

GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.
APPROVED OPERATING AND APPROVED RESERVE BUDGET
January 1 to December 31, 2020

REVENUE	2020	2019
Fees to fund operating expenses	\$1,873,987	\$1,849,765
Fees to fund reserves	417,175	414,250
Electricity surcharges	920	920
Estimated interest income from operating funds	900	500
Laundry room revenue	140,000	120,000
Air conditioning revenue	29,500	27,500
Pest control fees	21,725	21,725
Tenant background checks	2,000	2,000
Screen repair	200	340
Interest on late fee payments	3,000	3,000
Laundry room storage closet rental	9,720	10,080
Carry forward from previous year	10,000	0
HVAC service (\$97 per unit)	<u>104,663</u>	<u>104,663</u>
Total	\$2,613,790	\$2,554,743

Quarterly Fees Needed to Fund Operating Expenses and Reserves
(feas funded at level recommended by budget committee)

	2020			Increase \$ %		2019		
	Total	Operating	Reserves			Total	Operating	Reserves
A	702	579	123	+8	1.2	694	572	122
B	372	299	73	+7	1.9	365	294	71
AC1	969	806	163	+9	.9	960	796	164
AC2	993	830	163	+8	.8	985	821	164
ACD	1,196	999	197	+9	.8	1187	987	200
SL	721	595	126	+8	1.1	713	588	125
LL	746	565	181	+25	3.5	721	558	163

State Mandated Funding of Reserves at 100 Percent

Revenue	2020	2019
Fees to fund operating expenses	\$1,873,927	\$1,849,665
Fees to fund reserves	999,532	999,532
Electricity surcharges	920	920
Estimated interest income from operating funds	900	500
Laundry room revenue	140,000	120,000
Air conditioning revenue	29,500	27,500
Pest control fees	21,725	21,725
Tenant background checks	2,000	2,000
Screen repair	200	340
Interest on late fee payments	3,000	3,000
Laundry room storage closet rental	9,720	10,080
Carry forward from previous year	10,000	0
HVAC Service (\$97 per unit)	<u>104,663</u>	<u>104,663</u>
Total	\$3,196,087	\$3,139,925

Quarterly Fees Needed to Fund Operating Expenses and Reserves
(fees funded at 100 percent)
(If proposed funding levels are not approved)

	2020			2019		
	Total	Operating	Reserves	Total	Operating	Reserves
A	872	579	300	872	572	300
B	463	299	169	463	294	169
AC1	1201	806	405	1201	796	405
AC2	1226	830	405	1226	821	405
ACD	1483	999	496	1483	987	496
SL	895	595	307	895	588	307
LL	846	565	288	846	558	288

WHAT YOUR CONDOMINIUM FEES PAY FOR

Your fees pay for the operation of the condominium association and the funding of reserves used to make capital improvements to the common property.

Operating Budget

The Association tracks its operating expenses by department, plus utilities, insurance, and taxes. The departments are: 1) building and equipment maintenance, 2) air conditioning, 3) grounds and irrigation, 4) contract services, and 5) administration.

The Association employs 24 full-time persons and one part-time bookkeeper. It contracts out painting, roof replacement, trash removal, fire extinguisher services, and pest control.

	2020	2019
Building and Equipment Maintenance:		
<p>This department is responsible for maintaining the exterior of the buildings (except roofs and air conditioning), building and parking lot lighting, electrical, plumbing, and lateral sewer lines.</p> <p>Expenses for this department include the following:</p>		
<p>Payroll, payroll taxes, health and life insurance (This department employs six persons: a manager and five carpenters)</p>	\$314,628	\$316,410
<p>Lighting (This includes bulbs, fixtures, ballasts, lenses, timers, metal conduit, breakers, wire, boxes, connectors, etc. for 99 laundry rooms, 250 street and parking lot lights, and 6,000 building and grounds/accent lighting.)</p>	\$11,000	\$13,000
<p>Building repair materials and supplies (This includes all materials pertaining to buildings and walks except lighting, such as caulking, putty, lacquer thinner, brushes, rollers, painting drop cloths, spackle, cement, water sealer, blades, drill bits, lubricants, wasp spray, safety goggles, hand cleaner, locks, keys, etc.)</p>	\$15,300	\$17,300
<p>Screen repair (The Association will replace and repair screens for owners and charge the owners for such. This budget item is for materials offset by revenue.)</p>	\$200	\$250

