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TO: Three Fountains Homeowners
FROM: Three Fountains Board of Managers
SUBJECT: Year 2014 Operating and Reserve Budgets
Date: December 10, 2013

The Board of Managers approved the 2014 Budget at the November 18, 2013 Board meeting. The budget was prepared by your Three Fountains Finance Committee and our Property Management Company (LCM).

Homeowner dues will continue to be \$375.00 a month for 2014. The Operating Fund budget for day to day operations has increased from \$568,780 to \$610,780 to meet additional funding requirements identified below. Deposits of \$22,000 per month to the General Reserve will provide for replacement of flat roofs and future purchases of capital equipment. Deposits of \$9,500 per month to the Capital Improvements Reserve will provide funding for replacement of our shake roofs, and major improvements to lanes, buildings and common areas identified in our Long Range Funding Plan.

The attachment to this letter describes how your monthly dues are allocated for each type expense. A Comparative Summary for 2013 and 2014 Budgets is shown below.

Operating Budget

<u>Income</u>	<u>2013 Budget</u>	<u>2014 Budget</u>
Revenue from Dues	\$952,780	\$952,780
Reserve Transfers	- 384,000	- 342,000
Net to Operating, after Transfers	\$568,780	\$610,780
 <u>Operating Expenses</u>		
Administration	\$ 55,870	\$104,137
Payroll	238,000	245,000
Grounds Expenses	62,648	63,400
Buildings Expenses	28,036	29,760
Recreation Expenses	8,540	7,640
Utilities Expenses	144,186	138,093
Operating Projects	31,500	22,750
<u>Total Operating Expenses</u>	\$568,780	\$610,780

<u>General Reserve Projects</u>	<u>2013</u>	<u>2014</u>
Flat Roof Replacements	\$373,501	\$402,000
Water Main Breaks (Water Saddle)	19,490	15,000
Swimming Pool Covers	-0-	9,000
Small Pool Heater	-0-	5,000

Water main break costs are becoming more prevalent due to age of our sewer lines and intruding large tree roots. The Swimming Pool covers are badly worn and are planned to be replaced in 2014.

The Administration Budget increase is due to receipt of a legal opinion that insurance premiums be an operating expense of the Association. Payroll increased \$7,000 to provide for wage increases, associated employer taxes, and payroll administration. Utility rates are expected to remain the same, permitting a reduction from the 2013 Budget based on 2013 experience. Operating Fund projects funded for 2014 include: Sewer Line root removal \$10,000; Replace Pool Valves \$4,750; Repair Concrete walkways \$3,000; and conduct Landscape Improvements \$5,000. Significant savings continue to be experienced by use of our work crew versus contractors.

The Flat Roof Replacement Program is progressing on schedule, with eight buildings scheduled for 2014 (\$402,000), and six scheduled for 2015 (\$207,000). Reserve Funds are available to complete all buildings should the Board opt to accelerate the schedule. Based on an Engineering study, we do not anticipate that any of the shake shingle roofs will require replacement until 2018 or later.

With the resources provided by the homeowners as reflected in this Budget, the dedication of our on-site work crew, and prudent financial management, the Board is confident that your Three Fountains property will continue to be recognized as one of the finest residential areas in Southeast Denver.

Board of Managers and Finance Committee
Three Fountains Corporation

Abby Marsh, President
Jan Hiatt, Vice President
Marjorie Clark, Secretary
Marilyn Mattson, Treasurer
Kathy Mehlmann, Member at Large

Mark Worrick, Chair, Finance Committee
Michael Bowles, Member, Finance Committee
Marilyn Mattson, Board Liaison Member

