

Ellicott Mills Budget, Finances and Reserves, FY2022 & 2023 Outlook



Key Financial Facts (FY2022):

- Overall Financial Status is EXCELLENT
- Operating Funds (Checking Account) EOY 2022: \$38,763
- Reserve Funds EOY 2022: \$444,460
- Annual Budget for 2022 (Original): \$118,236
- Actual Expenses 2022: \$115,836
- Annual Reserve Contribution for 2022: \$34,860 (30% of 2022 Expenditures)

January 2023

Operating Funds (Checking Account): \$41,172

Reserve Funds: \$448,494

Annual Reserve Contribution for 2023: \$39,000

Increased Interest Income for next several years due to favorable rates (~4%) will help offset other rising costs

2022 Actual and Budget for 2023

	2023 Budget Summary, Ellicott Mills Condominium Association				
Category					\$276.00
	2022 Budget	2022 Actual	2023 Approved Budget	Change from 2022 Actual	2023 Notes RR
Income					
Condo Assessments	\$111,720	\$111,715	\$115,842	\$4,127	\$276.00 per unit; Increase of \$10.00 (3.8%)
Late Fee	\$0	\$301	\$200	(\$101)	
Bad Check	\$0	\$10		(\$10)	
Bank Interest-Operations	\$0	\$20	\$20	\$0	
Bank Interest-Reserves	\$0	\$4,559	\$6,000	\$1,441	Higher interest on maturing CDs
Contingency Prior-Year	\$6,516	\$0	\$4,500	\$4,500	In case \$5,553 comes in lower
Total Revenue	\$118,236	\$116,605	\$126,562	\$9,957	
Expenses					
Bank Service Charge	\$0	\$11	\$13	\$2	
Accounting Fee	\$1,989	\$1,989	\$2,072	\$83	\$169 per month in 2022 +4%; Per FREM Contract
Management Fee	\$5,427	\$5,270	\$5,479	\$209	\$439 per month in 2022 +4%; per FREM Contract
Office	\$125	\$190	\$200	\$10	
Postage	\$150	\$114	\$150	\$36	
Coupons	\$125	\$124	\$125	\$1	
Meetings		\$150	\$0	(\$150)	
Administrative Fees	\$0	\$77	\$100	\$23	
Legal Fees	\$2,100	\$2,135	\$2,100	(\$35)	Per Contract Retainer
Audit & Tax Fee	\$1,800	\$1,800	\$1,800	\$0	Per Contract
Reserve Study	\$3,500	\$3,350	\$0	(\$3,350)	Not Needed
Clubhouse Misc.	\$250	\$0	\$250	\$250	
Snow Removal	\$15,000	\$8,562	\$12,000	\$3,438	To be conservative
Pest Control	\$125	\$125	\$125	\$0	
Special Events	\$600	\$165	\$500	\$335	
Water & Sewer	\$225	\$122	\$225	\$103	
Public Electric - Clubhouse	\$875	\$1,107	\$1,300	\$193	More Community usage in 2023-post Covid
Public Electric - Street Lights	\$3,930	\$3,891	\$3,900	\$9	Per BGE Rate
Landscaping	\$9,000	\$2,214	\$5,700	\$3,486	Reduced since did not spend all in FY22
Landscaping - Contract	\$17,924	\$17,923	\$19,913	\$1,990	New Contract Proposal accepted
HVAC - Repairs & Maint.	\$160	\$79	\$160	\$81	
On-Site Maintenance	\$6,000	\$14,956	\$13,500	(\$1,456)	Continued maintenance likely due to age of community
Insurance	\$12,571	\$14,828	\$16,000	\$1,172	Policy renews in May, Expect increase
Federal Taxes	\$1,000	\$1,488	\$1,650	\$162	Higher interest earning for 2023
State Taxes	\$500	\$306	\$300	(\$6)	Higher interest earning for 2023
Reserves	\$34,860	\$34,860	\$39,000	\$4,140	Per latest Update from RA
Total Expense	\$118,236	\$115,836	\$126,562	\$10,726	
Net Income	\$0	\$769	\$0	-\$769	

