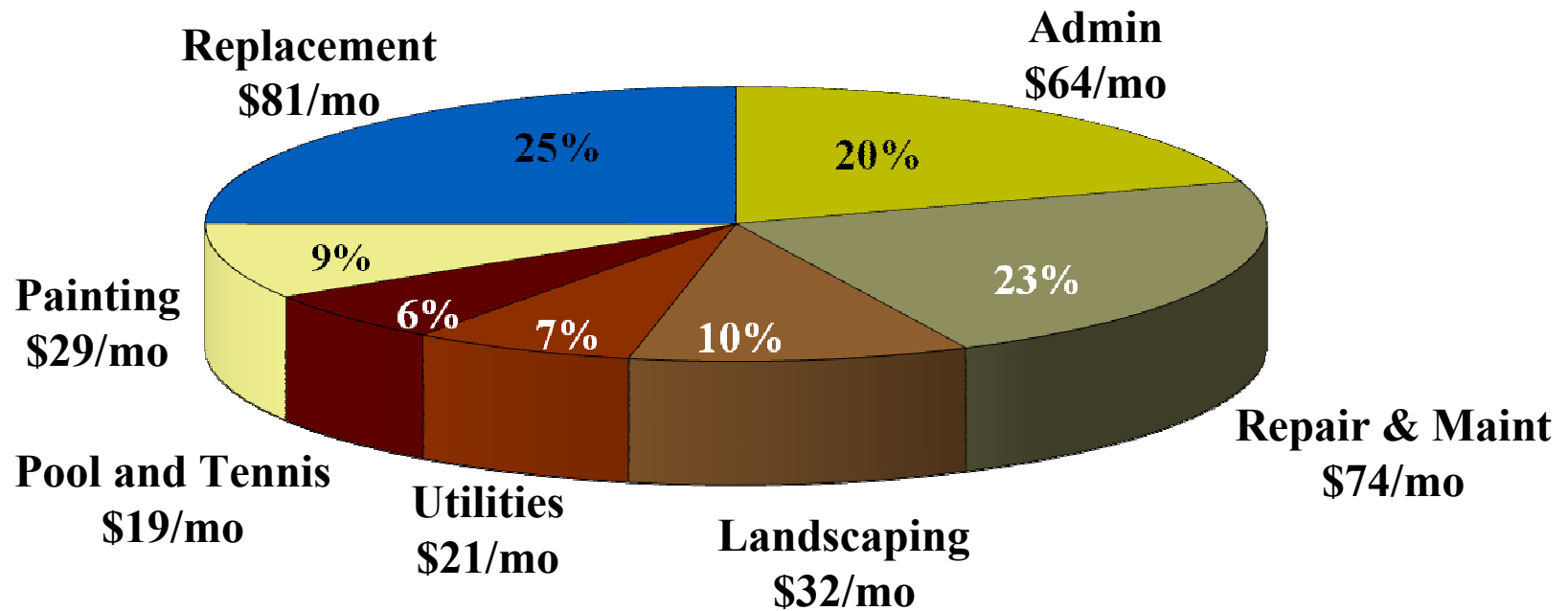
- **~\$750 per day of plowing – Hard to put an exact amount on the saving**
- **The low contractor price is only possible with our help**
 - ❑ The alternative estimates are significantly higher

❑ **Roofing Savings**

- **Chimney Chases and Vents - Estimated total saving of ~\$100k**
 - ❑ Chimney Chases were re-attached properly
 - ❑ One 2” plumbing vent on the three bedroom units was moved over one support
- **Pre-Painting the Flashing - Estimated total saving of ~\$50-70k**
 - ❑ Painting will lengthen the flashing life
 - ❑ Painting the flashing after installation is very difficult to cleanly paint

Dues Spending (2015)

