

NFCA DRAFT BUDGET 2023

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.

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. This year it was time to get a new contract for Solid Waste Removal and the Pool Management. The contracts usually have increases built in each year of the contract so assessments tend to go up. This year and Next Year we are experiencing the increases in Wages due to the minimum wage increase mandated by VA. Not only in our employees but also the contracts are increasing because of the minimum wage increase. The trash removal contract is increasing a lot because of higher fuel costs.

Here is an example in the townhome area of the good things our Handymen do, 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. Over-grown vegetation (trees) 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. A couple of 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. We purchased a pole saw and now our handy men can keep the over growth under control. With the rains we have, just dumping more dirt on the problem will not work as the loose stuff will just wash away quickly. 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 2023 operating budgets are complete. 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 2024 budget? Our newest Finance Committee member, Jon, can attest it is interesting work. 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 may continue during the Board Meeting in September. Approval of the final operating budget is scheduled to happen at the October Board meeting after giving people the opportunity to voice their opinions and several more adjustments are made.

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 ball field, bike/walking paths, and basketball and tennis courts. The other operating budgets for which you pay depend on the type of home in which you live. 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 draft budget you will pay both the Common (**\$111.96, an increase of \$11.77 over last year**) plus the Detached Home (**\$75.24, an increase of \$20.88 over last year**) assessments for a total of **\$187.20** per quarter. This would be a quarterly increase of \$32.65 or about 21% more than this year. It is also proposed that Townhouse owners will pay the Common (**\$111.96**) plus the Townhouse assessment (**\$161.89**) for a total of **\$273.85** per quarter. This would be a quarterly increase of \$24.90 or about 10% over last year.

The net change of all the Common Area expenses is an Increase of about \$117,442. These expenses are shared by all residents in Newington Forest. The major parts of the increase are personnel, repair and maintenance which includes tree removals and increases in the pool management contract costs due to the Virginia Minimum Wage increase. Crystal Aquatics gave us a way to cut some of the increase in the pool contract for next year. They noticed that for the time they have had the contract our use of the pool has declined in August every year we were open. They suggested we could cut staffing by one Lifeguard for August and it saved us over \$3,000 in the budget.

For the Townhouse area of the budget, the increase of almost \$53,310 is mainly due to increases in some of the Reserve Account funding and the Trash removal contract. The Detached Home area of the budget had major increase of \$66,044 due to the trash contract.

The summary sheet found in this newsletter shows only the major categories of expenses and income in each operating budget. The entire **draft** NFCA 2023 Budget is available for residents to review on the Association's website (www.newingtonforest.org) or in the Association office. 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