

# WHISPERWOOD HOME OWNERS ASSOCIATION ANNUAL BUDGET AND RESERVES REPORT FOR YEAR 2025

The 2025 budget report for Whisperwood Homeowners Association has been carefully prepared to ensure the ongoing maintenance and improvement of our community amenities, while maintaining financial responsibility. This year's budget reflects our commitment to preserving the quality of life for residents by addressing necessary repairs, including significant updates to the swimming pool and common areas, while also contributing to the reserve fund for future projects. Through diligent planning, we have prioritized both immediate needs and long-term sustainability, all within the framework of our \$140,000 annual budget.

## **RESERVES:**

In Texas, the amount an HOA should have in reserves depends on the specific needs and size of the community, the age of the property, and the types of amenities maintained (such as the pool, pool house, and grounds in our case). However, there are some general guidelines and best practices:

### **1. General Rule of Thumb**

Many financial experts suggest that an HOA should keep 10% to 40% of its annual budget in reserves, depending on the scope of repairs and future expenses. \$1,400 to \$56,000

A common goal is for an HOA to maintain a reserve fund that covers 70% to 100% of the projected future expenses. In some cases, 100% of the projected amount may be required for HOAs to avoid special assessments.

\$98,000 to \$140,000

HOAs with more amenities and older properties typically require more reserves than newer developments with fewer shared amenities.

### **2. How Much Is Too Much?**

Too Much in Reserves: While having ample reserves is necessary for the financial health of the HOA, too much can sometimes lead to overfunding, which may signal that the HOA is collecting more in fees than needed. In Texas, this can be an issue if homeowners feel they are being overcharged. Typically, reserves exceeding 150% of the anticipated future expenses might be considered excessive. \$210,000 would be considered excessive in our case.

### **3. Considerations for Texas**

Property Age and Size: Older properties or those with extensive common areas typically need more reserves due to the higher likelihood of repairs. In Texas, where harsh weather conditions like heat or heavy rains can impact properties, you may need larger reserves to account for potential storm damage or maintenance costs.

### **4. Avoiding Special Assessments:**

An adequate reserve fund protects homeowners from unexpected special assessments. A well-funded reserve ensures that when major repairs are needed, the HOA can cover the costs without imposing additional fees on homeowners.

### **5. Examples of Adequate Reserve Percentages**

Low Reserve Adequacy: 30% or below – indicates the HOA may be underfunded and at risk of needing special assessments or loans for major repairs. **\$42,000**



## **BUDGET BREAK DOWN AND DETAIL:**

Breakdown and Explanation of Expenses by Category and Recommended Percentage of Budget to Allocate to Each

### **1. Administrative Costs:**

- **Range:** 10% to 15%
- **Estimate:** \$13,500 to \$20,000
- Covers management fees, legal/accounting services, HOA software, communication with residents.
- **YTD:** \$4,000
- **Estimate Budget for 2025:** \$8,000

### **2. Pool Maintenance and Repairs:**

- **Range:** 10% to 20%
- **Estimate:** \$13,500 to \$20,000
- Includes regular cleaning, chemical treatments, equipment maintenance (pumps, filters), and possible repairs.
- **YTD:** we've spent \$20,000 which includes does NOT include monitoring other than the really nice cameras installed this year. Also includes a pool cleaning robot and auto chemical dispenser
- **Estimate Budget for 2025:** \$20,000
  - Monitoring
  - Skimming
  - 3X per Week Cleaning
  - 3X per Week Chemical Check
  - Weekly Deep Clean
  - Monthly check equipment
  - All Chemicals

### **3. Pool Monitoring:**

- **Range:** 20% TO 30%
- **Estimate:** \$27,000 to \$40,000
- Includes monitoring by attendant.
- **Year 2023:** Since there was no monitoring during 2024, 2023 total was \$10,000.
- **Estimate Budget for 2025:** \$20,000 for Attendant \$30,000 for Lifeguards
  - A lifeguard is the most effective way to ensure safety but is more costly.
  - A pool attendant provides a visible presence and can deter rule-breaking without the higher costs of a lifeguard.
  - Camera monitoring may provide enough oversight if there are fewer safety concerns but should not be the sole method for ensuring safety. We can continue to illegally implement a waiver system, but that in itself is NOT a safeguard for HOA liability or Board Member liability. Not to mention the legalities the HOA will likely face as a result from the many landlords.
  - I would estimate this expense at \$15,000 to \$20,000 to attract and retain a responsible individual(s) as an attendant, or \$20,000 to \$30,000 to attract and retain a Certified Lifeguard(s).

#### 4. Grounds Maintenance:

- **Range:** 10% to 15%
- **Estimate:** \$13,500 to \$20,000
- Covers landscaping, mowing, tree trimming, irrigation system maintenance.
- **YTD:** \$15,900
- **Estimate Budget for 2025:** \$25,000

#### 5. Insurance (Liability, Property, Pool):

- **Range:** 5% to 10%
- **Estimate:** \$6,800 to \$13,500
- Covers liability insurance for common areas, including the pool and grounds.
- **YTD:** \$8,000
- **Estimate Budget for 2025:** \$10,000

#### 6. Taxes (Property and Federal):

- **Range:** .5% to 1%
- **Estimate:** \$600 to \$1,400
- Covers property tax on pool house and lot as well as any federal tax payable.
- **YTD:** \$1,300
- **Estimate Budget for 2025:** \$1,300

#### 7. Utilities (Water, Electricity for Pool and Grounds):

- **Range:** 10% to 15%
- **Estimate:** \$13,500 to \$20,000
- Includes pool heating/circulation, lighting, irrigation, phone, cameras, etc.
- **YTD:** \$9,300
- **Estimate Budget for 2025:** \$15,000

