

Melbourne at Bailiwyck Home Owners Association Finance Committee Report - 2016

Introduction:

The Melbourne at Bailiwyck HOA was chartered in 2005, and consists of 89 homes and lots in the Fort Mill, South Carolina area. Currently, 88 homes are completed and occupied, with 1 lot still vacant.

2016 Cash Flow:

As of 12/31/2016, the association books are in sound financial condition. During the 2016 fiscal year, cash receipts totaled \$32,955 (includes trash service of \$15,988), and total expenses, including trash, were \$32,935.

As in previous years, electric (\$7,530) and landscaping (\$4,457) were the two primary contributors to the total expense. The annual insurance premium was \$1,766, water was \$470, and other admin expenses totaled \$547. We also had a carry-over of \$3,700 from the 2015 budget for re-painting mail boxes and sign posts in the neighborhood, and spent \$3,556 of that amount.

Trash service expense was \$18.50 per month per household in 2016 (\$222.00 per year). Currently, 72 members participate in this service.

The net gain for the fiscal year was \$20, and the association ended 2016 with a cash balance of \$31,884.83.

2017 Budget:

The 2017 budget is based on actual expenses for 2016, with adjustments as appropriate in certain expense categories. Total expenses are projected to be lower than 2016 actual expenses (\$32,010 vs. \$32,935), but that difference includes \$3,700 carried over from 2015 for the mailbox repainting project. We also spent less than budgeted in 2016 for administrative expenses, water, landscaping, and social committee.

Ending cash reserves for 2017 are estimated to be \$28,040. Cash reserves are available for two primary purposes – as an emergency fund for unplanned circumstances, and to supplement or fully fund future capital improvements in the community. Based on previous discussions and feedback from the association, the Board believes that this reserve amount is appropriate for current circumstances and anticipated market conditions.

2017 Annual Fee:

Association dues are paid each year by all homeowners to cover electric bills for street and front entrance lighting, landscaping maintenance, capital improvements to the community, insurance and legal expenses, general administration of the association's business affairs, and other expenses as required. For 2016, the annual fee was \$190 per lot.

Based on the projected budget for 2017 and the association's current cash balance, the Finance Committee is recommending that the annual HOA fee for 2017 should be the same as 2016 (\$190). This assessment will cover anticipated expenses with a modest projected surplus of \$465.

Summary:

The association is in good financial condition. Accounts in arrears are at a reasonable level, (only one account is past due as of 12/31/2016). Reserves are adequate for emergency purposes and anticipated capital repairs/expenditures. The annual fee is lower than most communities in the area, and I foresee no major issues or concerns that might adversely affect the financial health and stability of the association.

Respectfully submitted:

Terry A Duker

Chair – Finance Committee
January 6, 2017