

SOMERSETT OWNERS ASSOCIATION

2021 OPERATING & RESERVE FUND BUDGET



***Presentation to the SOA Homeowners on October 7, 2020 by
Simon Baker, Treasurer on behalf of the SOA Finance Committee***

SOMERSETT OWNERS ASSOCIATION

DISCLAIMER

- The information and data presented here are estimates prepared jointly with the guidance of SOA Management, Finance Committee and participating SOA Board members.
- The SOA Finance Committee has met several times beginning this past July 29, 2020 to prepare this information. Each of those meetings have been posted and were open to the unit owners with any input taken into consideration. Monthly F&B meetings are open to all unit owners.
- The Budget needs to be approved by the SOA Board of Directors at its upcoming board meeting scheduled for **October 14, 2020 at 5:30 pm.**
- A mailing with the 2021 budget and assessment information will be sent to all unit owners no later than **November 1, 2020**
- On **November 16, 2020 at 4:00 p.m.** the 2021 Budget is scheduled for ratification. The Board of Directors election results will also be announced at that time.
- All information and projections in this presentation are subject to change.

Three Main Cost Centers

- General Common
- The Club At Town Center
- Gates



General Common



- Monthly dues to increase from \$105 to \$107
- Goal of avoiding large “catch-up” increases, as was experienced in 2020
- Significant items driving the increase for 2021:-
 - Many areas of Somerset, and related facilities, are now 15 years old. An aging infrastructure necessitates a higher level of reserves. The most recent reserve study commissioned by the Board recommends a \$180k increase in annual reserves to a new level of \$610k.
 - Fire fuel reduction initiative has added \$300k to Contracted Services
 - The SOA still has \$5.5m in total debt (\$3.7m in General Common). The 2021 budget provides for \$150k in additional principal reduction payments.
 - Goal of trying to refinance the debt in 2021
 - Will recommend to the Board that any surplus cash arising out of fiscal 2020 and 2021 be used to further pay down debt

The Club At Town Center



- Monthly dues remain unchanged at \$89
- Savings were achieved as a result of the temporary closure of the Club in 2020
- Finance Committee determined that the best course of action was to leave dues unchanged and put the savings towards reduction of the \$1.75m in debt which belongs to the TCTC cost center
- 2021 budget provides for an additional \$150k for principal reduction
- Will recommend to the Board that any surplus cash arising out of fiscal 2020 and 2021 be used to further pay down debt

The Gates



- Monthly dues reduction from \$54 to \$50
- Reserves are fully funded in this cost center
- Finance Committee is consequently recommending a reduction in dues to bring the 2021 Gates budget to a cash neutral level.

Somerset Owners Association



2021 Operating Fund Budget

General Common

Total Number of Units at YE 2020	3,176	Avg 2021 Units	3,259
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Monthly Assessment \$	107.00
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2021

2020

2020

2019

Proposed
Annual Budget

Per Unit

YE Annual
Projection

Budget

YTD Actuals

Budget for assessments to all units for daily operating expenses per NRS 116.3115(2)(a)**Revenue**

40005	Assessments	4,184,556.00	107.00	3,997,875.00	4,001,760.00	3,450,345.00
40015	Assessment - Commercial	94,689.00	2.42	94,689.00	94,689.00	80,264.00
40020	Assessment - Non Member (SGCC)	5,645.00	0.14	5,613.00	5,645.00	5,842.00
43500	Reserve Special Assessment	-		-	-	3,852,180.00
45000	CC&R Transfer Fee (CapCon)	175,000.00	4.47	180,000.00	175,000.00	180,343.00
45125	Arc & Landscape Review Fees	43,000.00	1.10	28,000.00	43,000.00	45,325.00
45156	Late Fee	15,000.00	0.38	18,000.00	15,000.00	41,547.00
45245	Fines	2,000.00	0.05	5,000.00	3,600.00	(190.00)
45645	Interest - Financial	1,000.00	0.03	1,900.00	800.00	5,809.00
45646	Interest - Homeowner	1,500.00	0.04	2,000.00	1,200.00	3,289.00
46005	C9 Green Fee/Equip Rental/Merch	34,000.00	0.87	6,000.00	34,000.00	33,829.00
46015	Community Event Revenue	500.00	0.01	160.00	500.00	588.00
46475	SGCC Lease	15,000.00	0.38	14,200.00	29,120.00	5,500.00
90000	Reserve Transfer	(610,295.00)	(15.61)	(430,000.00)	(430,000.00)	(400,000.00)
90001	Reserve Transfer - Special			-	-	(3,852,180.00)
	Total Revenue	3,961,595.00	101.30	3,923,437.00	3,974,314.00	3,452,491.00