#### 8. Reserve Fund Contribution:

- **Range:** 10% to 20%
- **Estimate:** \$13,500 to \$27,000
- Allocated for future repairs and capital improvements, especially for the pool area or unexpected issues.
- **YTD:** \$25,000
- **Estimate Budget for 2025:** \$20,000

#### 9. Miscellaneous Event Expenses:

- **Range:** 2% to 5%
- **Estimate:** \$2,800 to \$6,750
- For unforeseen expenses, community events, or other minor repairs.
- **YTD:** \$0
- **Estimate Budget for 2025:** \$5,000

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This breakdown provides flexibility for routine operations while ensuring that a portion of the budget is saved for reserves and potential capital improvements. Based on these suggested percentages and the scope, goals, and mission of the Whisperwood Home Owners Association, the following is the projected budget for Whisperwood HOA, including general expenses and specific maintenance costs for the community swimming pool. This budget is based on an annual income of \$140,000, with a focus on maintaining amenities, repairing common areas, and improving the pool facilities.

**Whisperwood Home Owners Association**  
**PRELIMINARY**  
**Budget and Reserves for year 2025**

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**INCOME:**

Category	Estimated Income (\$)
Member Dues (466 units)	\$139,800
Less 2% for non-payment of Dues	\$(3,000)
8 Pool Parties at \$200 each	\$1,600
Interest Income on Reserves	\$1,600
<b>Total Income</b>	<b>\$140,000</b>

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**EXPENSES:**

**General HOA Expenses:**

Category	Budgeted Amount (\$)
Accounting Fees	\$2,000
Bank Fees	\$50
Legal Fees	\$3,000
Licenses & Fees	\$400
Office Supplies	\$150
Meeting Rooms	\$200
Newsletters	\$2,000
Postage	\$200
<b>Total General Expenses</b>	<b>\$8,000</b>

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**Swimming Pool Expenses:**

Category	Budgeted Amount (\$)
Pool Maintenance and Cleaning	\$10,000
Pool Chemicals and Supplies	\$8,000
Pool Equipment Repair/Replacement	\$1,000
Pool Furniture Repair/Replacement	\$1,000
<b>Total Pool Expenses</b>	<b>\$20,000</b>

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**Swimming Pool Attendant Expenses:**

Category	Budgeted Amount (\$)
Pool Attendant / Lifeguard	\$30,000
<b>Total Pool Attendant Expenses</b>	<b>\$30,000</b>

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**Grounds Maintenance:**

<b>Category</b>	<b>Budgeted Amount (\$)</b>
Landscaping and Lawn Maintenance	\$4,000
Groundskeeper	\$15,000
Irrigation System Repairs	\$2,000
Tree Trimming	\$2,000
Pest Control	\$1,000
Weed Control	\$1,000
<b>Total Grounds Maintenance</b>	<b>\$25,000</b>

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**Insurance Expenses:**

<b>Category</b>	<b>Budgeted Amount (\$)</b>
WHOA Property Insurance	\$8,000
General Liability (Directors & Officers)	\$2,000
<b>Total Insurance Expenses</b>	<b>\$10,000</b>

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**Tax Expenses:**

<b>Category</b>	<b>Budgeted Amount (\$)</b>
Property Tax	\$1,000
Federal Tax	\$300
<b>Total Tax Expenses</b>	<b>\$1,300</b>

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**Utilities Expenses:**

<b>Category</b>	<b>Budgeted Amount (\$)</b>
Water, Sewer and Trash	\$10,000
Electricity	\$2,800
Gas to heat pool	\$2,200
<b>Total Utilities Expenses</b>	<b>\$15,000</b>

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**Miscellaneous and Event Expenses:**

<b>Category</b>	<b>Budgeted Amount (\$)</b>
Miscellaneous and Events	\$5,000
<b>Total Miscellaneous Expenses</b>	<b>\$5,000</b>

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**Reserve Fund Contribution:**

<b>Category</b>	<b>Budgeted Amount (\$)</b>
Contribution	\$20,000
<b>Total Reserve Fund Contribution</b>	<b>\$20,000</b>

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## Summary:

Category	Total (\$)
<b>Total Income</b>	<b>\$140,000</b>
Total General Expenses	\$8,000
Total Pool Expenses	\$20,000
Total Pool Attendant Expenses	\$30,000
Total Ground Maintenance Expenses	\$25,000
Total Insurance Expenses	\$10,000
Total Tax Expenses	\$1,300
Total Utilities Expenses	\$15,000
Total Miscellaneous Expenses	\$5,000
Total Capital Projects	\$20,000
<b>Total Expenses</b>	<b>\$134,300</b>
<b>Surplus/Deficit</b>	<b>\$5,700</b>

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### Notes:

- The HOA should contribute yearly to a reserve fund for future improvements and emergencies, ensuring financial stability without imposing special assessments.

### SUGGESTIONS:

**Laddering Strategy:** Consider a laddering approach where you divide the total amount into several CDs with staggered maturity dates for the \$140,000 setback for reserves. For example:

- \$30,000 in a 5-year CD earmarked for Pool Resurface
- \$30,000 in a 4-year CD earmarked for Pool House Repairs
- \$30,000 in a 3-year CD earmarked for Pool Repairs
- \$30,000 in a 2-year CD earmarked for Common Area Reno
- \$20,000 in a Money Market Account earmarked as an Emergency Fund
- At year end, the \$20,000 budgeted for 2025 should be added to the Money Market Fund.

This method allows you to benefit from potentially higher rates in longer maturities while maintaining some liquidity as CDs mature at different times.

As a 501(c)(4), we do not pay taxes on interest as long as the money receiving the interest is from dues.