

November 29, 2023

Re: 2024 ANNUAL ASSESSMENT NOTICE

Dear WoodLynne Homeowner(s):

I am writing to you on behalf of the Board of Directors for the WoodLynne Community Association. Enclosed, you will find a copy of the 2024 approved operating budget, as passed by the Board of Directors.

The Board thoughtfully considered the budget, and assessed the needs of the Association, the required reserve contributions and items of importance as identified by a significant percentage of homeowners in the community survey conducted earlier this fall. While bearing in mind its fiduciary duty and legal obligations, the Board made every effort to control expenses while still maintaining the common areas, funding necessary repairs and fulfilling required Association responsibilities. The total annual assessment per home will be \$2,004, payable in monthly installments of \$167.

In 2005, the Board adopted Policy Resolution No. 5-01, which provides that "hereafter, without any further action on the part of any Board, the maximum annual assessment rate shall be increased by five percent (5%)." By operation of this resolution, which is a standard policy many boards have in place, the maximum allowable annual assessment rate has been increasing automatically by 5% since 2005. Based on the Resolution's automatic 5% compounding rate increase from 2006 to 2023, the maximum allowable annual assessment rate has increased from \$120.00 per month in 2006 to \$275.04 per month in 2023. Out of consideration for homeowners' individual finances, the board has always kept the actual annual assessment rate far lower than the allowable maximum, and has set the monthly assessment for 2024 at only \$167.

The operation and requirements of the Association are of utmost importance to the Board of Directors. While there are some expenses that are difficult to plan ahead for, such as snow removal and unexpected repairs, there are expenses such as trash removal and recreational facilities fees that are budgeted based on contracts. Contracted expenses, such as trash, are competitively bid out on a regular basis to ensure the Association is receiving the best value. Variable expenses must be planned for to the best of the Board's ability. Contributions to the reserves are a requirement of all Virginia homeowners' associations. As required every five years, the Association had a new reserve study conducted in 2023, which found that the required reserve contribution must be increased over the next decade in order to cover capital expenses.

Please see the attached addendums, which include a copy of the 2024 budget as broken down by the four expense types listed below. We have also included a summary sheet further explaining the various considerations the board makes when approving a budget.

- Contract – Fixed Costs: Line items that cannot be changed and represent about 55% of all 2024 expenses, such as the garbage, recreational facilities and landscaping contracts. These contracts are bid out on a regular basis in order to ensure competitive pricing.
- Reserves – Fixed Cost: A line item that cannot be changed and represents about 24% of all 2024 expenses.
- Non-Discretionary Expenses – Variable: Line items that must be funded. The amount is variable and represents about 17% of all 2024 expenses. For example, snow removal must be carried out when it snows, but the dollar amount is variable based upon the weather.
- Discretionary – Variable: Line items that represent necessary repairs and projects within the community. The cost is variable and represents about 4-5% of all 2024 expenses. For example, if the board votes to repair a hole in the parking lot, the cost varies based upon the bids submitted.

In 2024, 79% of our expenses are fixed due to contracts and the required reserve deposits. Of the remaining 21% of expenses, the board has a responsibility to fund necessary repairs and care for the community by performing tree maintenance, removing snow, restoring infrastructure and fulfilling other necessary obligations.

Payment coupons will be mailed to you in December. The first monthly installment of \$167 is due by January 1, 2024. Payments received 60 days late of the due date shall be delinquent, and a late fee of 5% of the assessment amount shall be added to your WoodLynne assessment account. Please contact the Cardinal Management Group Accounting Department via email at accounting@cardinalmanagementgroup.com, via phone at (703) 569-5797, or by visiting www.cardinalmanagementgroup.com and using the live chat feature if you do not receive an assessment invoice before December 20, 2023.

PAYMENT OPTIONS

Scan the QR Code for Payment Options, to Pay Online or Set Up Direct Debit



Please note the Association's payment address. If you pay your assessments through Cardinal Management Group's direct debit program, you do not need to do anything further. If you utilize your personal bank's bill payment service or send a personal check, please be sure to update the payment amount and confirm that the remittance address is:

WoodLynne Community Association, Inc.
c/o Cardinal Management Group, Inc.
P.O. Box 52358
Phoenix, AZ 85072-2358

Please email Community Manager Ashley Gonzalez at a.gonzalez@cardinalmanagementgroup.com if you have any questions.

