

TO: Hickory Grove Village Board of Managers  
 FROM: Rick Jachimiak, Treasurer  
 SUBJECT: 2019 Financial Statement Additional Notes  
 DATE: April 20, 2020

The following information is intended to supplement the Notes, A through D, that accompany the Hickory Grove Village Condominium Association Financial Statements for 2019.

E. Reserve Fund Activity and Balances. The Association accumulates funds for future major repairs and replacements in the following reserve fund accounts.

<u>Reserve Account</u>	<u>Balance</u> <u>1/1/2019</u>	<u>Additions</u>	<u>Special</u> <u>Assessment</u>	<u>Withdrawals</u>	<u>Transfers</u> <sup>3</sup>	<u>Balance</u> <u>12/31/2019</u>
2501 Res Interest	\$ 959.42	\$ 293.80			\$(1,147.17)	\$ 106.05
2568 Road Resurface <sup>1</sup>	11,005.00	2,060.00				13,065.00
2570 Sewer - Water Line	5,821.54	669.00				6,490.54
2575 Sidewalk Reserve	2,020.50	875.00				2,895.50
2580 Reseal / Patch	(1,680.37)	1,239.00		(1,598.62)	2,078.06	38.07
2585 Contingency	1,217.75	824.00			(930.89)	1,110.86
2590 Fence Replace	504.02	1,030.00				1,534.02
2595 Pond	833.38	2,060.00				2,893.38
2600 Tree <sup>2</sup>	1,000.04	5,000.00	19,760.00	(21,502.50)		4,257.54
<b>Totals</b>	<b>\$21,681.28</b>	<b>\$ 14,050.80</b>	<b>\$19,760.00</b>	<b>\$(23,101.12)</b>	<b>\$ -</b>	<b>\$32,390.96</b>

The total reserve funds grew from \$21,681.28 at January 1, 2019, to \$32,390.96 at December 31, 2019, a net increase of \$10,709.68.

<sup>1</sup> The Road Resurface Reserve is overstated by \$1,522.50, which is the amount of the road repair costs incurred in 2018. In 2018, a road-repair transaction was inadvertently posted as a Repair/Maintenance expense. An adjusting transaction will be reflected in the 2020 financials. If the adjustment had been previously processed, the year-end Road Resurface Reserve balance would have instead been \$11,542.50 instead of \$13,065.00.

Similarly, the year-end total reserves balance would have been \$30,868.46 instead of \$32,390.96.

<sup>2</sup> There was a special assessment of \$260.00 per housing unit in 2019 to fund the removal of 27 dead trees along the eastern border of the property behind the

homes on Hickory Grove Lane. The Special Assessment totaled \$19,760.00 for the 76 homes and the total project cost was \$21,502.50.

Tree Removal	-	18,487.50
Related Cleanup and Lawn Repair	-	2,827.50
Related Siding Repair	-	187.50
Total Dead-Tree Removal Project Cost	\$	21,502.50

<sup>3</sup> In 2019, The Board of Managers authorized adjustments among Reserve Fund accounts to eliminate a negative balance condition in the Reseal/Patch Reserve. These adjustments included transfers from both the Reserve Interest account and the Contingency Reserve account as indicated in the *Transfers* column above.

F. Bank Accounts. Cash is deposited in checking and savings accounts at KeyBank. Interest earned on the savings account and Certificate of Deposit total \$293.80 and are credited to the Reserve Fund.

<b>Checking/Savings</b>	
1106 Key Checking	9,784.54
1207 Key Savings Acct.	13,671.20
1210 Key 11mo CD 6/1/20 2.2%	13,770.50
<b>Total Checking/Savings</b>	<b>37,226.24</b>

Accumulated reserve funds aggregate \$32,290.86, at December 31, 2019. The two bank accounts (savings and CD) intended to segregate the reserve funds from the operating funds have a combined balance of \$27,441.70 as of December 31, 2019. The remaining \$4,849.16 are classified as *Interfund* balances and are available for operating purposes.

G. Prepaid Assessments. *Cash and Cash Equivalents* is boosted by \$10,470 in Prepaid Assessments as of December 31, 2019. That's \$7,563 higher than the \$3,007 in Prepaid Assessments at December 31, 2018.

Prepaid Assessments are the result of voluntary payment of the monthly assessments by Unit Owners before their due dates.