

## Some Questions Answered from WSG VI Treasurer, Hoyt Taylor, Fall, 2022

### What do our monthly dues cover?

Our monthly dues pay for home insurance, landscaped grounds, dangerous tree and limb removal, care for our garages and the exterior of our homes (including pressure washing, termite control, regular repair work, and the very costly reroofing), paving for our closes, storm water and sewer services outside our homes, trash and recyclable collection, and community electric lights.

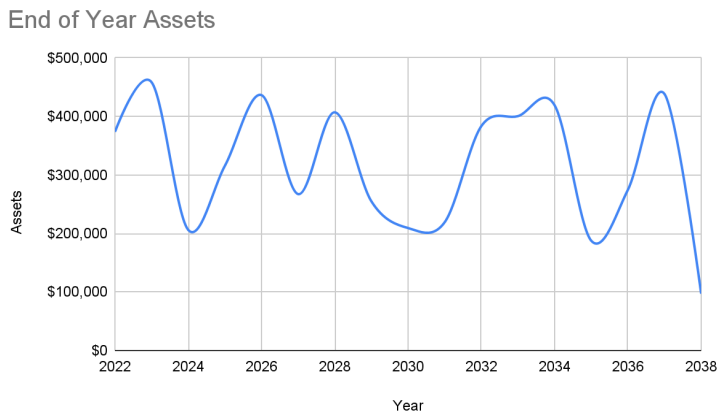
Many of these items are part of our *operational budget* and a few are special projects paid for out of our *reserve fund* (most commonly and costly: reroofing and paving).

### Why does our operational budget increase each year?

There are always some increases in expenses due to the never ending grind of inflation, but this year inflation has been particularly high; in addition, our homes, garages, sewer system, etc. continue to age.

### Why do we need to keep adding to our reserves?

In 2018 a Baseline Reserve Plan was created by the WSG Board in order to incorporate the findings of a Reserve Study done by an independent contractor. The plan ran from 2018 to 2038 and included paving, garage roofing, home roofing, siding, and front porches. Since then we have taken care of some garage roofing and some paving, but big ticket items loom in the future, most particularly the reroofing of our homes that is to commence in 2027. Though it is impossible to predict the future inflation rate, we know it was at or below 3% for several years and has now spiked to around 9% for this last year. By assuming an inflation rate somewhere between these two extremes and a dues increase of \$25/mo each year, we see below a graph of the WSG assets versus time.



Do not misunderstand: this is not a graph that is predicting what is going to happen. It is a graph that displays that with fairly typical increases in expenses and monthly dues, WSG should have the necessary funds to stay current with the major needs of our community without the need of a special assessment(s).

**Why are our dues rising by only 25/month in 2023?**

As explained above, there are increasing expenses that must be met with increasing dues. Since the rate of increase this past year of the Consumer Price Index (CPI) is close to 9%, the WSG Covenants allow for an increase in dues of up to \$33/mo without the necessity of a vote by membership at the AGM. Because we are attempting to keep costs down and because we are well prepared for our future expenses, the dues increase for 2023 has been voted by the Board to be \$25/month/unit.

Respectfully yours, Hoyt Taylor

# WSG Reserve Fund Report and Financial Report for Annual Meeting

## November 2022

### ***Weathersfield Bylaws, Article XVIII RESERVE FUNDS:***

*Section 6. Reserve Fund Report. Members of WSG VI shall be advised in writing of the following, not more than sixty (60) days and not less than thirty (30) days prior to each Annual Meeting:*

- a. Any significant adjustments to the assumptions used to manage the reserve account such as useful life, replacement costs, interest rates and inflation factors.*
- b. That part of the annual assessment to be allocated to the reserve account for the next calendar year.*
- c. The status of the reserve account, including but not limited to information such as total monies in the account, rate of return, list of investments and expenditures with purpose of each.*

### **Reserve Fund Report**

a. Interest rates on CDs have increased this year, so WSG now has three CDs, each for \$70,000. The Maturity dates are 12/22/2022, 9/22/2023, and 3/22/2024 with interest rates of 2.0%, 2.15%, and 2.45% respectively.

b. For 2023, \$85,690 is projected to be allocated to the reserve account. This will keep the WSG Reserve on pace to meet the expenses projected through 2038.

c. The reserve account is presently valued at \$211,560, with another \$144,230 in our operating budget checking account for a total of \$355,790. Major paving and roofing work will take place in the years ahead, and additional reserves are budgeted for porches and railings as well as extensive siding work for our homes (many years down the road). A more detailed description of our expenses and how we anticipate meeting them is given in an accompanying report in a Questions and Answers format.

Hoyt Taylor  
WSG Treasurer  
Sept. 17, 2022

***Weathersfield Bylaws, Article XII ASSESSMENTS:***

*Section 1. Financial Report. At each regular annual meeting of the members, the Board of Directors shall present a budget and an estimate of the assessment for the succeeding calendar year together with a statement of income received and expenditures incurred by WSG VI in the current year up to the date of said annual meeting, and shall make available a copy of such budget, assessment estimate, and statement to the members.*

**Financial Report**

The 2022 budget, with income and expenditures through July of this year, and a 2023 projected budget is provided with this report. The 2023 projected budget includes a \$25.00/mo dues increase per unit, which, because of this year's high inflation rate, is less than an increase that would require a vote of WSG owners at the AGM.