□ Dues \$323/Unit





Inflation, Interest & Estimates

Inflation

- Drives up future costs / decreases our future buying power
- Assumed to be 3%

Interest

- Reserve accounts
- Assumed to be 2%

Estimates

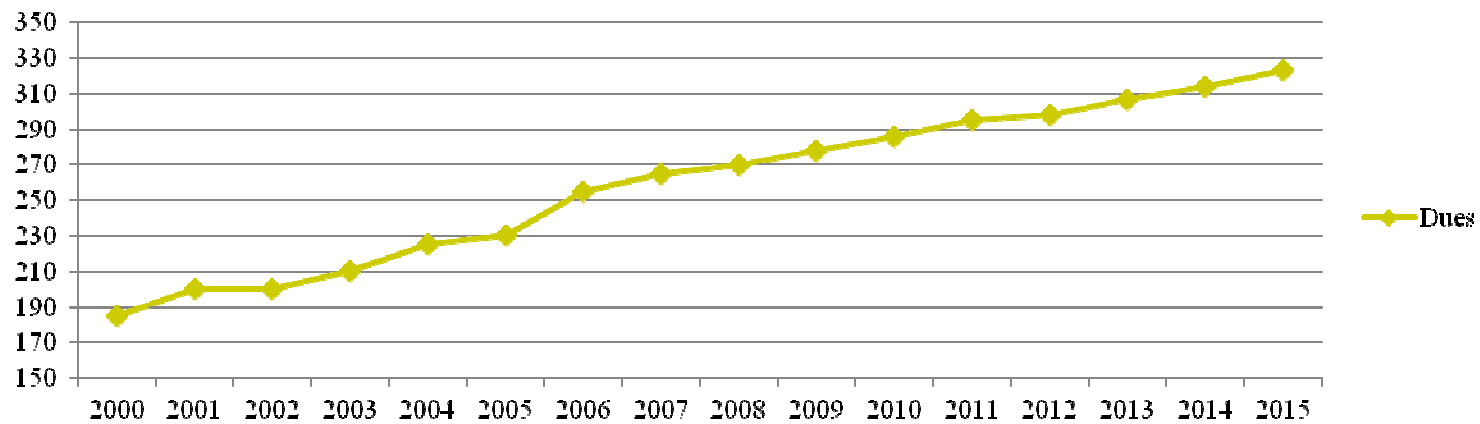
- BMP Estimated at \$180k +/-10%
 - Moved to 2017 budget
 - Actual will depend on final agreement on erosion control solution

Replacement Fund (2015 estimates)

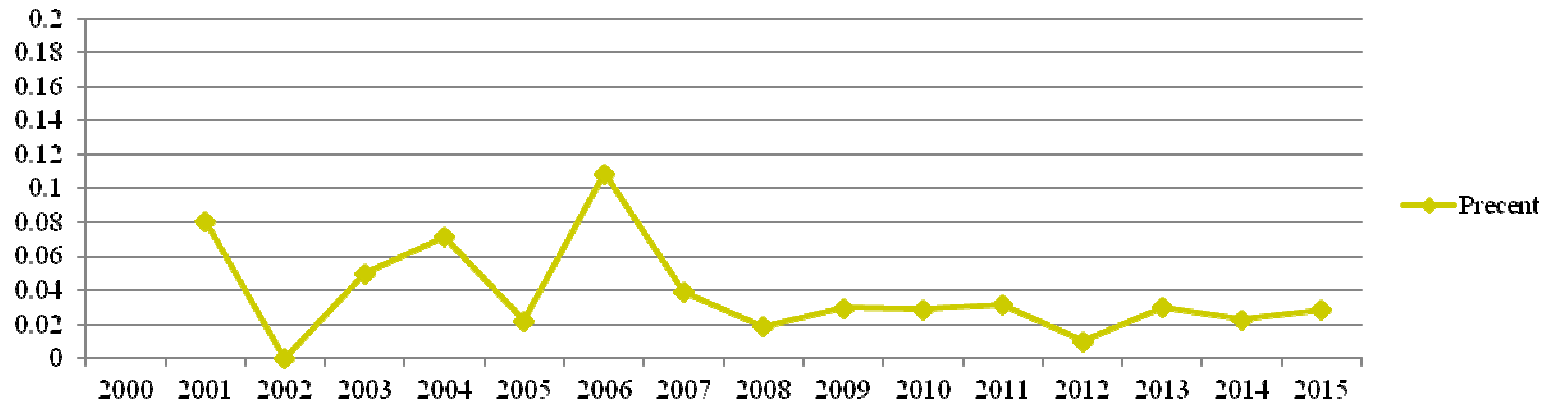
	<u>Replacement Costs</u>	
	<u>Current</u>	<u>2034 Est (next re-roof)</u>
■ BMP Project	\$ 195,000	\$
■ Building / Roofing Project	\$ 2,862,000	\$4,800,000
■ Roads and Paths	\$ 806,000	\$1,900,000
■ Pool, Spa & Playground	\$ 448,523	\$ 775,000
■ Tennis Courts	\$ 81,565	\$ 150,000
■ Trucks	\$ 61,000	\$ 122,000
■ Office Equipment	\$ 8,120	\$ 29,000
■ Fencing	\$ 1,200	\$ 10,000
Total	\$ 4,463,408	\$7,786,000