Attachment: Budget Summary

Three Fountains Budget 2014

Board Approved 11/18/2013
Final Edit 11/21/2013

	2014 Budget	Percent of Fees	Dollars/ Month/Unit		2014 Budget	Percent of Fees	Dollars/ Month/Unit
REVENUE				**BUILDINGS**			
Assessment Fees	\$952,780	100.00%	\$375.00	Electrical Repairs	\$60	0.01%	\$0.02
Operating Interest	\$0	0.00%	\$0.00	Exterior bldg repairs	\$7,450	0.78%	\$2.93
TOTAL REVENUE	\$952,780	100.00%	\$375.00	Roof repair	\$900	0.09%	\$0.35
RESERVE TRANSFERS				Plumbing/repair/maint	\$2,500	0.26%	\$0.98
General Reserve Transfer	\$264,000	27.71%	\$103.91	Interior Bldg Repairs	\$11,000	1.15%	\$4.33
Capital Reserve Transfer	\$78,000	8.19%	\$30.70	Signage	\$300	0.03%	\$0.12
TOTAL RESERVE TRANS	\$342,000	35.89%	\$134.61	Downspout & Gutter Repair	\$500	0.05%	\$0.20
TO OPERATING				Wall/fence repair/paint	\$5,000	0.52%	\$1.97
	\$610,780	64.11%	\$240.39	Locks & Keys	\$50	0.01%	\$0.02
OPERATING EXP				Sewer clean out	\$1,500	0.16%	\$0.59
ADMINISTRATION				Foundation Repairs	\$500	0.05%	\$0.20
Office Supplies	\$1,513	0.16%	\$0.60	TOTAL BUILDINGS	\$29,760	3.12%	\$11.71
Newsletter/Postage	\$1,779	0.19%	\$0.70	**RECREATION**			
Dues/Educ/Subscr	\$250	0.03%	\$0.10	Swimming Pool Maint & Sup	\$4,000	0.42%	\$1.57
Website Maintenance	\$500	0.05%	\$0.20	Pool License Fees	\$200	0.02%	\$0.08
Management Fee	\$22,160	2.33%	\$8.72	Clubhouse Supplies	\$1,000	0.10%	\$0.39
Other mgmt svcs	\$300	0.03%	\$0.12	Clubhouse Maint/Clean	\$1,440	0.15%	\$0.57
CPA/Tax prep	\$3,250	0.34%	\$1.28	Assn Summer Social	\$1,000	0.10%	\$0.39
Legal Fees	\$650	0.07%	\$0.26	Assn. Social Activities/Other	\$1,500	0.16%	\$0.59
Bank Charges	\$3,500	0.37%	\$1.38	Assn Social Act./Reimburse	-\$1,500	-0.16%	-\$0.59
Insurance - Prop/Liabil	\$64,000	6.72%	\$25.19	TOTAL REC	\$7,640	0.80%	\$3.01
Income taxes	\$3,000	0.31%	\$1.18	**UTILITIES**			
Taxes - Property	\$1,233	0.13%	\$0.49	Electric	\$12,184	1.28%	\$4.80
Board Meeting Exp	\$150	0.02%	\$0.06	Gas	\$6,546	0.69%	\$2.58
Eng/Profess/Consult	\$500	0.05%	\$0.20	Water & Sewer	\$81,811	8.59%	\$32.20
Other Admin	\$340	0.04%	\$0.13	Phone /internet	\$5,220	0.55%	\$2.05
Coupon Books	\$1,012	0.11%	\$0.40	Storm Sewer	\$25,750	2.70%	\$10.13
TOTAL ADMIN	\$104,137	10.93%	\$40.99	Trash collection	\$6,582	0.69%	\$2.59
PAYROLL EXPENSES				TOTAL UTILITIES	\$138,093	14.49%	\$54.35
GROUNDS				TOTAL OPER EXP	\$588,030	61.72%	\$231.44
Light Fixtures-Rep/Maint	\$850	0.09%	\$0.33	OPERATING PROJ			
Comm Area Maint Supp	\$6,050	0.63%	\$2.38	Sewer root removal	\$10,000	1.05%	\$3.94
Grounds Eqpt Repair	\$510	0.05%	\$0.20	Concrete Walkways	\$3,000	0.31%	\$1.18
Fire Extinguisher Maint	\$250	0.03%	\$0.10	Landscape 5 Year Plan	\$5,000	0.52%	\$1.97
Equipment Rental	\$210	0.02%	\$0.08	Pool Filter Replacement	\$4,750	0.50%	\$1.87
Pest Control	\$500	0.05%	\$0.20	TOTAL OPER PROJ	\$22,750	2.39%	\$8.95
Asphalt Rep/Seal Coating	\$6,790	0.71%	\$2.67	TOTAL - OP EXP & PROJ	\$610,780	64.11%	\$240.39
Lanes/Walks Concrete	\$690	0.07%	\$0.27	CAPITAL PROJECTS - (from Reserve Fund)			
Landscape Contract	\$31,850	3.34%	\$12.54	Roof Replacements	\$402,000		
Sprinkler-Maint/Repair	\$1,550	0.16%	\$0.61	Water Saddle Replacement	\$15,000		
Snow Removal	\$500	0.05%	\$0.20	Swimming Pool Covers	\$9,000		
Fountain Maint	\$200	0.02%	\$0.08	Small Pool Heater	\$5,000		
Landscape Supplies	\$2,550	0.27%	\$1.00	TOTAL CAP PROJECTS	\$431,000		
Tree Trim	\$5,000	0.52%	\$1.97				
Insecticide Spray & Revive	\$4,500	0.47%	\$1.77				
Vehicle Gas/Maintenance	\$1,400	0.15%	\$0.55				
TOTAL GROUNDS	\$63,400	6.65%	\$24.95				