

Deer Run Owners' Association

Dear Association Member,

Enclosed are the 2023 budget and payment coupons. The monthly fees provide the continuing operational needs for the Association, including: insurance, legal counsel, administrative services, funding for replacement reserves, landscaping, snow removal, amenity services, etc.

This year there was a revised legislation from Ohio, which requires the Board to fully fund the reserves. The Reserve Studies, coupled with the cost-of-living increase means the fees will unfortunately need to be raised. The Board is a group of volunteers selected by you, the Owners. They continue to work very hard to keep increases in cost at a minimum while ensuring that the present and future needs of the community are adequately addressed. We are currently exploring products that would yield higher interest rates with FDIC low risk accounts for our Reserve Funding. There will be a monthly increase for 2023 of 2%. Remember that the Association charges a \$25 late fee if payment is received after the 10th of the month.

The new coupons and envelopes for 2023 should be utilized for anyone wishing to pay with a personal check. A few things to keep in mind when making your payment:

- Our apologies, but we do not accept payments at our office, and we cannot take payments over the phone. If your bank bill pay payments are being sent to 6540 Centerville Business Parkway, you need to change the remittance address to PO Box 621717, Orlando, FL 32862-1717; the instructions for bank bill pay should be on the first page of your coupon packet.
- There are three different methods of payment, which can be set up for automatic payments, if you prefer—you can choose from credit/debit card, electronic transfer from your banking institution, or bank bill pay. If you need to register your email or have billing questions, please email SarahLuttrell@TowneProperties.com clearly indicating your name, community, address, and inquiries. Please kindly allow adequate time for a response.
- Regardless of notification, you are responsible for your Association fees. Please make sure your payments are being withdrawn and posting correctly to your account—**even if you are set up for automatic payments**. Late fees and legal fees are added as per the documents of your community. If you have concerns about your payments posting late, you will need to adjust your time frame accordingly.

I assure you that the Board has exhausted all avenues to cut costs. I urge you to visit your association NEW website (deerruncenterville.com) for further information and updates or contact a Board member if there is something we can clarify for you. The Board is committed to see Deer Run thrive, flourish, and continue to attract new buyers.

Happy Holidays to all!

Deer Run Board of Trustees

**Deer Run Owners Assn. (9063)
Deer Run 2023 Budget**

	Account	2023 Budget
Operating Income		
	Association Fee	851,525
	Community Building Income	3,000
Total Income		<u>854,525</u>
	Reserve Funding	275,775
Total Operating		<u>578,750</u>
Operating Expenses		
Utilities		
	Electric	4,400
	Common Area Watering/Sprinklers	16,635
Total Utilities		<u>21,035</u>
Maintenance		
	Trash Removal Haul	56,000
	Extermination	650
	Service Tech Payroll	8,000
	General Maintenance	42,000
	Mileage Car / Truck Maint - Repair	400
Total Maintenance		<u>107,050</u>
Grounds Care		
	Grounds Labor	157,500
	Snow Removal	35,000
	Turf Fertilization	17,000
	Lawn / Ground Improvement	28,991
	Lake Maint & Chemicals	6,000
	Tree Service	36,000
	Irrigation	12,000
Total Grounds Care		<u>292,491</u>
Pool		
	Clubhouse / Pool Telephone	2,460
	Pool Maintenance	9,500
	Pool Supplies	3,500
Total Pool		<u>15,460</u>
Recreation		
	Clubhouse Water	2,750
	Electric - Clubhouse	1,600
	Clubhouse Gas	2,200
	Clubhouse Cleaning	4,000
	Clubhouse Supplies	200
	Clubhouse Maintenance	1,500
Total Recreation		<u>12,250</u>
Administrative Expense		
	Legal	5,000
	Auditing & Accounting Fees	2,500
	Social Activities	900
	Office Supplies	500
	Copier Expense / Copies	2,500
	Misc Administrative Expense	2,200
	Administrative Payroll	200
	Postage	600
	Management Fees	27,264
	Federal Income Tax	3,000
	Other Taxes Licenses Permits	600
	Insurance	85,200
Total Administrative		<u>130,464</u>
Total Operating Expenses		<u>578,750</u>
Net Operating Income/Loss		<u>0</u>



1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Deer Run Condominium Owners' Association (Deer Run)

Location: Centerville, Ohio

Reference: 089969

Property Basics: Deer Run Condominium Owners' Association is a condominium style development of 195 units. The buildings were built from 1987 to 2000.

Reserve Components Identified: 36 Reserve Components.

Inspection Date: March 12, 2019. We conducted previous inspections in 2008 and 2013.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2032 due to replacement of the roofs.

Cash Flow Method: We use the Cash Flow Method to compute the Reserve Funding Plan. This method offsets future variable Reserve Expenditures with existing and future stable levels of reserve funding. Our application of this method also considers:

- Current and future local costs of replacement
- 1.7% anticipated annual rate of return on invested reserves
- 2.8% future Inflation Rate for estimating Future Replacement Costs

Sources for Local Costs of Replacement: Our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

Cash Status of Reserve Fund:

- \$540,476 as of October 31, 2019
- 2019 budgeted Reserve Contributions of \$225,996

Project Prioritization: We note anticipated Reserve Expenditures for the next 30 years in the *Reserve Expenditures* tables and include a *Five-Year Outlook* table following the *Reserve Funding Plan* in Section 3. Subsequent to our inspection, Management and the Board inform us the Association conducted repairs to the retaining walls. We recommend the Association conduct partial concrete replacements in the next five years based on the conditions identified.