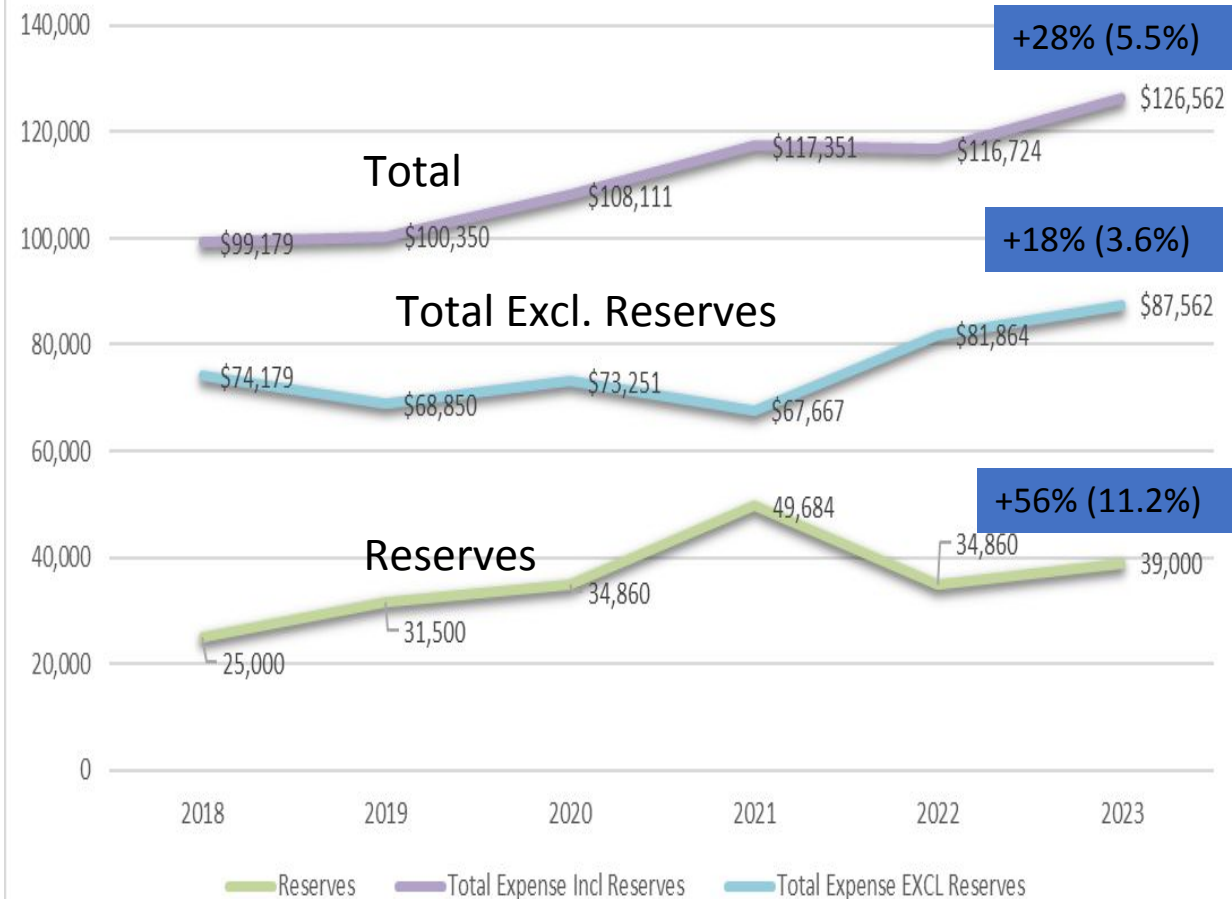
Major Expense Categories: 2022 Est.

Expenditure by Major Category, 2022 Est.

