

NFCA Treasurer's Report 2022

Assessment increase held to about 3.5%. Quarterly TH =\$248.95 & SF =\$154.55!

As a Homeowners Association (HOA) in Virginia, we are required by the Commonwealth of Virginia to collect funds to perform high-cost maintenance and repair of common facilities with multi-year lives. This way the people using a common asset pay a portion of the maintenance cost as they use it and not all at once in a special assessment. An example is the townhouse streets and parking lots. These are private property and, thus, do not receive State VDOT-funded maintenance and repair. The townhouse owners pay into a reserve fund so we can fix, pave, and seal these areas. We do not work on State owned roads, which are VDOT's responsibility. Virginia also requires us to contract with an outside firm every 5 years to review our reserve account requirements to make sure we are collecting the correct amounts. Our last review was in 2018, and we will have another one in 2023. A small portion of your assessment each quarter is set aside to pay for this required 5-year review. These Reserve Funds are invested, and the earnings are kept in the reserve fund which earned them.

The Newington Forest Community contracts for several services as a group to get volume savings for our members. We have found that by having companies compete for our large contracts every three years, we are able to get the best value for our members.

The contracts usually have increases built in, so assessments tend to go up. This next year we are increasing the number of hours the part-time Handymen can work. This will slightly increase the payroll expense for these positions, but we have found so many areas needing work and the contract prices going up higher and higher. We think a maintenance person doing small projects at least 2 days a week would have prevented the need for 70% of the major erosion projects we are trying to get completed now.

Here is an example in the townhome area, but we have many similar ones in the common areas also. We have several townhome buildings where the common area behind the building has eroded so badly their fence is 10 inches above the ground. Overgrown vegetation has prevented the soil holding vegetation (like grass) from growing. A little tree pruning goes a long way to keep the whole area healthy. A few 6x6 timbers placed at the edge of the common ground and anchored there would have prevented some soil washing away. The maintenance person could complete this "job" in a day for at least one building sometimes 2 buildings depending on the conditions. Three years ago we paid about \$10k to have a lot of the bordering trees trimmed by professionals in an attempt to get grass or other erosion preventing vegetation to start growing again. With the rains we have, just dumping more dirt on the problem will not work as the loose stuff will wash away faster. We must work these problems before they reach the point of causing damage to the buildings.

The Finance Committee and Board members have spent quite a bit of time looking to find ways to minimize the assessment increases as much as possible. We still have the lowest assessments in the area, but they are rising. After considerable work and discussion, the NFCA 2022 operating budgets were completed. The process begins with the Finance Committee reviewing our current budget and actual expenditures and then presenting a budget worksheet to the Board. The Board discusses over a several-month period the worksheets presented by the Finance Committee and makes changes as it deems appropriate. (Would you be interested in helping to develop the 2023 budget? Please call the Association Office, 703-451-8563, to volunteer 3 hours

a week from May to August). Once this basic framework is complete as the **draft** budget, the Board votes to publish the budget summary sheet in the newsletter along with an article. Discussion of the budget usually continues into the Board Meeting in October. Approval of the final operating budgets was accomplished during the October Board meeting this cycle.

For those new to the Forest, let me take a moment to explain the structure of our budget. There are three operating budgets: Common, Townhouse, and Detached Homes. Each budget reflects services rendered to a particular part of the community. All 1,808 homes pay for the Common services such as the pool or the reserves that pay for commonly-used assets. Some of these assets include the Community Center, the ballfield, bike/walking paths, and basketball and tennis courts. The other operating budgets for which you pay depend on the type of home you own. Our 1,017 townhouses have larger expenses because they receive a proportionately larger number of services. Some of these services include snow removal, street repaving, grounds and tot lot maintenance, and trash/recycling. In comparison, the 791 detached homes receive fewer services, only common grounds maintenance and trash/recycling. These expenses are then divided by the number of homes paying for them. Since everyone pays for the Common, that figure is assessed to each home and is added to the cost of your type of home services. So if you live in a detached home, under this budget you will pay both the Common (**\$100.19 an increase of \$4.92 over last year**) plus the Detached Home (**\$54.36**) assessments for a total of **\$154.55** per quarter. This was a quarterly increase of \$4.95 or about 3.3% more than last year. It is also approved that townhouse owners will pay the Common (**\$100.19**) plus the Townhouse assessment (**\$148.76**) for a total of **\$248.95** per quarter. This was a quarterly increase of \$8.40 or about 3.5% over last year.

The net change of all the Common Area expenses is an Increase of about \$31,600. These expenses are shared by all residence in Newington Forest. The major parts of the increase are repair and maintenance which includes tree removal, increases in our insurance costs, and the professional services increases.

For the Townhouse area of the budget, the increase of almost \$15,000 is mainly due to reserve funding. We have been working small erosion projects and studying the root causes to ensure the corrective actions fix the problems and not just the symptoms.

The Detached Home area of the budget had no changes this year.

You may direct any questions on specifics of the budget to Robert Cooper, the Treasurer, or any of the Board members.

Robert Cooper, Treasurer, & the NFCA Board of Directors