	2020	2019
Vehicle and power equipment maintenance (The Association owns numerous pieces of equipment, such as drill presses, band saws, air compressors, pressure washers, two lifts, two trailers, and several vehicles. Vehicles assigned to the building department include two trucks, a van, a utility cart/mini-truck and a tractor. This amount is for gas, oil, tires, batteries, and repairs.)	\$7,000	\$13,000
Uniforms, tools, and equipment (This account covers renting of employee uniforms. It also includes the purchase of tools, equipment, and miscellaneous shop materials.)	\$13,020	\$12,000
	=====	=====
Total Building Maintenance	\$361,148	\$371,960

Heat, Ventilation and Air Conditioning Maintenance:

This department is equipped to service and repair owner air conditioners. Technicians also do preventative maintenance on all the air conditioners, which includes replacing filters and cleaning out condensate lines. A preventative maintenance charge of \$24.25 per quarter is factored into the fees to minimize water damage to adjacent units in the event condensate lines become blocked. While the technician is cleaning the A/C unit and quarterly thereafter, the filter is cleaned. A portion of the expenses for this department is offset by additional A/C revenue, either as service contracts or service call charges.

The technicians are also responsible for replacing the smoke alarms and checking the main connections for corrosion in the electrical panel boxes in each unit as a fire prevention measure. They also maintain and repair the laundry equipment.

	2020	2019
Payroll, payroll taxes, health and life insurance (The department employs two technicians.)	\$109,269	\$105,882
Air conditioning systems and equipment (This includes air handlers, compressors, condensers, blower motors, sequencers in heat strips, freon, filters, thermostats, relays, fan assemblies, AC tools, copper tubing, breakers, wire, ducts, valves, switches, and miscellaneous materials.)	\$6,000	\$7,000
Communications for department personnel (This includes a cell phone for after-hours calls.)	\$600	\$780
Vehicle maintenance (This is for gas, oil, tires, batteries and repairs for a van and a truck.)	\$2,000	\$1,500
Uniforms, tools, and equipment (This account covers renting of employee uniforms, safety equipment, vacuum pumps, shop vacs and miscellaneous small tools.)	\$1,049	\$868
	=====	=====
Total HVAC Maintenance	\$118,918	\$116,030

Landscaping/Grounds Maintenance:

This department is responsible for all aspects of landscaping for the Association property. This includes mowing, weeding, removal of dead trees, trimming trees, installing sod, plants and trees, installing mulch, pine straw and rocks, pressure washing buildings, walks and patios, blowing walks, patios and parking lots and filling potholes in parking lots. This department also is responsible for maintenance of the irrigation system, including preventative maintenance on irrigation heads, replacement of irrigation lines, timers and controllers and conversion from hydraulic to electric valves.

	2020	2019
Payroll, payroll taxes, health and life insurance (The department employs a manager, a lead, an irrigation tech, an irrigation tech/mechanic, a pressure washer and eight landscaping/grounds crew members)	\$408,460	\$392,735
Irrigation materials (This includes routine repair materials, supplies and equipment, controller replacements and improvements to the system.)	\$16,000	\$15,000
Uniforms and equipment (This account covers safety equipment and the renting of employee uniforms.)	\$4,070	\$3,374
Parking lots and signs (This includes sign maintenance, pothole filler and repairs to parking lots.)	\$2,000	\$2,000
Grounds Supplies (This includes bleach, brushes, garbage bags, etc.)	\$500	\$1,200
Gasoline-Grounds (This includes gas for mowers, edgers, blowers, chain saws, as well as the Association vehicles used by this department, including a van, a truck, a mini box truck and four utility carts.)	\$29,000	\$29,000