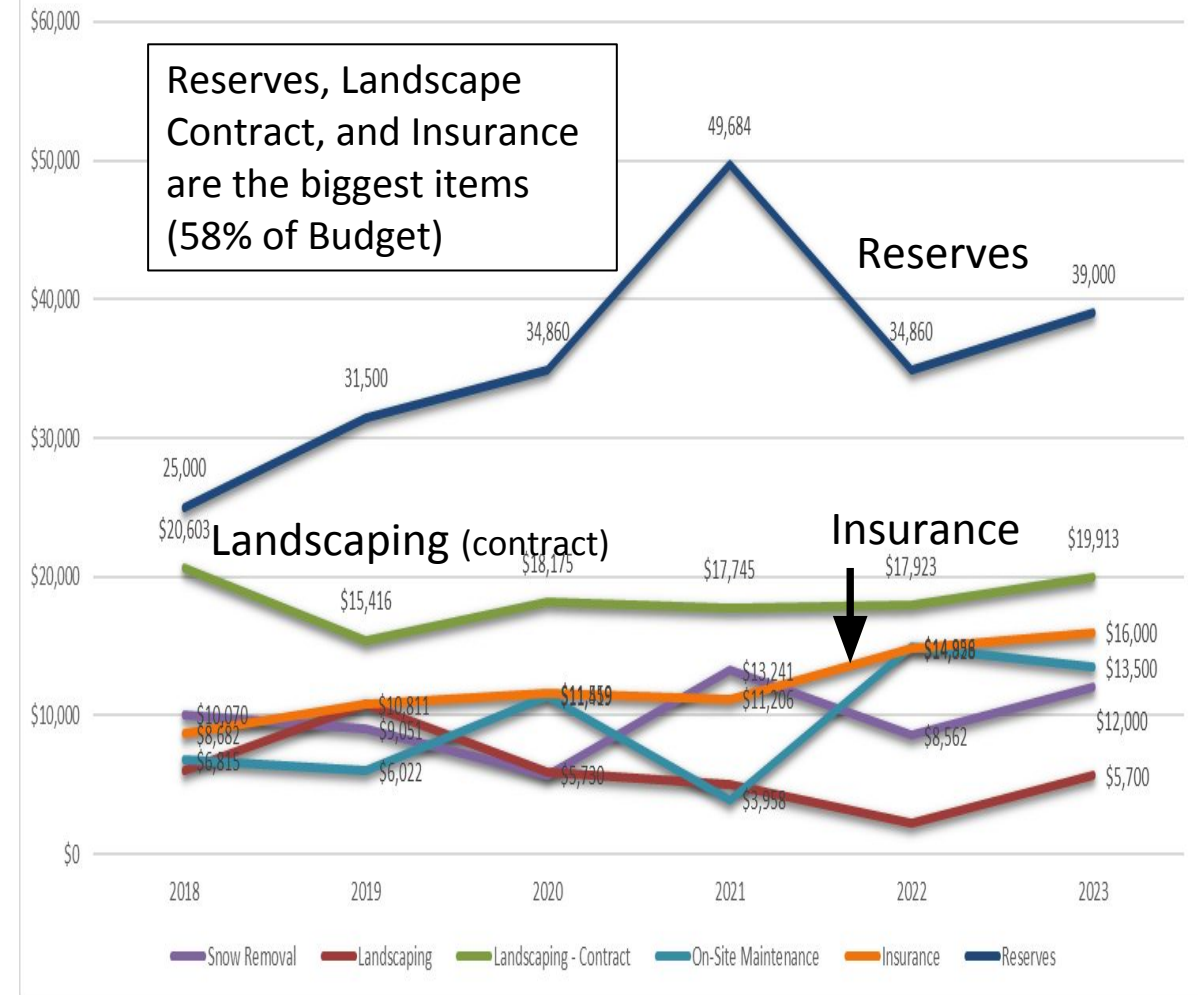
- Reserves
- Landscaping - Contract
- Insurance
- On-Site Maintenance
- Snow Removal
- Management Fee
- Public Electric - Street Lights
- Reserve Study
- Landscaping
- Legal Fees
- Accounting Fee
- Audit & Tax Fee
- Federal Taxes
- Public Electric - Clubhouse
- Other

