

Bayshore Club Management Association 2022 Proposed Annual Budget Presentation

Summary: A partially funded reserve budget will result in a 6.5% in monthly assessments for 2022.

	1 Bdr		2Bdr		3Bdr		Penthouse	
2022 Proposed, with Spectrum, without door credit	\$ 417.00		\$ 593.00		\$ 791.00		\$ 1,010.00	
2021 with Spectrum, without \$15/month door credit	\$ 391.20		\$ 557.20		\$ 742.20		\$ 947.40	
Monthly increase	\$ 25.80	6.6%	\$ 35.80	6.4%	\$ 48.80	6.6%	\$ 62.60	6.6%
Annual increase	\$ 309.60		\$ 429.60		\$ 585.60		\$ 751.20	
Change in operating	\$ 23.00	5.9%	\$ 33.00	5.9%	\$ 46.00	6.2%	\$ 57.00	6.0%
Change in reserve	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Change in Spectrum	\$ 2.80	0.7%	\$ 2.80	0.5%	\$ 2.80	0.4%	\$ 5.60	0.6%

The budget process: Multiple budget sessions were held over 3 weeks and all unit owners were invited to participate. On average 10 owners participated in multiple sessions for ~ 35 man-hours of review. The initial 2022 budget was assembled by the Board Treasurer using forecasted (actual Jan – Aug + budgeted Sep – Dec) 2021 values and review and input from the Association manager.

Summary Operating Budget is shown below*:

	2021 Forecast *	2021 Budget	2022 Proposed	2021 Forecast vs 2022 Budget	% change from 2021 Forecast
Ordinary Income/Expense					
Income					
Operating Account Receipts					
4010 · Operating Assessments	751,999.92	752,000.40	827,681.45	75,681.52	10.1%
4070 · Cable & Internet Revenue				0.00	
4020 · Laundry Revenue	4,567.61	8,500.00	24,000.00	19,432.39	425.4%
4030 · Party Room Revenue	30.00	600.00	600.00	570.00	1900.0%
4040 · Locker Revenue (after tax)	19,145.18	18,600.00	19,606.32	461.15	2.4%
4050 · Late Fee Revenue	3,375.00	2,000.00	2,400.00	-975.00	-28.9%
4051 · Administrative Fees	9,725.00	8,750.00	7,550.00	-2,175.00	-22.4%
4062 · Background Check Receipts	1,790.00	5,200.00	875.00	-915.00	-51.1%
4063 · Interview Receipts	100.00	2,750.00	0.00	-100.00	-100.0%
Total Operating Account Receipts	790,732.71	798,400.40	882,712.77	91,980.06	11.6%
Total Income	790,732.71	798,400.40	882,712.77	91,980.06	11.6%
Gross Profit	790,732.71	798,400.40	882,712.77	91,980.06	11.6%
Expense					
Total General & Administrative	23,293.65	33,250.00	24,862.00	1,568.35	6.7%
Total Employees	236,488.31	236,803.40	254,688.83	18,200.52	7.7%
Total Maintenance & Repair	72,196.77	62,500.00	64,500.00	-7,696.77	-10.7%
Total Property Insurance	202,696.28	190,909.00	246,503.54	43,807.25	21.6%
Total Service Contracts	47,475.68	48,882.00	47,770.00	294.32	0.6%
Total Utilities	227,559.16	226,056.00	244,388.40	16,829.25	7.4%
Total Operating Expenses	809,709.84	798,400.40	882,712.77	73,002.92	9.0%
Total Expense	809,709.84	798,400.40	882,712.77	73,002.92	9.0%
Net Ordinary Income	-18,977.14	0.00	0.00		

*Spectrum has been removed from both income and expense for comparative purposes

The drivers of the ~\$73K increase in operating expenses reflect increases in 3 areas:

- Salaries +\$18k – this reflects 7.7% average increase for staff based on manager’s recommendation, a high level of performance, the strong desire to maintain stability and documented upward pressure on salaries in general.
- Insurance + \$44k – this is reflective of the sharp increase that BCMA received for its 2020-21 property & wind premium and guidance from our agent that similar increases should be expected on our flood and general policies and that sharp increases should be expected for the 2021-22 renewal period as well.
- Utilities + \$17k – this reflects the reality that the marginal cost for gas to heat the pool was nearly twice as much as originally anticipated.