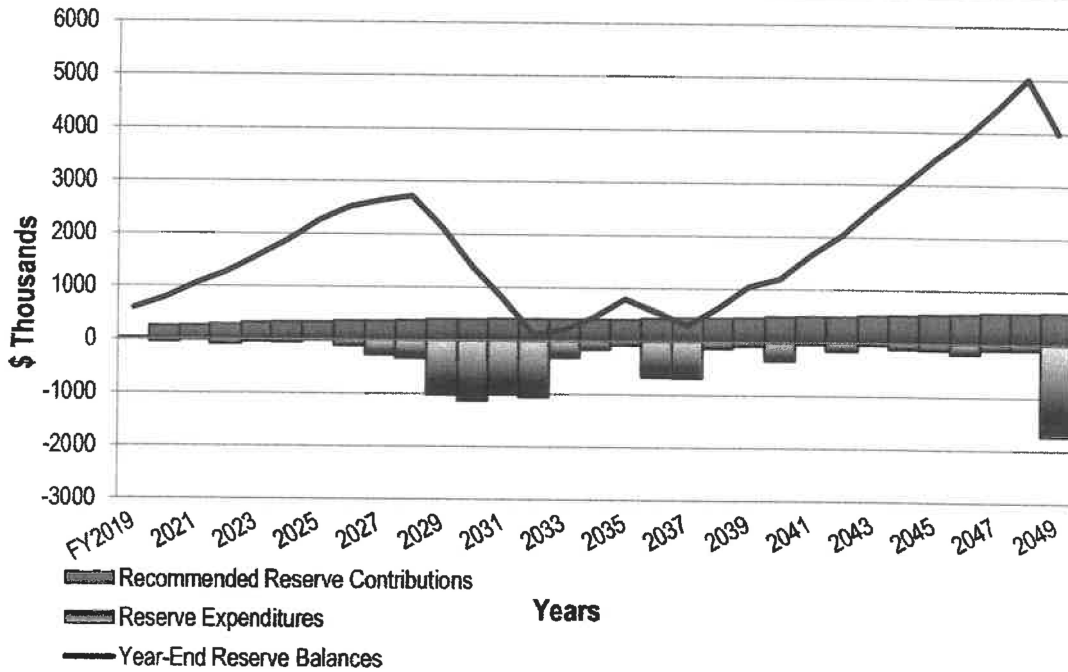
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- Phased increases of approximately \$21,400 from 2020 through 2024
- Inflationary increases from 2025 through 2032
- Stable contributions of \$415,300 from 2033 through 2035
- Inflationary increases through 2049, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$21,404 represents an average monthly increase of \$9.15 per homeowner and about a three percent (2.7%) adjustment in the 2019 total Operating Budget of \$794,180.
- The Association may ascribe the actual contributions and assessments per owner based upon percent ownership, as defined by the Association's governing documents.



Deer Run
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2020	247,400	781,220	2030	393,000	1,375,299	2040	476,800	1,189,177
2021	268,800	1,051,197	2031	404,000	775,715	2041	490,200	1,660,435
2022	290,200	1,272,171	2032	415,300	116,276	2042	503,900	2,025,930
2023	311,600	1,570,721	2033	415,300	204,794	2043	518,000	2,548,220
2024	333,000	1,878,462	2034	415,300	455,046	2044	532,500	3,013,266
2025	342,300	2,239,537	2035	415,300	806,812	2045	547,400	3,494,962
2026	351,900	2,516,693	2036	426,900	556,809	2046	562,700	3,923,606
2027	361,800	2,639,605	2037	438,900	301,822	2047	578,500	4,463,373
2028	371,900	2,719,827	2038	451,200	639,735	2048	594,700	5,023,358
2029	382,300	2,106,690	2039	463,800	1,051,250	2049	611,400	3,977,718



ASSOCIATION FEES

The Association Fees (monthly dues) are the primary source of funds available for the Association to reasonably maintain the Common Elements.

The Association Fees are determined by the percentage of ownership each Unit Owner has in the Common Elements.

If, for any reason, a Unit Owner becomes delinquent in his/her fees, the Association has the right to charge late fees, file a lien, and, if necessary, foreclose on the Unit.

Fees cover the following:

- Insurance coverage as required by the Declaration
- Roof repair and replacement, skylights, gutters and downspouts
- Maintenance of non-dedicated streets and curbs
- Maintenance of the swimming pool, tennis courts, and club Unit
- Maintenance of the walking paths and bridges
- Maintenance of the pole lamps in front of the Units
- Contracts with Association Manager
- Legal, Audit and other Professional Services
- Trash pickup
- Grass mowing, trimming, edging
- Lawn spraying for weeds and insects
- Shrub trimming twice a year
- Pond maintenance
- Reserve Funding
- Tree trimming and removal
- Shrub and tree spraying
- Fertilizing of trees and bushes
- Snow removal
- Irrigation of front yards

RESERVE ACCOUNT

The Reserve Account is the Association's way of setting aside money for future repairs and replacements. Each month, a portion of your Association fee is set aside in a reserve account to provide for the replacement and major repair of the Common Elements. These funds protect and preserve property values and are included in the overall budget for the Association.