	2020	2019
Landscaping equipment (This includes hand tools such as rakes and shovels; equipment such as blowers, edgers, weed eaters and chain saws; and equipment parts such as blades, hoses, chains, and belts.)	\$15,000	\$17,000
Landscape chemicals (This includes pesticides, herbicides and fungicides for turf and other plant material.)	\$29,000	\$29,000
Vehicle maintenance (This is for tires, batteries, parts and repairs for a van, a truck, a mini box truck, four utility carts and three trailers.)	\$20,000 =====	\$20,000 =====
Total Grounds and Irrigation Maintenance	\$524,030	\$509,309

Building and Grounds Contract Services:	2020	2019
Mulch	\$15,000	\$28,000
Tree trimming	\$20,000	\$15,000
Trash removal (This includes the rental of containers, hauling and landfill fees to remove building materials such as rotted wood, discarded air conditioners, hot water heaters, tree limbs, logs and landscaping debris. It also includes the removal of household trash generated by condominium dwellers. Building materials, landscaping materials, and household trash must be kept in separate containers and hauled to different landfill sites.)	\$75,656	\$71,444
Fire extinguisher service (This includes the annual inspection of 498 extinguishers, recharges, hydrotests, the purchase of new extinguishers, cabinets, seals, stems, labels, etc.)	\$3,500	\$3,500
Electrical, plumbing and miscellaneous contractors (This is to pay for repairs requiring licensed electricians. It also includes the cost of digging up and replacing sewer lines)	\$12,000	\$12,000
Interior pest control (This expense is charged back to the owners. It includes pest control, except flea control, in the interior of units and spray around the buildings. This service is provided to all the owners except Westgate, which contracts directly with the pest control contractor.)	\$21,725	\$21,725
Termite, bee, and wasp control (This is for the inspection and treatment of termites and the removal of large bee and wasp nests.)	\$12,600	\$1,000

	2020	2019
Insurance deductible expense (The Association's per-building deductible is \$10,000.)	\$25,000	\$21,000
Painting contractor/building paint (This expense is for painting multi unit buildings, as well as miscellaneous projects, such as the painting of building signs, directional signs, light posts and miscellaneous building repairs.)	\$86,700	\$73,550
	=====	=====
Total Building and Grounds Contract Services	\$ 272,181	\$ 247,219

	2020	2019
Utilities:		
Electricity (This includes electricity for common area lighting, including building exteriors, parking lot lights, the maintenance shop and the Association office. It does not include laundry electric.)	\$20,000	\$25,000
Water and sewer (This is for the meter charges and consumption of water used to irrigate the property and provide the office and maintenance shop with water, as well as the discharge of sewer. We have seen a reduction of our irrigation water use due to the continued upgrades to our irrigation system.)	\$68,800	\$68,800
	=====	=====
Total Utilities	\$88,800	\$93,800

Administration:

This department provides for the overall administration of the Association and includes funds paid to outside professionals for accounting, audits, preparation of tax returns, legal and other mandatory fees, plus director expense reimbursements.

	2020	2019
Payroll, payroll taxes, health and life insurance (This department employs a general manager, an accounting person, an owner services representative and a part-time bookkeeper.)	\$247,815	\$237,822
Laundry expense (This includes expenses pertaining to operation of the Association-owned laundry equipment, such as machine parts, hoses, etc., merchant fees for credit/debit card processing, phone line for credit card machine and training materials for the techs.)	\$13,000	\$12,500
Laundry room expense (This includes expenses to maintain the laundry rooms)	\$22,000	\$22,000
Laundry utilities	\$84,000	\$79,000
Office equipment, supplies, and services (This includes maintenance, upgrades, and support of computers and fax machine and related software, fees for online payroll, leasing of a copier and postage meter, routine office supplies, cleaning supplies, advertising, bank charges, alarm monitoring and web hosting.)	\$20,000	\$17,248
Postage, printing, billing and mailings (This includes postage for billing, mailings and vendor payments, including the printing of envelopes, invoices, statements, letterhead, and checks.)	\$5,788	\$5,000
Telephone and communications (This includes basic telephone service, long distance charges, conference calls and internet for the security system.)	\$3,390	\$3,390
Audit and preparing tax returns (This is for an outside firm to perform an audit and prepare the Association's income tax return.)	\$16,000	\$16,000
Legal fees (This is an amount set aside to pay the Association attorney for general counsel and collection of serious delinquencies.)	\$5,000	\$5,000

