

**Summit Park HOA 2019 Approved**  
**Operating and Reserve Budgets and Assessments**

Please see the attached 2019 approved operating and reserve budgets. The operating budget covers day-to-day operation, upkeep and repairs, and electricity, water/sewer/trash, fire suppression system, landscaping, snow removal, insurance, HOAMCO property management, etc. The reserve budget covers infrastructure replacement plus larger-cost maintenance of the road, parking lot, stairways, sidewalks, painting, irrigation, carports, mailboxes, light fixtures, perimeter wall/fence, BBQ grills, roofs, etc.

**The 2019 operating budget** is based on our actual expenses over the past four years, plus known and projected maintenance tasks and rate increases. Not only are costs rising, but more repairs are needed as our infrastructure ages. In order to close the gap between operating income and expenses this year, the Board moved some money from the “rainy day” account to the checking account. It also decided to retain in the operating account four months’ worth of assessments that would normally have been transferred to the reserve account. To avoid the need for such actions in the future, the Board increased both the projected expenses to more accurately reflect our likely expenses – and the income needed to cover them -- in the 2019 budget.

**The 2019 reserve budget** is based on replacements and repairs that we know are needed and on projections from the updated reserve study conducted by Capital Reserve Analysts this summer. The professionals who performed the reserve study calculated our current funding level, when different items need to be replaced/repaired, and the future funding needed to cover them. The reserve account currently is 87% funded (up from 55% in 2016 and 28% in 2013), which is considered a strong financial position. (For the full study, go to: [www.summitparkcondos.com](http://www.summitparkcondos.com).)

The study’s projections using the 2018 assessment level showed that we would not be able to fully pay for reserve expenses in as few as five years, and that our reserve funds would be grossly inadequate in ten years and close to zero in twenty years. The study recommended increasing the reserve assessment to \$59 per month per unit to cover future projected expenses, plus an annual increase of 1.03% thereafter for inflation. The Board did not want to increase 2019 assessments to that level and instead chose an amount that was close to the “threshold level” needed to keep the reserve account “strongly” funded (above 70%) in most of the next thirty years.

**In sum**, the Board decided to increase the 2019 condo unit operating and reserve assessments so that both budgets would be sustainable and fiscally responsible and more accurately reflect our expected expenses. The Board did not increase assessments on the garages or storage units. (The assessments on condo units had not been increased since 2015, and the assessments on garage and storage units had not been increased since 2012.)

**The approved 2019 monthly assessments are:**

- Condo unit = \$203 (\$149 for the operating account + \$54 for the reserve account)
- Garage = \$20 (operating)
- Storage = \$10 (operating)
- Combinations: condo + storage = \$213, condo + garage = \$223, condo + storage + garage = \$233