

TO: Hickory Grove Village Board of Managers  
FROM: Rick Jachimiak, Treasurer  
SUBJECT: 2021 Financial Statement Additional Notes  
DATE: April 27, 2022

The following information is intended to supplement the Notes, A through D, that accompany the Hickory Grove Village Condominium Association Financial Statements for 2021.

- E. Charges to Reserve Fund Balances. Page 11 of the Annual Statement identifies Charges to two reserve accounts that total \$1,993, as follows.

The Fence reserve account was charged \$936 for various repairs to the fences along the East and West property lines.

The Tree reserve account was charged \$1,057 to remove a fallen tree in the common property behind 23 Hickory Grove Lane, a diseased tree from the utility bed at 24 Hickory Grove Lane, a dead shrub from the front of 109 Blossom Wood Lane, and two dead trees behind 125 Blossom Wood Lane.

- F. Bank Accounts. Two bank accounts are maintained at KeyBank. The savings account balance was \$42,292, virtually equivalent to the Reserve Fund balance at year-end. The checking account, used for operating fund activity, had a balance at year-end of \$9,195. The combined \$51,487 in these accounts represent the “Cash and Cash Equivalents” on the Balance Sheet.

- 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 \$42,292 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. The accumulated interest, \$265 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. Due to low savings account interest rates, interest earned is not material.

Road Resurface Reserve Account. The road resurface account funds are intended for the future repair of the private roads in the common property. The

Road Reserve balance of \$15,972 is thought to be sufficient for any foreseeable repairs. Although some estimates were made in a 2019, the amounts that may be required are not substantiated by any engineering or cost studies. Therefore, the amount to be set aside may need to be adjusted in future years as the estimates of costs and timing of future repairs vary from prior estimates. The amount set aside in the 2022 budget (\$2,286) is the 2021 amount (\$2,266) adjusted for inflation.

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 \$7,864 is sufficient for any foreseeable repairs. The amount set aside is adjusted each year for inflation. 2021 actual additions = \$690, 2022 budget = \$727.

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 \$4,217 is sufficient for any foreseeable repairs. The amount set aside is adjusted each year for inflation. 2021 actual additions = \$910. 2022 budget = \$958.

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. No resealing occurred in 2021. The driveways of 43 northern units are expected to be resealed in 2022. The 2021 actual additions were \$1,040. The amount set aside in the 2022 budget is \$1,126, computed from an inflation-adjusted estimate of future per-unit resealing costs.

Contingency Reserve Account. This is an unallocated reserve account. Portions of the balance, which was \$2,801 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 is adjusted each year for inflation. 2021 actual = \$849, 2021 budget = \$894.

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 of \$280 plus 2022 additions of \$1,118 are sufficient for any foreseeable repairs. The amount set aside is adjusted each year for inflation. 2021 actual additions = \$1,062.

Pond Reserve Account. These funds are for the maintenance of the drainage ponds. The costs of pond maintenance can vary widely depending on the work to be performed. This reserve account balance was \$7,158 at year end. The amount set aside is adjusted each year for inflation. 2021 actual additions = \$2,143. 2022 budget = \$2,257.

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 \$2,721 at year end, is sufficient for any foreseeable intended costs. The amount set aside is adjusted each year for inflation. 2021 actual additions = \$1,010, 2022 budget = \$1,064.