These increases as well as covering the shortfall from 2021 will be partially offset by increased revenue from association owned laundry equipment and savings in the area of general maintenance.

Spectrum: When we signed the Spectrum contract the rough estimate was cable and internet would cost ~\$35-\$40 per month. To entice BCMA to contract with them, Spectrum provided a door credit which was in turn passed to the owners so that through mid-2021 the amount paid was only \$24.20/month. That door credit was consumed and so starting in August of 2021, owners began paying the full cost of the service ~\$39.20. Our contract provides for a 5% annual increase and that is reflected in the 2022 budget.

Reserves: Even with the modest assessment to complete the modernization of the south elevators (which we have felt was our most pressing short-term need) after carefully reviewing our most recent reserve study (February 2021) and considering pending requirements to increase fire protection and the possible fallout from the Sunrise, FL disaster, no one could rationalize decreasing the annual amount that we set aside for reserves. The configuration of the reserve allocation is different and can be reviewed in detail below.

As with every year, owners will be asked to vote “Yes” for a partially (27%) funded reserve. For review and consideration, the “full” funding is provided for comparison. Full funding is always an estimate that contains many assumptions regarding useful life and replacement cost. While the % of partial to full is lower than in 2021, the fully funded estimate was based on an older reserve study. The more recent study is more reflective of increased costs and therefore the “gap” appears to be wider.

Proposed 2022 Budget

Proposed 2022 Maintenance Fees with partial (27%) funding

	2022 proposed	2021-22 increase	2021 Budget	2020-21 increase	2020 Budget	2019-20 increase	2019 Budget	YES
Operating Reserve	827,681.45	10.2%	751,287.55	1.0%	743,909.05	5.8%	703,366.00	
	425,500.00	0.0%	425,500.00	0.0%	425,500.00	6.4%	400,000.00	
	1,253,181.45	6.5%	1,176,787.55	0.6%	1,169,409.05	6.0%	1,103,366.00	
			1 Bdr		2Bdr		3Bdr	Penthouse
2020			349.00		515.00		699.00	864.00
2021			352.00		518.00		703.00	869.00
change from 2020-21			1%		1%		1%	1%
2022			\$ 375.00		\$ 551.00		\$ 749.00	\$ 926.00
change from 2021-22			6.5%		6.4%		6.5%	6.6%
Spectrum								
2021 with door credit			24.20		24.20		24.20	48.40
2021 without door credit			39.20		39.20		39.20	78.40
2022			42.00		42.00		42.00	84.00
WITH SPECTRUM			\$ 417.00		\$ 593.00		\$ 791.00	\$ 1,010.00
WITH SPECTRUM without door credit			\$ 391.20		\$ 557.20		\$ 742.20	\$ 947.40
Diff per month			25.80		35.80		48.80	62.60
Diff per year			309.60		429.60		585.60	751.20

Proposed 2022 Maintenance with "Ideal" full funding

	2022 proposed	2021-22 increase	2021 Budget	2020-21 increase	2020 Budget	2019-20 increase	2019 Budget	NO
Operating Reserve	827,681.45	10.2%	751,287.55	1.0%	743,909.05	5.8%	703,366.00	
	1,582,844.21	44.9%	1,092,100.00	-3.8%	1,135,500.00	27.9%	887,921.00	
	2,410,525.65	30.8%	1,843,387.55	-1.9%	1,879,409.05	18.1%	1,591,287.00	
	27%		39%		37%		45%	
			1 Bdr		2Bdr		3Bdr	Penthouse
2020			562.00		827.00		1,123.00	1,389.00
2021			551.00		811.00		1,102.00	1,362.00
change from 2020-21			-2%		-2%		-2%	-2%
2022			\$ 720.00		\$ 1,060.00		\$ 1,441.00	\$ 1,781.00
change from 2021-22			30.7%		30.7%		30.8%	30.8%
Spectrum								
2021 with door credit			24.20		24.20		24.20	48.40
2021 without door credit			39.20		39.20		39.20	78.40
2022			42.00		42.00		42.00	84.00
WITH SPECTRUM			\$ 762.00		\$ 1,102.00		\$ 1,483.00	\$ 1,865.00
Diff per month			171.80		251.80		171.85	213.36
Diff per year			2,061.60		3,021.60		2,062.18	2,560.29