General Common



	2021		2020	2020	2019
	Proposed Annual Budget	Per Unit	YE Annual Projection	Budget	YTD Actuals
Expense					
60005 P/R - Administrative	326,600.00	8.35	332,000.00	352,500.00	343,720.00
70005 L/S - Contract	984,578.40	25.18	952,576.00	984,579.00	951,753.00
70025 L/S - Repair/Maintenance	50,000.00	1.28	48,000.00	50,000.00	13,529.00
71005 L/S - Renovations/Improvement	40,000.00	1.02	40,000.00	40,000.00	5,600.00
71040 L/S - Ditch Maintenance	18,500.00	0.47	18,850.00	18,500.00	16,460.00
71450 L/S - Parks	1,000.00	0.03	-	500.00	-
71225 L/S - Irrigation Systems	5,000.00	0.13	5,000.00	15,000.00	5,382.00
72000 R/M - P/R Maintenance Allocation	53,400.00	1.37	42,000.00	54,060.00	54,418.00
72090 R/M - Snow Plowing & Sanding	30,000.00	0.77	15,000.00	40,000.00	49,803.00
72240 C9 Operations	275,000.00	-	254,360.00	265,000.00	264,551.00
72435 Special Projects		-	-	-	29,795.00
72480 Contracted Services	432,000.00	11.05	140,038.00	135,160.00	65,093.00
74005 Electricity	37,000.00	0.95	37,000.00	37,000.00	35,908.00
74035 C9 Electricity	5,000.00	0.13	3,800.00	7,000.00	6,772.00
74065 Water	420,000.00	10.74	447,000.00	400,500.00	392,331.00
74070 Sewer & Waste Removal	590.00	0.02	586.00	590.00	438.00
74125 Telephone & Internet	390.00	0.01	384.00	420.00	387.00
75085 Patrol Service	62,500.00	1.60	61,000.00	62,830.00	66,106.00
76035 Canyon Nine Operational Expense	1,500.00	0.04	1,000.00	7,500.00	2,446.00
77005 Bad Debt	10,000.00	0.26	10,000.00	10,000.00	22,985.00
77015 Fees & Permits	18,000.00	0.46	16,000.00	24,000.00	18,494.00
77050 Collection Cost	3,000.00	0.08	19,000.00		3,241.00
77070 Reserve Study Preparation		-	-	-	400.00
77135 Board Training/Education	600.00	0.02	409.00	1,000.00	113.00
77200 Management Fees	80,586.00	2.06	78,500.00	77,728.00	76,220.00
77230 Office Supplies	5,000.00	0.13	3,900.00	5,000.00	3,683.00
77020 Account Reimbursables	12,000.00	0.31	10,000.00	12,000.00	11,773.00
77260 Postage/Printing	35,000.00	0.89	25,166.00	35,000.00	24,160.00
77270 Community Website & Newsletter	1,500.00	0.04	5,150.00	4,300.00	814.00
77350 Community Events	15,000.00	0.38	3,000.00	17,000.00	9,754.00
77530 Bank/Credit Card Service Charge	420.00	0.01	420.00	420.00	595.00
77730 Architect Review - Landscape &	43,000.00	1.10	43,000.00	43,200.00	29,770.00
77740 Consulting/Professional Service	25,000.00	0.64	11,000.00	30,000.00	20,971.00
77750 Audit & Tax Service	3,900.00	0.10	3,900.00	3,900.00	3,836.00
77760 Legal Fees	100,000.00	2.56	90,000.00	100,000.00	221,803.00
77765 Rockery Wall Lawsuit	100,000.00	2.56	30,000.00	100,000.00	325,987.00
77770 Rockery Wall Monitoring	38,000.00	0.97	31,500.00	21,250.00	65,841.00
72235 Loan Interest	178,043.49	4.55	188,621.00	188,845.64	195,236.00
23020 Loan Payment	358,530.00	9.17	196,600.00	197,725.19	222,347.00
77950 Depreciation Expense	5,500.00	0.14	5,100.00	6,400.00	12,908.00
78005 Taxes - Real Property	18,500.00	0.47	18,900.21	26,870.00	12,606.00
78105 Ins - Liability & Property	12,649.61	0.32	11,364.00	10,250.08	10,413.00
78190 Ins - D & O	25,844.00	0.66	16,584.00	23,547.00	14,440.00
78240 Ins - Workmens Comp	247.50	0.01	253.00	253.00	495.00
72462 Contingency		-	564,486.09	564,486.09	
Total Expenses	3,833,379.00	90.99	3,216,961.21	3,409,827.91	3,613,377.00
Excess of Revenue or (Expense)	128,216.00	12.15	704,455.79	562,466.09	(162,905.00)



