

TO: Hickory Grove Village Board of Managers  
FROM: Rick Jachimiak, Treasurer  
SUBJECT: 2020 Financial Statement Additional Notes  
DATE: April 28, 2021

The following information is intended to supplement the Notes, A through D, that accompany the Hickory Grove Village Condominium Association Financial Statements for 2020.

- E. Charges to Fund Balances. Page 11 of the Annual Statement identifies Charges to five reserve accounts that total \$8,260, as follows.

The Road resurface reserve account was reduced by \$1,522.50, which is the amount of the road repair costs incurred in 2018. In 2018, a road-repair transaction was inadvertently posted as a Repair/Maintenance expense, instead of being charge to this reserve account. Therefore, this is the result of the correcting transaction.

The Sidewalk reserve was charged \$489.38 to repair uneven sidewalks in front of 133 Blossom Wood Lane and 150 Blossom Wood Lane.

The Asphalt reseal reserve account was changed \$1,327.84, the cost of the scheduled resealing of 33 driveways at the southern end of the condominium community.

Fence repair costs totaled \$2,431.12 in 2020.

The Trees reserve account was changed \$2,489.30, the cost of maintaining trees, including the removal of a large branch that fell from a tree on common property, removing dead bushes from the utility beds, and tree removal and replacement under the Tree and Bush Replacement Policy.

- F. Bank Accounts. A Certificate of Deposit matured in 2020 and was not renewed due to very low interest rates. The proceeds were deposited into the savings account, which had a balance of \$34,279.99 at year-end. Therefore, the savings account contains virtually all year-end reserve funds.

## G. Future Repairs and Replacements of Common Property

The Reserve Fund, intended to accumulate funds for various repairs and replacements of common property, had a balance of \$34,311 at year-end. The Reserve Fund has nine separate reserve accounts, which are funded and used as follows.

**Interest Reserve Account.** Interest earned on reserve funds is credited to the Interest reserve account in amounts equivalent to the interest earned on the savings account(s) containing reserve funds. A total of \$155 was added in 2020, but additions are expected to be much lower in 2021 due to the very low interest rates. The accumulated interest, \$261 at year-end, is not allocated to any specific purpose, but portions of it may be allocated to a specific reserve at the discretion of the Board of Managers.

**Road Resurface Reserve Account.** The road resurface account funds are intended for the future repair of the private roads in the common property. An analysis performed in October 2019 suggested that the funds set aside annually for the Road Reserve should be increased by \$103 each year until the ultimate average annual cost to maintain the roads is achieved. In 2019 the ultimate annual cost was estimated to be \$4,110 per year. The amount set aside for Road Repairs was \$2,163 in 2020, and \$2,266 in the 2021 Budget. The Road Reserve balance of \$13,705 is considered sufficient for any foreseeable repairs. However, the amount to be set aside may be adjusted in future years as the estimates of costs and timing of future repairs change.

**Sewer/Water Reserve Account.** These funds are for the repair of the portions of water and/or sewer lines that serve two or more units. The timing and cost of future repairs are not estimated. The consensus of the Board of Managers is that the year-end reserve account balance of \$7,174 is sufficient for any foreseeable repairs. The amount set aside was \$683 in 2020, and that amount is adjusted each year for inflation.

**Sidewalk Reserve Account.** These funds are for the repair of the sidewalks in common areas. The timing and cost of future repairs are not estimated. The consensus of the Board of Managers is that the current reserve account balance of \$3,307 is sufficient for any foreseeable repairs. The amount set aside is adjusted each year for inflation.

**Asphalt Reseal Reserve Account.** The purpose of this reserve account is to spread the cost of resealing the 76 individual unit driveways to avoid large fluctuations from year to year. The current plan is to ensure that each driveway will be resealed every three years on a rotating schedule. In 2020, the driveways of the 33 southern units were resealed. No resealing is planned for 2021. The driveways of the remaining 43 northern units are expected to be resealed in

2022. The reserve account had a small negative balance (\$26) at year end, and returned a positive balance by January 2021.

Contingency Reserve Account. This is an unallocated reserve account. Portions of the balance, which was \$1,952 at year end, may be allocated to a specific reserve from time to time at the discretion of the Board of Managers. The amount set aside was \$841 in 2020, and is adjusted each year for inflation.

Fence Reserve Account. These funds are for the repair of the fences on the common property at the eastern and western boundaries of the condominium. The timing and cost of future repairs are not estimated. The consensus of the Board of Managers is that the current Fence Reserve balance is sufficient for any foreseeable repairs. The amount set aside was \$1,051 in 2020 and is adjusted each year for inflation.

Pond Reserve Account. These funds are for the maintenance of the drainage pond. The costs of pond maintenance can vary widely depending on the work to be performed. However, there does not appear to yet be a consensus on extent or timing of work to be performed. This reserve account balance was \$5,015 at year end. The amount set aside was \$2,122 in 2020 and is adjusted each year for inflation.

Trees Reserve Account. These funds are primarily for costs incident to the Tree and Bush Replacement Policy and costs of dead-tree removal in common areas as may be required from time to time. The timing and future costs are not estimated. The consensus of the Board of Managers is that the reserve account balance, which was \$2,769 at year end, is sufficient for any foreseeable intended costs. The amount set aside was set at \$1,000 in 2020, and was increased in 2021 to account for inflation.