2022 Detailed Budget Worksheet

		2021 Forecast *	2021 Budget	2022 Proposed	Comments
Ordinary Income/Expense					
Income					
Operating Account Receipts					
4010	Operating Assessments	751,999.92	752,000.40	827,881.45	
4070	Cable & Internet Revenue			107,415.00	Pass through of expense line 6025 +5% called for in the Spectrum contract
4020	Laundry Revenue	4,567.61	8,500.00	24,000.00	if laundry machines are owned in-house, all income will come to BCMA. If not, this could go to zero
4030	Party Room Revenue	30.00	600.00	600.00	Hoping to return to room usage in 2022
4040	Locker Revenue (after tax)	19,145.18	18,600.00	19,606.32	12x \$1,633.66 - same as 2021
4050	Late Fee Revenue	3,375.00	2,000.00	2,400.00	Modest assumption here due to better collections
4061	Administrative Fees	9,725.00	8,750.00	7,550.00	
4062	Background Check Receipts	1,790.00	5,200.00	875.00	Assumes 1/2 the sales & leases of 2021 - 13 sales; 15 leases and 25 background checks
4063	Interview Receipts	100.00	2,750.00	0.00	
Total Operating Account Receipts		790,732.71	798,400.40	990,127.77	
Total Income		790,732.71	798,400.40	990,127.77	
Gross Profit		790,732.71	798,400.40	990,127.77	
Expense					
Operating Expenses					
General & Administrative					
6020	Accounting/Annual Audit	8,000.00	8,000.00	8,000.00	Same as 2021
6026	Postage	11.93	1,200.00	300.00	reduced from 2021 based on actual
6030	Legal & Professional	3,726.41	10,000.00	6,500.00	average of 2021 budget & actual
6040 - Other Expenses					
6041	Computer Equip & Supplies	149.99	200.00	154.00	based on 2021 actual + 2.5%
6042	Computer Repair & Service	204.00	500.00	209.00	based on 2021 actual + 2.5%
6043	Computer Software & Web	789.00	700.00	809.00	based on 2021 actual + 2.5%
6053	Background Check	1,039.50	5,600.00	875.00	pass through of 4062
6055	Association Admin				
6060	Bank Service Charges	78.21	150.00	100.00	average of 2021 budget & actual
6085	Appraisal Fee	1,500.00			no appraisal required in 2022
6090	Division Fee				
6100	Bad Debt Expense	2,496.00	2,500.00	2,500.00	Same as 2021
6105	Office Supplies & Toner	3,387.38	3,600.00	3,500.00	based on 2021 actual + 2.5%
6140	Reserve Study	1,600.00		1,600.00	Should update reserve study each year
6150	Licensing, Certifications,	161.25	750.00	165.00	based on 2021 actual + 2.5%
6170	Tax Return	150.00	150.00	150.00	Same as 2021
Total General & Administrative		23,293.65	33,250.00	24,852.00	Less than 2021 budget
Employees					
6220	Salary & Wages	201,508.78	204,440.50	219,520.00	7.7% increase based on Manager rec (8.37% staff; 4.31% Mgmt)
6221	Travel Expense				
6224	Maintenance				
6225	Payroll Taxes	16,588.95	16,417.90	17,688.33	Drive by salary Exp
6228	Misc. Employee Benefit	13,848.68	10,580.00	11,700.00	2021 included 1 time moving allowance
6230	Workers Comp	4,542.00	5,365.00	5,780.50	Drive by salary Exp
6240	Temp Service Cost				
Total Employees		236,488.31	236,803.40	254,688.83	More than 2021
Maintenance & Repair					
6320	Pool Mtnc & Supplies	7,912.79	8,000.00	8,100.00	based on 2021 actual + 2.5%
6330	Grounds & Landscaping	9,556.63	8,000.00	9,800.00	based on 2021 actual + 2.5%
6335	Plumbing Maint	10,197.87	6,500.00	10,500.00	Consistent with 2021 forecast
6340	HVAC Maint & repair	674.87	3,000.00	700.00	based on 2021 actual + 2.5%
6341	Annual Carpet & Tile Cng	0.00	2,000.00	0.00	Done in house
6350	Hskp Janitorial Supplies	7,786.07	2,000.00	8,000.00	based on 2021 actual + 2.5%
6360	General Maintenance	20,940.51	27,000.00	21,400.00	based on 2021 actual + 2.5%
6361	Owner Unit Repairs due to Assoc				
6370	Elevator Repair (non cover)	15,128.04	6,000.00	6,000.00	Lower due to new elevators
Maintenance & Repair - Other					
Total Maintenance & Repair		72,196.77	62,500.00	64,500.00	Less than 2021 budget

