

**The Farm at Arapahoe County Homeowners Association, Inc.**  
**2019 Approved Budget, 2019 Estimated Actual, 2020 Approved Budget**

	2019 Approved	2019 Estimated	2020 Approved
<b>HOA Operating Income</b>			
Assessments	\$866,160	\$866,160	\$866,160
Fines Income	\$5,000	\$3,850	\$5,000
Legal Income	\$5,000	\$7,240	\$6,000
Late Fee Income	\$5,000	\$12,700	\$6,000
Miscellaneous	\$1,000	\$1,080	\$1,000
Goodman Bill Back	\$20,000	\$22,000	\$20,000
Carry Over (Loss)	\$112,840	\$112,840	\$179,440
<b>Total Income</b>	<b>\$1,015,000</b>	<b>\$1,025,870</b>	<b>\$1,083,600</b>
<b>HOA Operational Expenses</b>			
Water/Sewer/Stormwater	\$278,000	\$248,000	\$278,000
Electric	\$17,400	\$16,800	\$17,400
Trash Removal	\$229,600	\$230,900	\$240,200
Snow Removal	\$10,000	\$30,000	\$30,000
Landscape/Contract Maint.	\$158,000	\$182,000	\$185,000
Sprinkler Repair	\$23,000	\$32,700	\$30,000
Trees Maint. and Replacement	\$30,000	\$28,700	\$30,000
Grounds/Maint. Supplies	\$8,000	\$7,200	\$8,000
Social/Recreational	\$18,000	\$16,700	\$18,000
Capital Improvements	\$25,000	\$25,000	\$25,000
<b>HOA General/Administrative</b>			
Holiday Decorations	\$11,000	\$13,000	\$13,000
Legal-General	\$10,000	\$6,800	\$10,000
Legal Covenant Expenses	\$8,000	\$4,700	\$8,000
Legal Risk Share	\$5,000	\$2,000	\$5,000
Legal Collection Expenses	\$5,000	\$6,800	\$7,000
Audit/Income Taxes	\$3,500	\$3,400	\$3,500
Professional Fees	\$78,000	\$76,800	\$78,000
Insurance	\$14,500	\$13,480	\$14,500
General Administration	\$28,000	\$27,200	\$28,000
Bad Debt	\$5,000	\$2,500	\$5,000
<b>Reserves</b>			
Reserve Contribution	\$50,000	\$50,000	\$50,000
<b>Grand Total Expenses</b>	<b>\$1,015,000</b>	<b>\$1,024,680</b>	<b>\$1,083,600</b>
<b>Net Income (Loss)</b>	<b>\$0</b>	<b>\$1,190</b>	<b>\$0</b>

**The Farm at Arapahoe County Homeowners Association  
2020 Operations, Maintenance  
and Reserves Budget Narrative**

**OPERATING REVENUES**

***Homeowner Assessments***

Budgetary estimate is based upon 1604 homes paying a monthly assessment rate of \$45.00. There is no projected increase in the assessment rate for 2020 from 2019.

***Fines/Legal/Late Fees Income***

Late fee and fine revenue estimates are based upon historical data from previous year's data. Legal income is based upon projected costs associated with either assessment collection and/or covenant enforcement which the Association would seek to be reimbursed for costs from the owner.

***Miscellaneous Income***

Miscellaneous income includes but may not be necessarily limited to; operating account interest, outside income from social activities and reimbursement costs associated with professional services billed back for the care of a lot and/or home in the community that is not being maintained, such as a foreclosure.

***Goodman Metropolitan District Bill Back***

In late 2012 the Association and the Goodman Metropolitan District, hereinafter referred to as the "District" agreed to transfer over certain maintenance responsibilities related to the Arapahoe Road corridor maintenance to the District. As part of that transfer and agreement both parties agree that the District would reimburse the Association for the irrigation water costs associated with the Arapahoe Road corridor.

***Carry-Over Funds***

Carry-over funds are income in excess of projected expenses, in this case from 2019 that the Board of Directors has authorized to carry forward in 2020 as revenue.

**HOA OPERATING EXPENSES**

***Water/Sewer/Stormwater***

Costs associated with the irrigation (watering) of all properties owned and maintained by the Association. The 2020 estimates are based upon a more seasonal moisture patterns and does project an increase in the cost of water by ECCV in 2020

***Electrical Usage***

Costs associated with the electrical usage of all properties owned and maintained by the Association. The 2020 estimates are based upon projected 2019 estimated actual, with an anticipated increase in the cost of electricity in 2020.

