

TO: Hickory Grove Village Board of Managers
FROM: Rick Jachimiak, Treasurer
SUBJECT: 2022 Financial Statement Additional Notes
DATE: August 14, 2023

The following information is intended to supplement the Notes, A through D, that accompany the Hickory Grove Village Condominium Association Financial Statements for 2022.

E. Charges to Reserve Fund Balances. Page 11 of the Annual Statement identifies Charges to two reserve accounts that total \$14,568, as follows.

The Sewer/Water reserve account was charged \$2,116 to fix a leak in the water main at the hot box.

The Asphalt Reseal reserve account was charged \$3,426 for sealing 43 driveways in the northern portion of the community. To help offset the higher-than-expected cost, \$1,106 was transferred to this Asphalt Reseal reserve account from the Contingency reserve account.

The Fence reserve account was charged \$412 to pay for repairs to the fence in various places.

The Pond reserve account was charged \$5,438 for removing vegetation from the edge of the pond.

The Tree reserve account was charged \$3,356 as indicated:

- \$157 to cut and remove large tree limbs that had fallen on common property near the pond
- \$78 for the removal of a dead tree at 83 Hickory Grove Lane
- \$1,087 for the removal of two dead trees on common property near 89 and 93 Blossom Wood Lane
- \$185 for the removal of fallen branches on common property across 17 Blossom Wood Lane
- \$1,849 to plant three evergreen trees on common property on French Road, east of the entrance to the community

F. Bank Accounts.

The \$17,751 in the Operating Fund cash balance was in the KeyBank Reward Checking account.

The \$38,317 in the Reserve Fund balance at year-end was in these four financial institution accounts:

Fidelity Brokered Certificates of Deposit Investments:

PNC Bk Natl Assn Wilmington DE	
CD 4.70% 11/22/2023	\$15,010
City Natl Bk Los Angeles Calif	
CD 4.85% 11/25/2024	<u>10,044</u>
Investments Total	\$25,054

Cash and Cash Equivalent Accounts:

KeyBank Business Saver Account	\$13,258
Fidelity Gov't Money Market	<u>5</u>
Cash Total	\$13,263

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 \$38,317 at year-end. The Reserve Fund has nine separate reserve accounts, which are funded and used as follows.

Interest Reserve Account. The interest earned on reserve funds is credited to the Interest reserve account. The \$274 balance 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. The Road Reserve year-end balance of \$18,358 is thought to be sufficient for any foreseeable repairs. The amounts that may be required are not substantiated by any engineering or cost studies. 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 time to time. The amount set aside from HOA Fees in the 2023 budget (\$2,582) is the 2022 amount (\$2,386) 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 \$6,474 is sufficient for any foreseeable repairs. The amount to be funded by HOA fees is adjusted each year for inflation. 2022 actual additions = \$727. 2022 budget = \$787.

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 year-end reserve account balance of \$5,175 is sufficient for any foreseeable repairs. The amount set aside from HOA Fees is adjusted each year for inflation. 2022 actual additions = \$958. 2022 budget = \$1,037.

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 driveways of 43 northern units were resealed in 2022, following the prior practice of resealing every three years. The remaining 33 driveways in the southern section will be resealed in 2023 or 2024, as determined by the Board of Managers. Thereafter, it is anticipated that driveways will be resealed every four years, on two rotating schedules. The 2022 actual additions from HOA fees were \$1,126, but an additional \$1,106 was transferred from the Contingency reserve account to offset higher-than expected costs in 2022. The amount set aside from HOA Fees in the 2023 budget is \$2,700.

Contingency Reserve Account. This is an unallocated reserve account. Portions of the balance, which was \$2,643 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 from HOA Fees is adjusted each year for inflation. For 2022, \$894 came from HOA Fees. The year-end balance was additionally increased by an accounting entry that represents a \$54 increase in the hypothetical market value of the certificates of deposit at year-end. The amount set aside from HOA Fees in the 2023 budget is \$967.

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 year-end Fence Reserve balance of \$986 plus the budgeted 2023 additions of \$1,210 are sufficient for any foreseeable repairs. The amount set aside from HOA Fees is adjusted each year for inflation. 2022 actual additions = \$1,118.

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 \$3,978 at year end. The amount set aside from HOA Fees is adjusted each year for inflation. 2022 actual additions = \$2,257. 2023 budgeted additions = \$2,442.

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 \$429 at year end, is sufficient for any foreseeable intended

costs. The amount set aside from HOA Fees is adjusted each year for inflation.
2022 actual additions = \$1,064. 2022 budgeted additions = \$1,151.