Dues History

Monthly Dues



Dues Increase Percent



Spending Increases

- Dues increases from 2008 to 2015
 - \$270/mo to \$323/mo: 2.6% per year increase
- Operating budget 2008 to 2014
 - \$514k to \$553k: 1.2% per year increase = **HALF the rate of inflation**
 - Garbage + 14%
 - Electrical +16%
 - Weed and Pest control +75%
 - Chemicals +93%
- Reserve Spending
 - Average 2005 to 2007: \$215k per year
 - Average 2008 to 2014: \$467k per year +217%



2016 Proposed Budget & Dues

- ❑ Planned Expenses of \$658k, +2.2%
- ❑ Reserve spending \$287k
- ❑ Dues increase 3% to \$333
- ❑ Future dues forecast is to inc. @3% inflation, ~\$9/mo – reviewed annually as future plans are completed



Questions/Comments

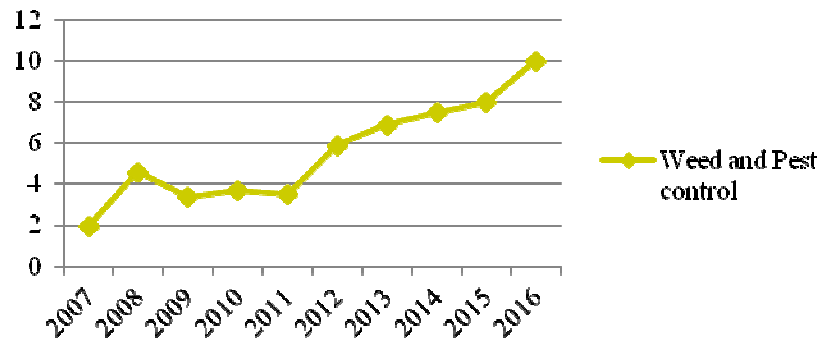




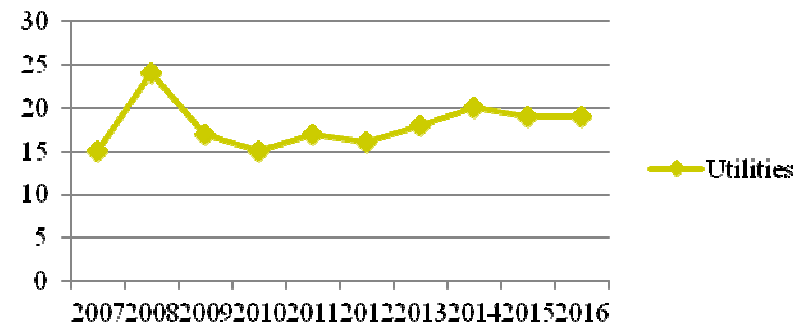
Additional Material, If Needed

Trends

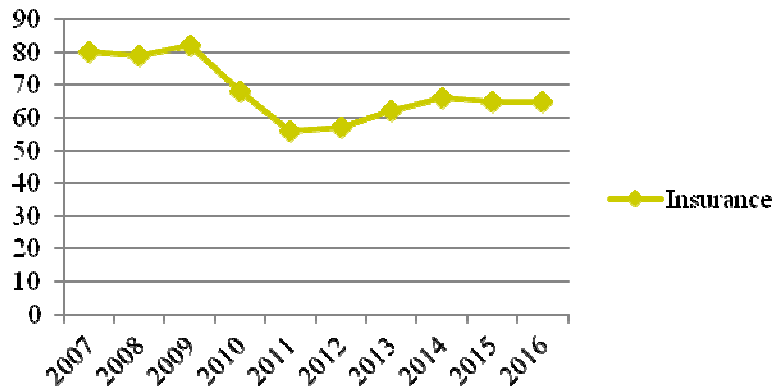
Weed and Pest control



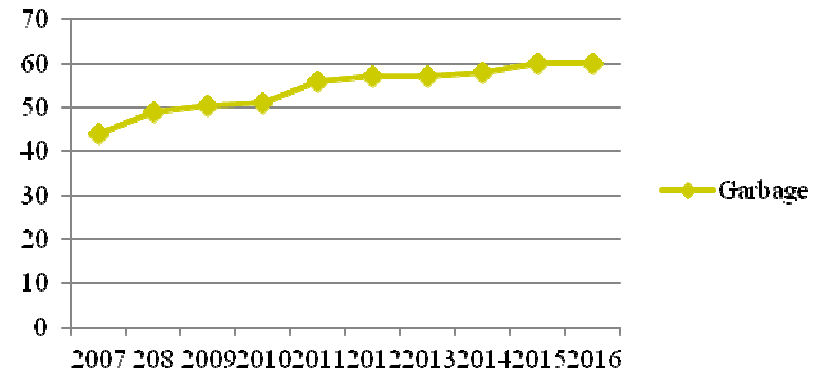
Utilities



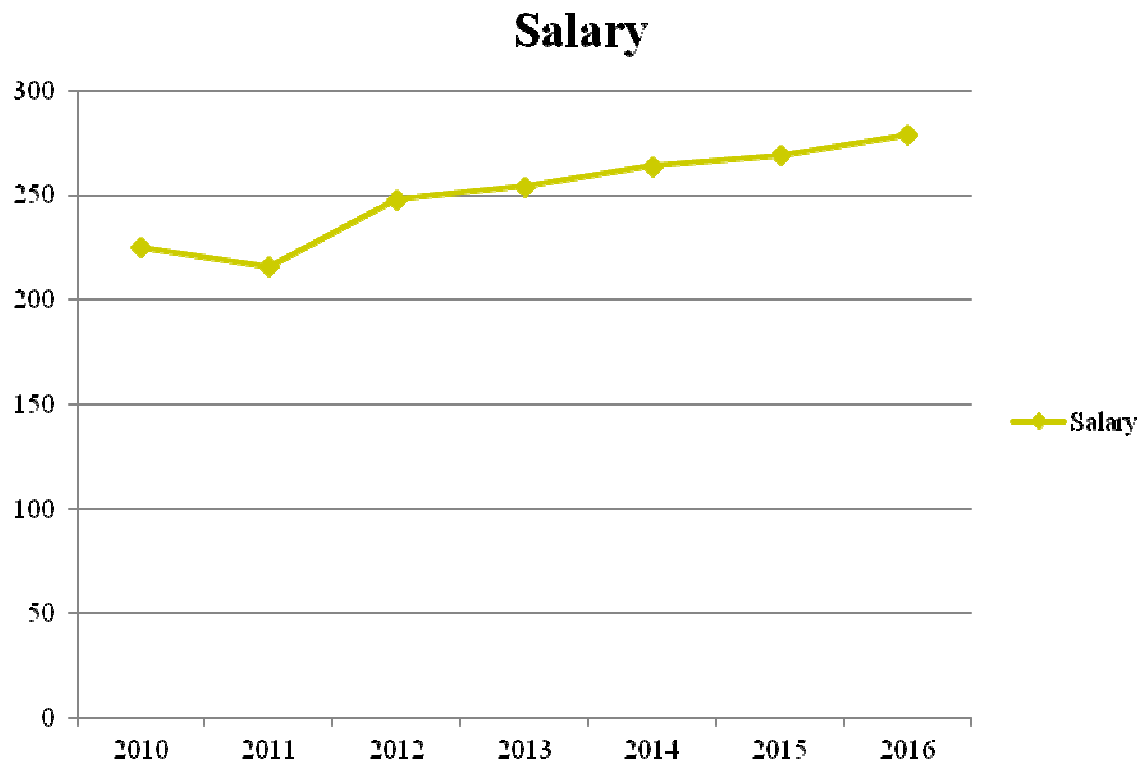
Insurance



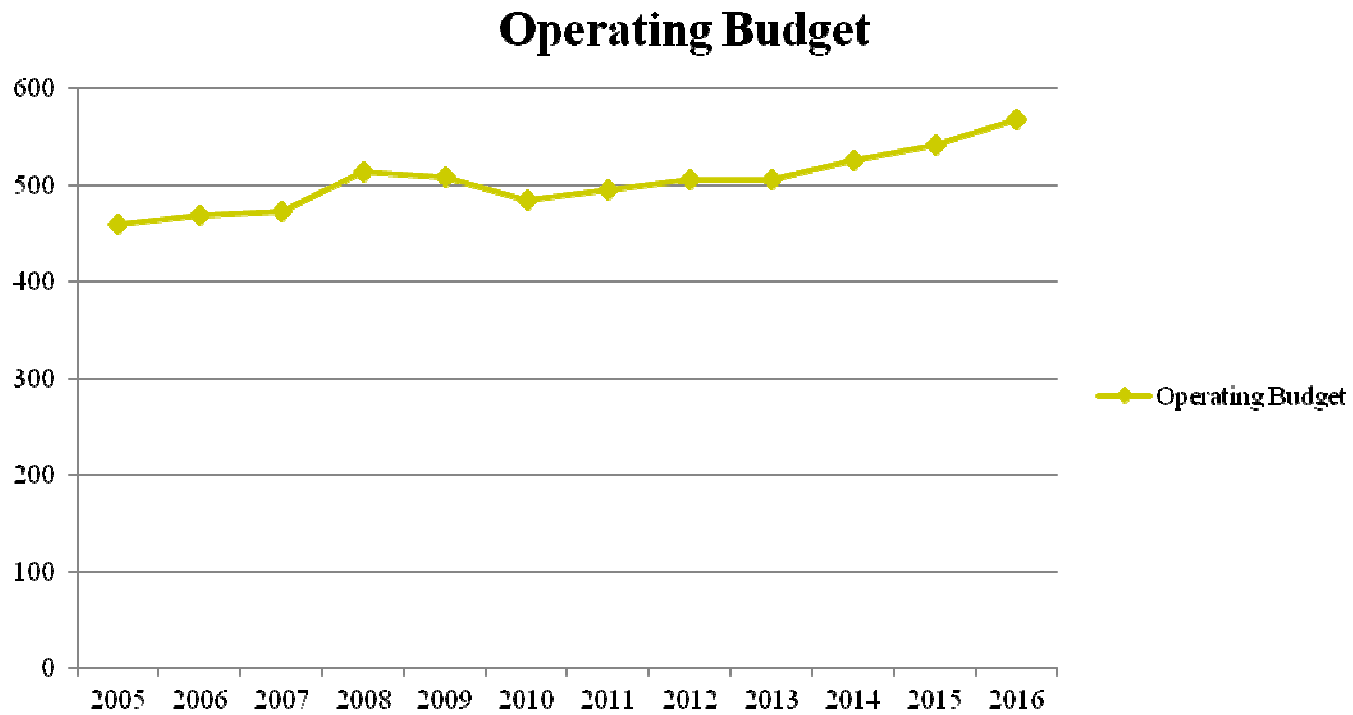
Garbage



Trends



Trends