***Trash Removal***

Budgeted figure includes all trash removal for all private residences in the Association. The proposed budget anticipates an increase in the cost of service in 2020 as per the current contractual agreement between the parties.

***Snow Pushing Contract***

Budget figures reflect current estimated costs for customary snow removal operations for all properties owned and/or maintained by the Association based upon the current provisions in the landscape contractor.

***Landscape/ Contract Maintenance***

Budget figures reflect the current contract for day-to-day seasonal landscape maintenance and operations of the properties owned and maintained by the Association through the current landscape contractor.

***Sprinkler (Irrigation) Repairs***

Those costs associated with continuing day-to-day maintenance of the irrigation system during the Spring, Summer and Fall 2020, for the properties owned and maintained by the Association.

***Tree Maintenance and Replacement***

Budget figures reflect the estimated costs associated with preventative tree maintenance for all property owned and maintained by the Association along with projected costs for certain tree and/or shrub replacements that may be approved by the Board of Directors based upon recommendation by the Landscape Committee.

***Grounds/Maintenance & Supplies***

Those costs associated with continuing day-to-day maintenance for vandalism, lighting, signage repairs, electrical repairs, etc., that would not fall under the contractual agreement with the current landscape contractor and would not be considered a reserve expense for all of the tracts owned by the Association.

***Social/Recreational Activities***

Budget figures reflect the continued support of the Board of Directors of a social/recreational budget for the Association to continue to convey a sense of "community" to the neighborhood and its respective members. This budgetary line item requires the continued organization, participation and support of volunteer homeowners.

## **HOA OPERATING EXPENSES CONTINUED**

### ***Capital Improvements***

Budgeted funding for potential capital landscape projects that may be recommended by the Landscape Committee in 2020 for certain common properties owned and maintained by the Association. All proposed projects must be approved by the Board of Directors.

### ***Holiday Decorations***

Budget figure reflects the estimated costs associated with purchasing as necessary and installing decorations on the main monuments in the community owned by the Association for the holiday season. All proposed holiday lighting must be approved by the Board of Directors.

### ***Legal-General***

This budget category includes estimated costs associated with all general legal processes and opinions initiated by The Farm Board of Directors for the benefit of the Association members.

### ***Legal-Covenant Expense***

This budget category includes estimated costs associated with all types of potential legal covenants enforcement activities initiated by The Farm Board of Directors for the benefit of the Association members.

### ***Legal-Risk Share (Collection) Expense***

This budget category includes estimated costs associated with the risk share program the Board of Directors entered into with the Associations Collection Attorney's in the Fall of 2012. The risk sharing fee structure gives the Association everything a collection agency and law firm combined could provide all under one service and allows the attorney to share the risk with the Association. The benefits of the program are much lower up-front costs to the Association for delinquent accounts turned over to the Attorney. The program provides for the Attorney to receive an agreed upon percentage of all funds collected on accounts turned over. If funds are not collected the Attorney does not receive payment for the collection activity, outside of normal associated costs to be recouped.

### ***Legal-Collection Expense***

This budget category includes estimated costs associated with all types of potential legal assessment and/or penalty collection activities initiated by The Farm Board of Directors for the benefit of the Association members, not associated with the legal risk share program.

### ***Audit, Tax Preparation***

This budget category includes estimated costs associated with the preparation of the 2019 audit and tax return for the Association.

### ***Professional Fees***

Estimated costs associated with outside professionals utilized by the Association for services such as but not necessarily limited to; management/accounting and assessment collection; engineering; drafting services; courtesy patrol and lot clean up on abandoned/foreclosed homes.

### ***Insurance***

Budget estimate includes costs associated with maintaining the general liability, hazard and Director and Officer insurance policies for the Association.

### ***General Administration***

Budget estimate includes costs for paper, postage, faxes, assessment payment coupons, envelopes, banking service charges, electronic newsletters, subscriptions and memberships along with a variety of other office type supplies that may be utilized by the Association through its Board of Directors or appointed Committees.

### ***Bad Debt***

This budget category is established for potential loss of income by the Association for members that for one reason or another are not paying their monthly assessments in 2020.

### ***Reserves Contributions***

Reserve contributions are based upon the most recent independent reserve study as prepared by Aspen Reserve Specialists for all properties owned and maintained by the Association. The Association's reserve contributions are based upon the estimated useful life and associated replacement costs. For the year 2020, the Association's projected funded reserve balance is still ahead of the scheduled projections, so no increase in contributions for 2020 have been implemented for the projected 2020 budget.