		2021 Forecast *	2021 Budget	2022 Proposed	Comments
	Property Insurance				
	6540 · Property/Wind	133,893.90	110,452.00	153,977.99	Assumes 15% increase over renewed rate (2021 Forecast)
	6550 · Flood	41,279.04	50,048.00	57,555.20	Assumes 15% increase over anticipated 2021 renewal (2021 Budget)
	6560 · General Liability/Others	27,523.34	30,409.00	34,970.35	Assumes 15% increase over anticipated 2021 renewal (2021 Budget)
	Total Property Insurance	202,696.28	190,909.00	246,503.54	More than 2021
	Service Contracts				
	6260 · Elevator Maintenance	21,915.81	22,500.00	21,518.64	Assumes fixed amounts with no increases
	6270 · Pest Control Interior	3,386.76	3,306.00	3,387.96	Assumes fixed amounts with no increases
	6275 · Housekeeping Contract				
	6290 · Emergency Steam Generat	1,300.00	1,300.00	1,300.00	Assumes fixed amounts with no increases
	6295 · Fire Equip & Pump Inspect	1,283.00	1,300.00	1,300.00	Assumes fixed amounts with no increases
	6296 · Fire Extinguisher Annual C	1,500.00	1,500.00	1,500.00	Assumes fixed amounts with no increases
	6297 · Lawn Maintenance Servic	9,900.00	11,340.00	10,800.00	Assumes fixed amounts with no increases
	6298 · Lawn Treatment Service	3,306.00	3,306.00	3,306.00	Assumes fixed amounts with no increases
	6299 · Soft Water Steam Generat	646.73	200.00	420.00	Assumes fixed amounts with no increases
	6300 · Postage Meter Lease	703.16	650.00	703.16	Assumes fixed amounts with no increases
	6301 · Copier Lease	3,534.23	3,480.00	3,534.24	Assumes fixed amounts with no increases
	Total Service Contracts	47,475.68	48,882.00	47,770.00	Less than 2021 budget
	Utilities				
	6485 · Natural Gas	17,277.47	18,000.00	28,000.00	assumes 7 months of \$4k/month
	6425 · Cable & Internet			107,415.00	Pass through of revenue line 4070
	6420 · Phone & Entrance Director	4,277.60	3,900.00	4,988.40	Based on current lines and contract
	6430 · Electric	50,997.02	49,000.00	52,300.00	based on 2021 actual + 2.5%
	6440 · Water	28,797.57	32,000.00	29,500.00	based on 2021 actual + 2.5%
	6442 · Fireline	1,013.67	1,100.00	1,040.00	based on 2021 actual + 2.5%
	6445 · Sewer	40,705.50	43,000.00	41,700.00	based on 2021 actual + 2.5%
	6448 · Stormwater	31,483.08	31,000.00	32,300.00	based on 2021 actual + 2.5%
	6450 · Garbage	31,238.64	28,000.00	32,000.00	based on 2021 actual + 2.5%
	6455 · Landfill	10,818.00	9,900.00	11,100.00	based on 2021 actual + 2.5%
	6460 · Recycling	5,147.64	5,000.00	5,300.00	based on 2021 actual + 2.5%
	6470 · Generator Fuel	0.00	200.00	200.00	based on 2021 actual + 2.5%
	6480 · Gas for Mowing	103.50	160.00	110.00	based on 2021 actual + 2.5%
	6490 · Utility Taxes and Surcharg	4,019.00	3,200.00	4,100.00	based on 2021 actual + 2.5%
	6491 · Solid Waste Fuel Adjustm	1,680.48	1,596.00	1,750.00	based on 2021 actual + 2.5%
	Total Utilities	227,559.16	226,056.00	351,803.40	
	Total Operating Expenses	809,709.84	798,400.40	990,127.77	
	Total Expense	809,709.84	798,400.40	990,127.77	
	Net Ordinary Income	-18,977.14	0.00	0.00	
	Other Income/Expense				
	Other Income				
	Reserve Receipts				
	5000 · Reserve Assessment	425,499.60	425,500.00	425,500.00	
	Total Reserve Receipts	425,499.60	425,500.00	425,500.00	
	Total Other Income	425,499.60	425,500.00	425,500.00	
	Other Expense				
	5060 · Reserve Expense	425,499.60	425,500.00	425,500.00	
	Total Other Expense	425,499.60	425,500.00	425,500.00	
	Net Other Income	0.00	0.00	0.00	
	Net Income	-18,977.14	0.00	0.00	
	* Forecast = Jan - Aug actual + Sep - Dec budget				