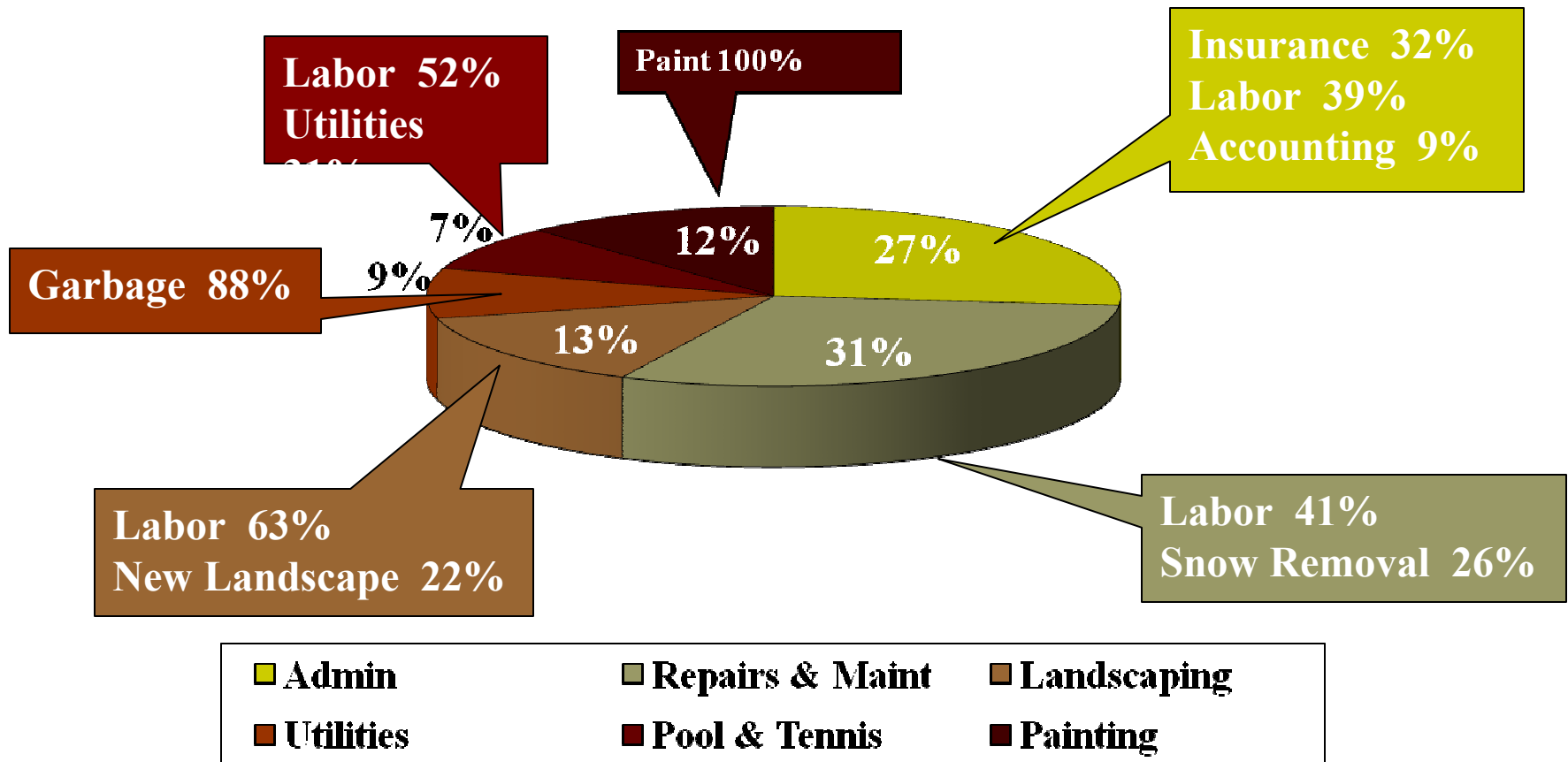




Budget Challenges 2008 to 2014

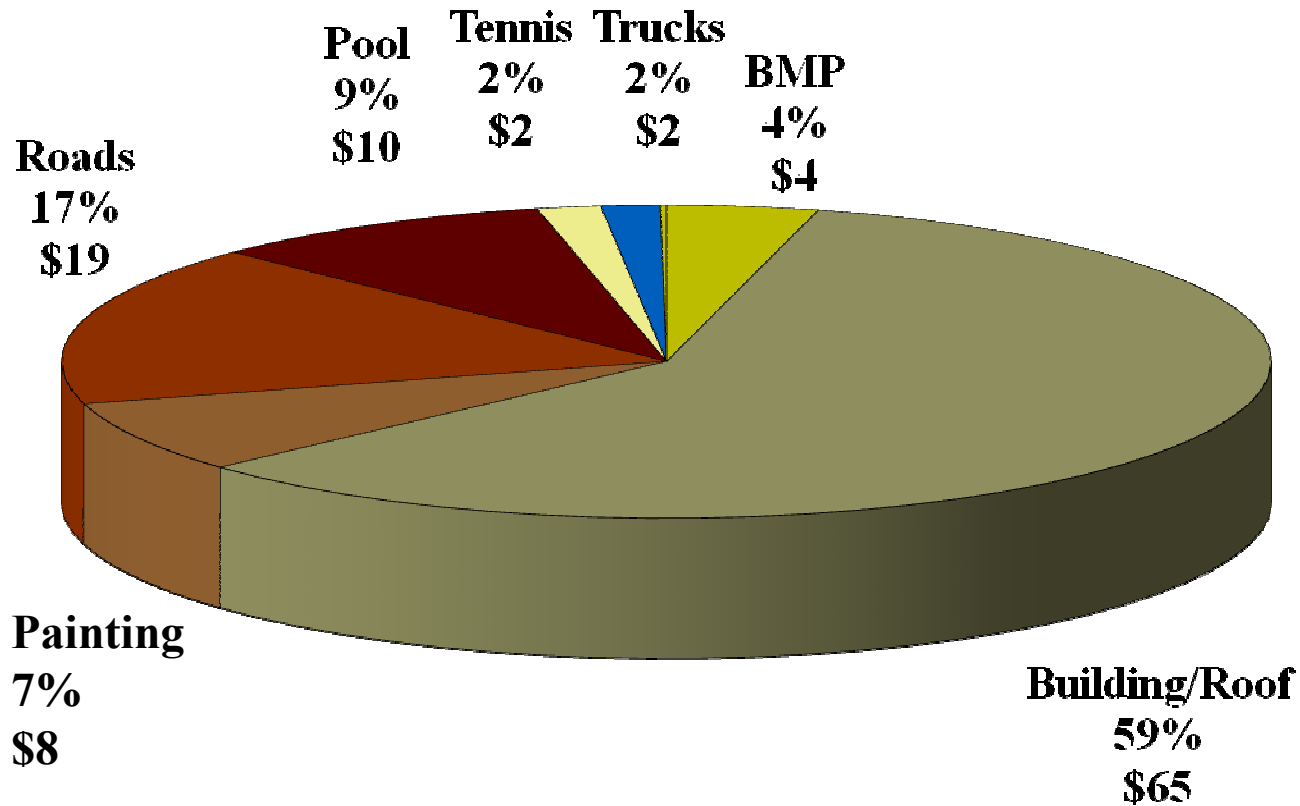
- Reserve Spending \$3.3 M
 - Roofs 2008 – 2012 \$2.3 M
 - Roads 2012 – 2014 \$922 K
 - Includes sealing roads 2015-2017
- Operating
 - Painting \$360K
- Total Spending \$3.5 M or \$15K per unit

Cost Drivers (2015)



Dues Reserve Spending (2015)

- 2015 Allocation: \$110/Unit, including painting





Key Reserve Spending

- Roofing: \$2.7M on a 25 year cycle (=> 2034-36 @ \$4.8M)
- Road Paving: \$806k on a 15 year cycle (=> 2028-2030 @ \$1.3M)
- Pool Rework: \$244k on a 20 year cycle (=> 2027 @\$429k)

- **2015 Spending: \$145k**
 - Building and Concrete
 - Resurface Roads
 - Replace Truck
 - Storage Units