Sincerely,
Cardinal Management Group, on behalf of the Board of Directors
WoodLynne Community Association, Inc.
Enclosure

WoodLynne Budget Considerations

When approving the annual budget, the Board of Directors strives to find the proper balance between addressing homeowners' concerns about rising fees and funding the needs of our decades-old community. The following areas of consideration play a role.

- **Service Contract Increases:** These include standard annual increases for contracted services like trash removal and landscaping. Once our current contracts expire, the board can obtain additional bids in order to compare costs. The board and Cardinal Management work to negotiate multi-year contracts and practice competitive bidding to maintain and control costs.
- **Community Maintenance:** This includes funding for repairs and improvements to lighting, pavement, sidewalks, pathways, trees and more. The board can also occasionally draw from the Reserve Fund, described below, to cover the cost of capital replacement projects.
- **Reserve Fund:** This is a savings account funded per the association's Reserve Study to provide funds for capital replacement projects, such as pavement repairs, concrete replacement, amenity replacement, etc. A Reserve Study is required to be completed every five years per Virginia law and reviewed annually by the Board of Directors. A healthy Reserve Fund that satisfies our reserve engineer's recommendations reduces the likelihood of the board ever having to call for a special assessment among residents.
- **Members' Equity:** This is the measurement of surpluses and losses of the association's operating since inception. Community association auditors recommend that Members' Equity be equal to 10-15 percent of the total annual assessments. Deficits in Members' Equity reflect financial overruns, which result in a failure to properly fund the replacement reserves, and increase the likelihood of a special assessment.
- **Audit Recommendations:** Our community's annual audit includes recommendations regarding the financial health of the community. Recommendations of the auditor generally include maintaining Members' Equity at the abovementioned percentage, keeping delinquencies below three percent of the total annual assessments, and closely monitoring reserve investments and FDIC limits. From time to time, the auditor may make additional recommendations the board may need to take into consideration during the budget process.

If you have any questions about this information or the approved annual budget, please contact Community Manager Ashley Gonzalez at a.gonzalez@cardinalmanagementgroup.com.