**Somerset Owners Association
2021 Operating Fund Budget
The Club at Town Center (TCTC)**

	Total Number of YE 2020 Units	1,964			2,003	
	Monthly Assessment	\$89.00			\$89.00	
		2021		2020	2020	2019
		Annual Budget	Per Unit	YE Annual Projections - Per financials	Budget	YTD Actuals
Budget for assessments to all units for daily operating expenses per NRS 116.3115(2)(a)						
	Revenue					
40005	Assessments	2,139,204.00	89.00	2,096,603.00	2,097,552.00	2,043,529.00
40020	Assessment - Non Member	25,200.00	1.05	23,468.00	28,000.00	28,493.00
45550	Activity Fee	60,000.00	2.50	41,056.00	60,000.00	52,779.00
45555	Swim Lesson Fee	8,500.00	0.35	500.00	10,000.00	8,910.00
45560	Massage Fee	25,000.00	1.04	28,228.00	25,000.00	43,767.00
45565	Guest Fees for Facility	14,000.00	0.58	6,692.00	16,000.00	11,345.00
45570	Instruction Revenue	17,000.00	0.71	7,035.00	14,000.00	17,619.00
45575	Private Party/Room Rental	2,500.00	0.10	3,300.00	4,350.00	1,250.00
45580	Kids Camp	70,000.00	2.91	20,349.00	90,700.00	77,786.00
45845	Sales - Food	10,000.00	0.42	4,700.00	16,000.00	12,480.00
45885	Sales - Alcohol		-	-		8,653.00
45925	Sales - Non Alcohol	2,000.00	0.08	1,509.00	3,500.00	2,802.00
90000	Reserve Transfer	(356,530.00)	(14.83)	(353,000.00)	(353,000.00)	(260,000.00)
	Total Revenue	2,016,874.00	83.91	1,880,440.00	2,012,102.00	2,049,413.00

Somerset Owners Association

2021 Operating Fund Budget

The Club at Town Center (TCTC)



Total Number of YE 2020 Units	1,964	2,003
Monthly Assessment	\$89.00	\$89.00

	2021	Per Unit	2020	2020	2019
	Annual Budget		YE Annual Projections - Per Unit	Budget	YTD Actuals
Expense					
50005 COS - Supplies	2,000.00	0.08	400.00	2,200.00	2,050.00
50010 COS - Food	8,000.00	0.33	3,500.00	11,000.00	9,513.00
50015 COS - Alcohol	-	-	1,200.00	-	2,978.00
50025 COS - Non Alcohol	2,500.00	0.10	1,550.00	4,500.00	3,002.00
60005 P/R - Administrative	694,900.00	28.91	478,000.00	743,500.00	695,135.00
70005 L/S - Contract	7,800.00	0.32	8,176.00	7,500.00	7,842.00
72000 R/M - P/R Maintenance Allocation	109,400.00	4.55	101,000.00	106,300.00	108,056.00
72010 R/M - Supplies, Small	3,000.00	0.12	2,317.00	4,000.00	4,148.00
72200 R/M - Janitorial Suppl	12,000.00	-	11,630.00	12,000.00	8,791.00
72298 Pool/Spa - Chemicals	22,000.00	0.92	24,188.00	20,000.00	39,124.00
72300 R/M Pool	8,000.00	0.33	12,455.00	8,000.00	844.00
72317 Pool - Utilities	17,000.00	0.71	16,069.00	15,500.00	18,219.00
72368 Activity Supplies	22,000.00	0.92	15,977.00	25,000.00	19,846.00
72425 Special Projects-TCTC expansion	60,000.00	2.50	20,000.00	50,000.00	277,692.00
72440 R/M - Building	20,000.00	0.83	30,084.00	50,000.00	17,352.00
72480 Contracted Services	133,000.00	5.53	155,039.00	-	136,800.00
74005 Electricity	33,000.00	1.37	31,455.00	40,500.00	37,685.00
74065 Water	12,000.00	0.50	31,455.00	13,500.00	8,972.00
74070 Sewer & Waste	10,000.00	0.42	16,880.00	10,000.00	6,843.00
74095 Gas	12,500.00	0.52	11,651.00	13,000.00	14,453.00
74125 Telephone	5,300.00	0.22	5,338.00	4,822.00	5,739.00
75085 Patrol Service	4,000.00	0.17	4,099.00	3,800.00	4,722.00
76030 Complimentary Supplies	15,000.00	0.62	11,393.00	17,000.00	18,387.00
77005 Bad Debt	10,000.00	0.42	7,510.00	10,000.00	5,209.00
77015 Fees & Permits	12,000.00	0.50	8,375.00	12,000.00	9,247.00
77055 Town Square Assessments	54,425.00	2.26	66,955.00	66,955.00	53,291.00
77110 Travel/Mileage Expense	5,700.00	0.24	5,760.00	6,000.00	4,931.00
77125 Recruitment/Employee	12,000.00	0.50	8,767.00	12,000.00	6,845.00
77200 Management Fees	22,869.00	0.95	22,275.00	22,058.00	22,114.00
77230 Office Supplies	4,000.00	0.17	3,859.00	4,000.00	3,842.00
77270 Community Website &	2,500.00	0.10	11,981.00	10,000.00	2,461.00
77290 Mobile Phones/Radios	6,200.00	0.26	6,130.00	5,400.00	5,995.00
77530 Bank/Credit Card Service	5,500.00	0.23	3,855.00	5,500.00	5,706.00
77630 Massage Therapist Fee	23,500.00	0.98	23,422.00	25,000.00	34,880.00
77632 Fitness Instructors	92,000.00	3.83	57,558.00	95,000.00	102,553.00
77645 R/M - Fitness Supplies	16,000.00	0.67	19,269.00	16,000.00	8,457.00
77707 Summer Camp	32,000.00	1.33	4,065.00	32,000.00	26,788.00
77750 Audit & Tax Service	3,000.00	0.12	-	9,000.00	25,941.00
77760 Legal Fees	1,000.00	0.04	250.00	1,000.00	-
77900 Loan Interest - TCTC	85,476.83	3.56	90,430.00	90,663.85	95,589.00
23020 Loan Payment - TCTC	250,113.91	10.41	94,927.00	94,926.88	106,462.00
77950 Depreciation Expense	267,166.27	11.12	260,390.00	267,166.27	233,217.00
78005 Taxes - Real Propert	1,100.00	0.05	-	1,400.00	25,941.00
78045 Taxes - Federal Income	18,000.00	0.75	22,000.00	-	-
78105 Ins - Liability & Property	44,606.52	1.86	38,438.00	36,145.00	36,719.00
Total Expenses	2,182,557.53	90.80	1,750,072.00	1,984,337.00	2,264,381.00
Excess of Revenue or (Expense)	(165,683.53)	(0.67)	25,745.00	(216,987.00)	(64,907.00)
Adjustments:					
Depreciation Expense	267,166.27	9.90	260,390.00	267,166.27	233,217.00
	\$ 101,482.74	4.31	\$ 286,135.00	\$ 50,179.27	\$ 168,310.00