Reserve Account Equity	Dec 31 2021	Unfunded Balance @ 12/31/2020	Unfunded Balance @ 12/31/2021	Recommended Full funding extrapolated from Reserve Study dated 2/28/2021	2021 Budget	2022 Budgeted Contributions	2022 Budgeted Expenditures	Estimated Balance @ 12/31/2022	
3070 - Roof Replacement	189,618.11	485,925.00	465,924.96	42,000.00	20,000.00	20,000.00		209,618.11	Same as 2021
3020 - Painting & Waterproofing	102,122.00	894,956.00	680,087.00	176,992.00	21,000.00	71,000.00		173,122.00	Increased due to needing waterproofing and exterior paint in the next couple of years
3030 - Paving	95,257.70	3,078.00	29,446.50	734.00	0.00	0.00		95,257.70	Same as 2021
3040 - Decorating	257,987.41	453,093.00	418,145.34	83,016.00	50,000.00	50,000.00		307,987.41	Same as 2021
3050 - Tennis & Shuffleboard Courts	265.24	27,582.00	27,582.00	1,587.00	0.00	0.00		265.24	Same as 2021
3060 - Heating & A/C	11,817.34	58,173.00	104,703.96	16,484.78	2,000.00	5,000.00		16,817.34	We have \$14.5K worth of units due for replacement
3070 - Pool	23,148.83	165,885.00	168,730.21	15,972.00	1,000.00	9,000.00		32,148.83	Increased due to recent purchases of furniture and need to accrue for resurfacing
3080 - Pumps/WaterSewer	110,518.47	328,284.00	342,139.96	51,424.00	50,000.00	50,000.00		160,518.47	Same as 2021
3090 - Common Area Grass & Door	31,056.98	257,931.00	235,598.86	90,194.14	80,000.00	69,500.00		100,556.98	Reduced to fund other categories. We will only do what we have funding for
3100 - Elevators	291,637.32	889,197.00	805,362.40	499,249.00	99,000.00	49,000.00		340,637.32	reduced because work will be completed w/in special assessment
3110 - Safety & Security	94,823.59	1,251,273.00	1,234,104.61	241,997.00	25,000.00	25,000.00		119,823.59	Same as 2021
3120 - Equipment	62,923.74	14,190.00	7,489.60	7,677.00	11,500.00	8,000.00		70,923.74	Slight decrease reflective of recent purchases
3140 - Structural Repair	174,439.96	1,217,909.00	1,201,135.86	95,477.00	20,000.00	20,000.00		194,439.96	Same as 2021
3150 - Landscaping	2,231.89	49,788.00	47,788.04	8,128.00	1,000.00	2,000.00		4,231.89	Slight increase
3160 - Gen Deferred Maint & Cap	24,208.51	522,990.00	507,990.00	181,257.00	15,000.00	15,000.00		39,208.51	Planning on replacing a single floor of old panels so that we have replacement parts
3180 - Garage Renovation	22,640.52	484,970.00	472,602.00	29,583.28	30,000.00	30,000.00		52,640.52	Same as 2021
3190 - Interest	1,300.55				0.00	0.00		1,300.55	
3191 - Other	6,753.00	328,270.00	337,519.50	41,172.00	0.00	2,000.00		8,753.00	Increased because this is where the trash chutes are and they will need to be replaced at some point
Total Special Assessment - 2017-2	1,502,727.18	7,408,381.00	7,139,794.82	1,582,944.21	425,500.00	425,500.00		0.00	27%