Woodlynne Community Association

Description	2023 Budget	YTD OCT 2023 Actual	2023 Remaining	2023 Projected	2024 Budget	Expense Type
Operating Accounts						
INCOME ACCOUNTS						
INCOME						
Assessment Income - Accrual	\$ 309,205	\$ 257,770	\$ 51,534	\$ 309,304	\$ 347,721	
Late Fees	\$ -	\$ 271	\$ -	\$ 271	\$ 150	
Interest Income - Replacement Reserves	\$ 1,550	\$ 484	\$ 258	\$ 742	\$ 7,500	
Miscellaneous Income	\$ 350	\$ 50	\$ 58	\$ 108	\$ 150	
TOTAL INCOME	\$ 311,105	\$ 258,575	\$ 51,851	\$ 310,425	\$ 355,521	
EXPENSE ACCOUNTS						
ADMINISTRATIVE EXPENSES						
Office Expense	\$ 1,000	\$ 1,586	\$ 167	\$ 1,753	\$ 2,000	Non-discretionary - Variable
Legal - General	\$ 4,500	\$ 5,477	\$ 750	\$ 6,227	\$ 6,000	Non-discretionary - Variable
Legal - Reimbursement	\$ (500)	\$ (2,903)	\$ (83)	\$ (2,987)	\$ (1,000)	Non-discretionary - Variable
Auditing, Taxes & Accounting	\$ 3,432	\$ 3,435	\$ -	\$ 3,435	\$ 3,450	Contract - Fixed
Management Fee Contract	\$ 43,954	\$ 38,279	\$ 7,326	\$ 45,605	\$ 48,760	Contract - Fixed
Management Reimbursements	\$ 5,000	\$ 6,363	\$ 833	\$ 7,196	\$ 5,000	Non-discretionary - Variable
Income Taxes	\$ 200	\$ 300	\$ -	\$ 300	\$ 200	Non-discretionary - Variable
Recording Secretary	\$ 1,800	\$ 1,785	\$ 450	\$ 2,235	\$ 1,800	Contract - Fixed
Bad Debt Expense	\$ 500	\$ -	\$ -	\$ -	\$ 500	Non-discretionary - Variable
Covenants Inspections	\$ 1,000	\$ -	\$ 167	\$ 167	\$ 4,500	Non-discretionary - Variable
Insurance Coverage	\$ 3,971	\$ 2,008	\$ -	\$ 2,008	\$ 2,682	Contract - Fixed
TOTAL ADMINISTRATIVE EXPENSES	\$ 64,857	\$ 56,330	\$ 9,609	\$ 65,939	\$ 73,892	
UTILITIES						
Electricity	\$ 1,000	\$ 846	\$ 167	\$ 1,012	\$ 1,100	Non-discretionary - Variable
TOTAL UTILITIES		\$ 846	\$ 167	\$ 1,012	\$ 1,100	
REPAIRS & MAINTENANCE						
Landscape Grounds Contract	\$ 33,351	\$ 27,792	\$ 5,559	\$ 33,351	\$ 34,351	Contract - Fixed
Landscape Replacement/Improvement	\$ 7,500	\$ 3,128	\$ 1,250	\$ 4,378	\$ 7,500	Discretionary - Variable
Tree Maintenance	\$ 10,000	\$ 14,950	\$ 1,075	\$ 16,025	\$ 10,000	Non-discretionary - Variable
Snow Removal Contract	\$ 6,000	\$ -	\$ 2,500	\$ 2,500	\$ 6,000	Non-discretionary - Variable
Recreation Facilities-Pool Management Contract	\$ 51,827	\$ 43,189	\$ 8,638	\$ 51,827	\$ 55,534	Contract - Fixed
Property Repairs	\$ 9,598	\$ 12,981	\$ 800	\$ 13,781	\$ 9,000	Discretionary - Variable
Extermination	\$ 1,000	\$ 1,090	\$ 167	\$ 1,257	\$ -	
Trash Removal Contract	\$ 39,644	\$ 39,726	\$ 6,607	\$ 46,333	\$ 48,744	Contract - Fixed
Lighting Repairs	\$ 7,500	\$ 9,813	\$ 625	\$ 10,438	\$ 12,000	Non-discretionary - Variable
Lamp Rebate	\$ 3,630	\$ -	\$ 605	\$ 605	\$ 4,000	Non-discretionary - Variable
TOTAL REPAIRS & MAINTENANCE	\$ 170,050	\$ 152,668	\$ 27,825	\$ 180,493	\$ 187,129	
RESERVE CONTRIBUTIONS						
Transfer To Reserves - Accrual	\$ 75,199	\$ 62,666	\$ 12,533	\$ 75,199	\$ 84,400	Reserve - Fixed
Transfer To(From) Members Equity	\$ 2,300	\$ -	\$ 2,300	\$ 2,300	\$ 1,500	Non-discretionary - Variable
Transfer Rsrv Interest	\$ 1,550	\$ 512	\$ 258	\$ 771	\$ 7,500	Non-discretionary - Variable
TOTAL RESERVE CONTRIBUTIONS	\$ 79,049	\$ 63,178	\$ 15,092	\$ 78,270	\$ 93,400	
Expense Accounts Total						
Expense Accounts Total	\$ 313,956	\$ 273,022	\$ 52,692	\$ 325,714	\$ 355,521	
OPERATING ACCOUNTS NET						
	\$ (2,851)	\$ (14,447)	\$ (842)	\$ (15,289)	\$ -	

Contract - Fixed	\$ 195,321	54.9%
Reserve - Fixed	\$ 84,400	23.7%
Non-discretionary - Variable	\$ 59,300	16.7%
Discretionary - Variable	\$ 16,500	4.6%
	\$ 355,521	