

The Farm at Arapahoe County Homeowners Association, Inc.
2020 Approved Budget, 2020 Estimated Actual, 2021 Approved Budget

	2020 Approved	2020 Estimated	2021 Approved
HOA Operating Income			
Assessments	\$866,160	\$866,160	\$866,160
Fines Income	\$5,000	\$4,250	\$5,000
Legal Income	\$6,000	\$6,400	\$6,000
Late Fee Income	\$6,000	\$5,200	\$6,000
Miscellaneous	\$1,000	\$1,040	\$1,000
Goodman Bill Back	\$20,000	\$28,000	\$28,000
Carry Over (Loss)	\$179,440	\$135,900	\$179,440
Total Income	\$1,083,600	\$1,046,950	\$1,091,600
HOA Operational Expenses			
Water/Sewer/Stormwater	\$278,000	\$264,000	\$278,000
Electric	\$17,400	\$16,650	\$17,400
Trash Removal	\$240,200	\$241,800	\$248,200
Snow Removal	\$30,000	\$32,500	\$30,000
Landscape/Contract Maint.	\$185,000	\$187,800	\$190,000
Sprinkler Repair	\$30,000	\$33,560	\$25,000
Trees Maint. and Replacement	\$30,000	\$29,060	\$30,000
Grounds/Maint. Supplies	\$8,000	\$6,800	\$8,000
Social/Recreational	\$18,000	\$4,800	\$18,000
Capital Improvements	\$25,000	\$25,000	\$25,000
HOA General/Administrative			
Holiday Decorations	\$13,000	\$13,000	\$13,000
Legal-General	\$10,000	\$2,400	\$10,000
Legal Covenant Expenses	\$8,000	\$1,800	\$8,000
Legal Risk Share	\$5,000	\$4,650	\$5,000
Legal Collection Expenses	\$7,000	\$5,800	\$7,000
Audit/Income Taxes	\$3,500	\$1,400	\$3,500
Professional Fees	\$78,000	\$77,600	\$78,000
Insurance	\$14,500	\$13,930	\$14,500
General Administration	\$28,000	\$24,600	\$28,000
Bad Debt	\$5,000	\$1,800	\$5,000
Reserves			
Reserve Contribution	\$50,000	\$50,000	\$50,000
Grand Total Expenses	\$1,083,600	\$1,038,950	\$1,091,600
Net Income (Loss)	\$0	\$8,000	\$0

***The Farm at Arapahoe County Homeowners Association
2021 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 2021 from 2020.

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 2020 that the Board of Directors has authorized to carry forward in 2021 as revenue.

HOA OPERATING EXPENSES

Water/Sewer/Stormwater

Costs associated with the irrigation (watering) of all properties owned and maintained by the Association. The 2021 estimate is based upon having a more efficient irrigation system in 2021 through both additional pressure pumps and/or commencing the retro-fit work on the irrigation heads and does project an increase in the cost of water by ECCV in 2021.

Electrical Usage

Costs associated with the electrical usage of all properties owned and maintained by the Association. The 2021 estimates are based upon projected 2020 estimated actual, with an anticipated increase in the cost of electricity in 2021.

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 2021 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 a projected increase in costs, as the current landscape contract is up for renewal in 2021, to the current contract for day-to-day seasonal landscape maintenance and operations of the properties owned and maintained by the Association.

Sprinkler (Irrigation) Repairs

Those costs associated with continuing day-to-day maintenance of the irrigation system during the Spring, Summer and Fall 2021, for the properties owned and maintained by the Association. Note that although the Association is projected to have a more efficient irrigation system in 2021, the in-ground components of the irrigation system would remain the same, which based upon the age of the system, would require continuing expenses for repair and replacement of the in-ground portions of the system.

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 2021 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 2020 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 2021.

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 2021, the Association's projected funded reserve balance is still ahead of the scheduled projections, so no increase in contributions for 2021 have been implemented for the projected 2021 budget.