	2020	2019
Fees payable to the Division (The State of Florida charges every condominium a \$4 per unit charge to pay for the administration of the State Division of Condominiums.)	\$3,124	\$3,124
Other fees, publications and education (This is a budget item to pay for memberships in Association related organizations, educational conferences, the Association’s state corporate annual return, background checks on tenants – offset by revenue, background checks on new employees, drug screening, quarterly employee program, an annual Christmas party, and reserve study.)	\$8,974	\$8,934
Office maintenance fees (This item is to book the office maintenance fees as an expense.)	\$4,296	\$4,236
Director travel and meeting expenses (This is to reimburse the directors’ travel expenses to attend meetings and the costs associated with these meetings.)	\$8,200 =====	\$8,700 =====
Subtotal Administration	\$441,587	\$422,954

	2020	2019
Insurance		
(This pays the premiums to insure the Association's property, including buildings, vehicles, equipment, expanded property coverages, general and umbrella liability, crime and fidelity, and office contents. It also includes directors and officers liability to protect directors in carrying out their fiduciary responsibility to the Association.)	\$340,625	\$331,047
Workers compensation		
(This is a mandatory insurance to pay for employee injuries while on the job. The Association receives a 2-percent credit for safety and a 5-percent credit for being a drug-free workplace.)	\$45,744	\$33,252
Income, tangible and other taxes		
(The Association pays income tax on any revenue other than membership fees. The tax is payable to the IRS and the State of Florida. The Association also pays tangible property tax to Polk County.)	\$3,582	\$4,922
	=====	=====
Total insurance and taxes	\$389,951	\$369,221
Total Operating Expenses before Bad Debt Allowance	\$2,196,615	\$2,130,493
Bad debt		
(Fees which the Association estimates will be uncollectible based on current delinquencies/foreclosures)	\$0	\$10,000
	=====	=====
Total Operating Expenses	\$2,196,615	\$2,140,493

Reserve Budget

A portion of your fees is also placed in a reserve for future capital improvements. In addition to being good business, the State of Florida requires that condominium associations reserve certain funds for improvements to buildings, roofs, parking lots, and major equipment. The Florida Administrative Code now requires that certain information be disclosed in the budget pertaining to reserves. The budget must include a reserve schedule which lists each capital expenditure and deferred maintenance reserve separately. For each reserve item, the following information must be disclosed:

- 1) the total estimated useful life of the asset
- 2) the estimated remaining useful life of the asset
- 3) the estimated replacement cost
- 4) the estimated fund balance at the beginning of the budget period

The following is a list of the current reserve accounts and explanations of each reserve account:

Reserve Component	Estimated Current Replacement Cost	Annual Funding Required to Fund at 100%	Funding Recommended	Last Year's Funding	Estimated Fund Balance on 12/31/2019
Multi-unit Building	3,630,306	586,991	70,000	40,000	69,463
Lakeloft Reserve	402,166	33,751	21,175	19,250	36,228
Multi-unit Roofs	3,267,266	91,361	150,000	204,000	366,266
Parking Lots	734,202	119,032	75,000	60,000	101,820
Laundry Equipment	210,081	50,037	26,000	26,000	161,557
Landscaping	780,151	48,131	40,000	30,000	16,852
Office/Maint Equipment	233,546	70,229	35,000	35,000	87,421
Totals	9,257,718	999,532	417,175	414,250	959,607

Multi-Unit Building:

This reserve is to fund maintenance and repair of the multi-unit buildings. This includes replacing wood, siding, window frames, exterior doors, lighting fixtures, and signs on the multi-unit buildings. This reserve has also been built up for the replacement of street and parking lot lights, a project currently being undertaken. \$120,000 is coming out of these funds during 2019 for this purpose.