Historical Look at Expenses

Overall Expenses, Operating and Reserves:
2018-22 Actual, 2023 Final Budget



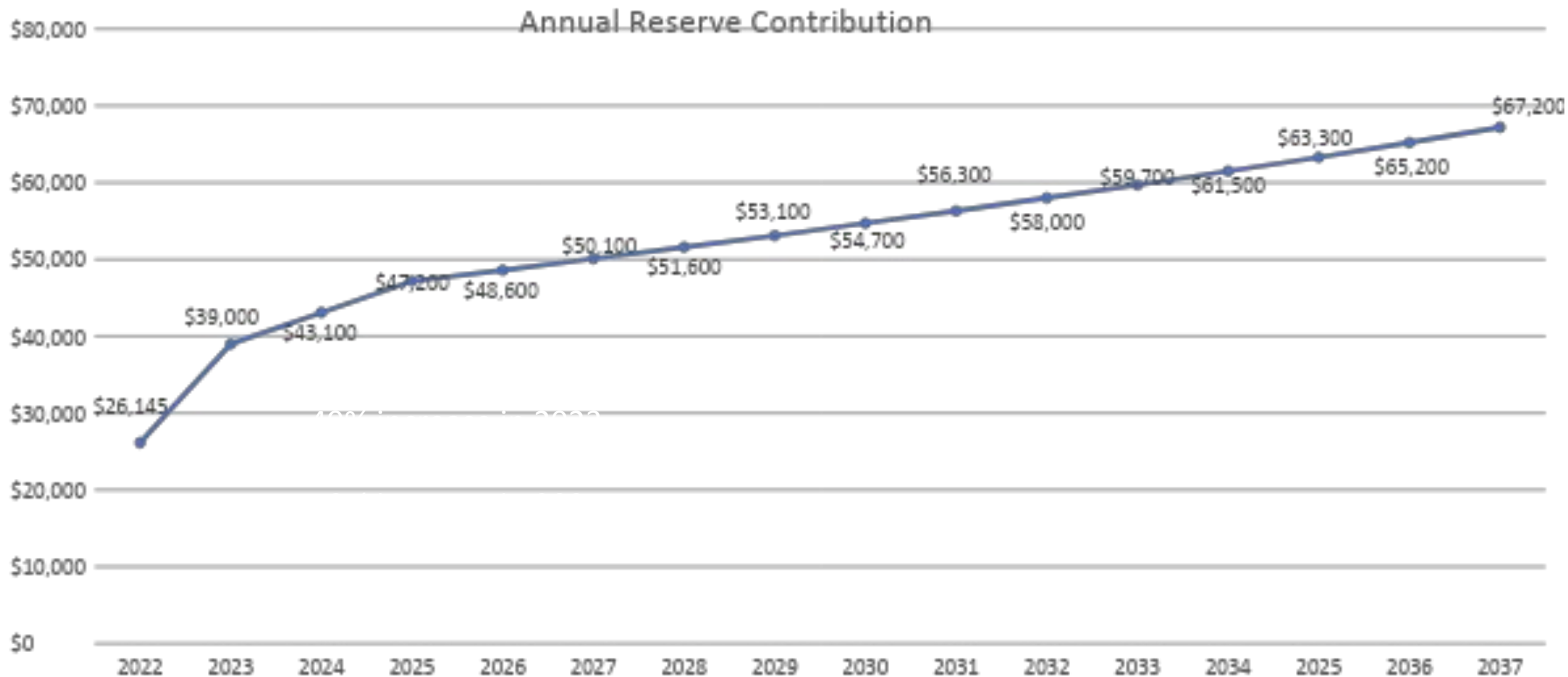
Major Expense Categories, 2018-2022 Actual, 2023 Final Budget