GATES

2021 Operating Fund Budget



	Total # of YE 2020 Units	874		2021 Avg Units	964	
	2020 Monthly Assessment	\$54.00		2021 Monthly Assessment	\$50.00	
	2020			2020	2020	2019
	Annual Budget	Per Unit		YE Annual Projections	Budget	YTD Actuals
Budget for assessments to all units for daily operating expenses per NRS 116.3115(2)(a)						
Revenue						
40005	Assessments	578,400.00	50.00	566,352.00	566,352.00	540,392.00
45405	Gate Transmitters/Clic	4,500.00	0.43	4,200.00	4,700.00	5,000.00
90000	Reserve Transfer	(316,590.00)	(30.19)	(305,000.00)	(305,000.00)	(282,000.00)
	Total Revenue	266,310.00	25.39	265,552.00	266,052.00	263,392.00
Expense						
60005	P/R - Administrative	66,000.00	6.29	71,300.00	75,600.00	72,800.00
72000	R/M - Maintenance Allocation	53,400.00	5.09	50,352.00	53,425.00	54,418.00
72090	R/M - Snow Plowing & Sandin	52,820.00	5.04	55,000.00	49,000.00	101,618.00
72220	Gate Maintenance	8,500.00	0.81	8,500.00	8,500.00	11,798.00
72225	Gate Clickers	4,500.00	0.43	4,215.00	4,500.00	2,437.00
72480	Contracted Services	16,000.00	1.53	16,000.00	14,200.00	16,658.00
74005	Electricity	1,100.00	0.10	980.00	1,200.00	1,123.00
74125	Telephone	18,720.00	1.78	18,720.00	17,160.00	18,346.00
75085	Patrol Service	23,500.00	2.24	22,800.00	23,264.00	23,609.00
77005	Bad Debt	5,000.00	0.48	4,500.00	4,500.00	4,545.00
77200	Management Fees	5,450.00	0.52	5,050.00	5,251.00	4,675.00
77750	Audit & Tax Services	1,000.00	0.10	900.00	900.00	698.00
77760	Legal Fees	1,000.00	0.10	-	1,000.00	-
78105	Ins - Liability & Property	9,320.00	0.89	7,963.00	7,552.00	7,673.00
	Total Expenses	266,310.00	25.39	266,280.00	266,052.00	320,398.00
	Excess of Revenue or (Expense)	-	-	(728.00)	-	(57,006.00)

SOMERSETT OWNERS ASSOCIATION

2021 OPERATING & RESERVE FUND BUDGET



THANK YOU.....