Lakeloft Reserve

This reserve is for maintenance and repairs for the Lakeloft buildings and roofs.

Multi-Unit Roofs:

This reserve is to fund replacement of roofing materials on the multi-unit buildings. Approximately one third of the roofs were replaced over a short period of time in 2006 due to hurricane damage. Besides funds being used to replace the older roofs, this reserve is also being built up for the time when that large number of roofs will age and begin to fail.

Parking Lots:

This reserve is to fund maintenance and repair of all the parking areas that are owned by the Association. A full cycle has been completed, and the Association will be installing parking stops and drains, paving additional parking spaces which are currently mulched and reserving for the next cycle.

Laundry Room Equipment:

This reserve will be funded at a rate of \$26,000 per year. The machines have reached ten years of age, but are still functioning well. The goal is to have enough in the reserve to cover the machines as they age and need replacement.

Landscaping:

This reserve is used to renovate declining plant material, plant material that has reached its maturity, and plant material killed by winter freezes, storm damage or summer droughts. This reserve is also used to replace sod.

Office and Maintenance Equipment:

This reserve is used to purchase major equipment such as lifts, utility vehicles, dump trucks and other vehicles, as well as power tools and equipment used for maintaining the buildings and landscaping the property. It also funds the purchase of office equipment, furniture and software upgrades.

Each major component of each reserve, along with its estimated useful life, estimated remaining life, and replacement cost, can be found on the next page.

Recommended Funding for Reserves	\$ 417,175
Total Operating Expenses	<u>2,196,615</u>
Cash Needed to Operate and Fund Reserves	\$2,613,790

COMPONENT	ESTIMATED USEFUL LIFE	ESTIMATED REMAINING LIFE	REPLACEMENT
Multi-Unit Building			
Decks	21	1 to 21	1,303,260
Stairs	21	1 to 21	945,000
Fascia/Soffit Board	21	1 to 21	119,000
Siding	21	1 to 21	726,138
Lighting	21	1 to 21	418,880
Signage	10	1 to 10	34,570
Vinyl Tile	21	5	19,008
Laundry renovation	10	1 to 10	59,500
Smoke detectors	10	2	<u>4,950</u>
			3,630,306
Multi-Unit Roofs			
Asphalt shingles	20	1 to 20	3,267,266
Lakelofts			
Decks	21	1 to 21	33,810
Windows	21	7 to 21	171,570
Lighting	15	2 to 6	31,236
Misc.	21	1 to 21	34,650
Roofs	20	9 to 12	<u>130,900</u>
			402,166
Parking Lots			
Overlay	20	1 to 20	580,036
Seal Coating	3	1 to 5	54,164
Parking Blocks	15	1 to 15	<u>100,002</u>
			734,202
Landscaping			
Irrigation	4 to 20	3 to 11	330,151
Plants & Trees	25	1 to 25	<u>450,000</u>
			780,151
Laundry Room Equipment			
Water Heaters	15	4 to 10	26,561
Washers and Dryers	10	7 to 10	177,520
Card Dispenser	5	4	<u>6,000</u>
			210,081
Office and Maintenance			
Office Equipment	1 to 5	1 to 5	18,812
Equipment General	10	1 to 8	10,700
HVAC Equipment	4 to 12	1 to 13	3,100
Bldg. Maint. Equip.	4 to 15	1 to 15	67,789
Landscaping Equip.	5	1 to 5	74,345
Vehicles/trailers	10	1 to 10	<u>58,800</u>
			233,546
			=====
GRAND TOTAL			9,257,718