Hoyt Taylor  
WSG Treasurer  
Sept. 17, 2022

## 2023 Budget (9/19/22)

	2022 actual as of 9/14/22	2022 full year budget	2023 proposed budget	Difference (2023-2022)
<b>Income</b>				
Late Fee	\$100	\$0	\$0	\$0
HOA Assessment	\$244,205	\$418,080	\$449,280	\$31,200
Interest	\$184	\$500	\$1,500	\$1,000
<b>Total Operating Income</b>	\$244,489	\$418,580	\$450,780	\$32,200
				\$0
<b>Expense</b>				\$0
<b>Administration</b>				\$0
Admin.Misc.& Bank Fees	\$0	\$500	\$500	\$0
Tax Returns	\$0	\$500	\$500	\$0
Insurance	\$38,171	\$55,000	\$65,000	\$10,000
Legal	\$925	\$2,000	\$2,000	\$0
Management Contract Fee	\$16,333	\$28,000	\$28,000	\$0
Meetings	\$0	\$200	\$200	\$0
Postage & Printing	\$76	\$900	\$900	\$0
Website	\$34	\$50	\$50	\$0
<b>Total Administration</b>	\$55,539	\$87,150	\$97,150	\$10,000
<b>Grounds</b>				\$0
Grounds-Other	\$5,024	\$27,000	\$27,000	\$0
Landscape Contract	\$38,646	\$77,292	\$78,840	\$1,548
Tree Removal	\$21,630	\$30,000	\$30,000	\$0
<b>Total Grounds</b>	\$65,300	\$134,292	\$135,840	\$1,548
<b>Maintenance</b>				\$0
Building Maintenance	\$45,060	\$50,000	\$60,000	\$10,000
Pressure Washing	\$12,672	\$7,500	\$7,500	\$0
Termite Contract	\$0	\$3,000	\$3,000	\$0
<b>Total Maintenance</b>	\$57,732	\$60,500	\$70,500	\$10,000
<b>Utilities</b>				\$0
Electric	\$1,922	\$4,600	\$4,600	\$0
Sewer Services	\$13,995	\$8,000	\$20,000	\$12,000
Storm Water	\$0	\$5,000	\$7,000	\$2,000
Trash Removal	\$16,016	\$30,000	\$30,000	\$0
<b>Total Utilities</b>	\$31,933	\$47,600	\$61,600	\$14,000
<b>Total Operating Expenses</b>	\$210,504	\$329,542	\$365,090	\$35,548
<b>Total Operating income</b>	\$244,489	\$418,580	\$450,780	\$32,200
				\$0
<b>Net Income</b>	\$33,985	\$89,038	\$85,690	-\$3,348

YEAR	previous year total assets i.e. initial asset value	Operating Income	Operational Expenses	Reserve Expenses	Cash End of Year	Reserves End of Year	Total Assets End of Year	Reserve Expenses Description
2021 (actual)	\$352,783	\$392,396	\$323,326	\$97,184	\$113,292	\$211,377	\$324,669	
Projected Values								
2022	\$324,669	\$418,580	\$329,542	\$40,000	\$100,000	\$273,707	\$373,707	Front Porch & Railings
2023	\$373,707	\$449,780	\$365,090		\$100,000	\$358,397	\$458,397	
2024	\$458,397	\$480,980	\$383,345	\$350,000	\$100,000	\$106,033	\$206,033	Paving
2025	\$206,033	\$512,180	\$402,512		\$100,000	\$215,701	\$315,701	
2026	\$315,701	\$543,380	\$422,637		\$100,000	\$336,443	\$436,443	
2027	\$436,443	\$574,580	\$443,769	\$300,000	\$100,000	\$167,254	\$267,254	Home Roofs
2028	\$267,254	\$605,780	\$465,958		\$100,000	\$307,077	\$407,077	
2029	\$407,077	\$636,980	\$489,256	\$300,000	\$100,000	\$154,801	\$254,801	Home Roofs; Porch & Railings
2030	\$254,801	\$668,180	\$513,718	\$200,000	\$100,000	\$109,263	\$209,263	Paving
2031	\$209,263	\$699,380	\$539,404	\$150,000	\$100,000	\$119,239	\$219,239	Home Roofs
2032	\$219,239	\$730,580	\$566,374		\$100,000	\$283,444	\$383,444	
2033	\$383,444	\$761,780	\$594,693	\$150,000	\$100,000	\$300,531	\$400,531	Home Roofs
2034	\$400,531	\$792,980	\$624,428	\$150,000	\$100,000	\$319,083	\$419,083	Paving
2035	\$419,083	\$824,180	\$655,649	\$400,000	\$100,000	\$87,614	\$187,614	Home Roofs
2036	\$187,614	\$855,380	\$688,432	\$80,000	\$100,000	\$174,562	\$274,562	Porch & Railings
2037	\$274,562	\$886,580	\$722,853		\$100,000	\$338,289	\$438,289	
2038	\$438,289	\$917,780	\$758,996	\$500,000	\$100,000	-\$2,927	\$97,073	Siding

per/home/month total yearly income increase  
 dues increase \$25 \$31,200  
 decimal equivalent multiplier  
 inflation 0.05 1.05