Reserves

- New MD law requires Condo Associations to perform a reserve study at least every 5 years
- Requires Associations to fully fund reserves
- **We have already been operating in this mode**
- Full study performed by Reserve Advisors (RA) July 2022
 - 30 Year study
 - Complete on-site review of all elements
 - Estimated useful life and replacement costs
 - 2023-2025 will be “catch up” years
 - Annual cost inflation of 3% (long-term trend)
 - Annual interest earning on reserves of 1.3% (very conservative)
- RA receptive to input from the Board re updated information
 - Adjusted useful life of roofs from 17 up to 20 year (based on full review by Walter Brown Roofing)
 - Adjusted cost of SWM pond maintenance down (based on current actual costs)
 - Full Report sent to Owners and will be posted on Website

Annual Reserve Contribution, 2023-2037



Reserve Funding Plan

RESERVE FUNDING PLAN

1.3% Interest

CASH FLOW ANALYSIS

Hearthstone of Ellicott Mills

Condominium, Inc.

Ellicott City, Maryland

Roofs 2028-2029

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Reserves at Beginning of Year	(Note 1)	432,397	448,415	456,634	505,950	560,034	616,230	559,841	315,762	101,776	144,129	194,408	236,713	266,162	331,522	390,246	460,943
Total Recommended Reserve Contributions	(Note 2)	26,145	39,000	43,100	47,200	48,600	50,100	51,600	53,100	54,700	56,300	58,000	59,700	61,500	63,300	65,200	67,200
Estimated Interest Earned, During Year	(Note 3)	4,273	5,845	6,216	6,884	7,596	7,595	5,655	2,696	1,588	2,186	2,784	3,248	3,860	4,661	5,497	6,237
Anticipated Expenditures, By Year		(14,400)	(36,626)	0	0	0	(114,084)	(301,334)	(269,782)	(13,935)	(8,207)	(18,479)	(33,499)	0	(9,237)	0	(29,523)
Anticipated Reserves at Year End		\$448,415	\$456,634	\$505,950	\$560,034	\$616,230	\$559,841	\$315,762	\$101,776	\$144,129	\$194,408	\$236,713	\$266,162	\$331,522	\$390,246	\$460,943	\$504,857
Predicted Reserves based on 2022 funding level of:	\$34,860	448,415	452,467	493,436	534,937	576,978	504,740	243,096	9,807	30,996	58,225	75,469	77,820	113,918	141,188	178,110	185,797

Includes exterior painting and masonry work

No expected expenses, 2024-2026

(continued)

Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued

		2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Reserves at Beginning of Year		504,857	533,989	490,437	570,690	654,200	716,116	749,058	625,259	495,867	576,261	449,232	485,404	533,037	639,308	735,061
Total Recommended Reserve Contributions		69,200	71,300	73,400	75,600	77,900	80,200	82,600	85,100	87,700	90,300	93,000	95,800	98,700	101,700	104,800
Estimated Interest Earned, During Year		6,709	6,616	6,853	7,910	8,850	9,462	8,875	7,240	6,924	6,623	6,036	6,577	7,571	8,876	10,020
Anticipated Expenditures, By Year		(46,777)	(121,468)	0	0	(24,834)	(56,720)	(215,274)	(221,732)	(14,230)	(223,952)	(62,864)	(54,744)	0	(14,823)	(33,374)
Anticipated Reserves at Year End		\$533,989	\$490,437	\$570,690	\$654,200	\$716,116	\$749,058	\$625,259	\$495,867	\$576,261	\$449,232	\$485,404	\$533,037	\$639,308	\$735,061	\$816,507
Predicted Reserves based on 2022 funding level of:	\$34,860	176,218	91,338	127,612	164,358	176,586	156,880	(22,667)	(211,048)							

Saving for Roof Replacement in 2053-54

Questions???