



# Village Retirement WA

FOR RESIDENTS OF RETIREMENT VILLAGES

## Retirement Village Budgets

### *A review of the process required by the Retirement Villages Code*

1. Village Budgets cannot be finalised (and become operative) until residents have had time to consider the “budget documents” and the Administering Body has presented them to the residents for questions and comments. (Code 17.8)
2. This is the timetable for budget preparation and presentation:
  - At least one month before the end of the financial year (this usually means **before the end of May**) the “budget documents” must be displayed at a central location in the village (usually distributed to all residents but, if not, resident can ask for and is entitled to receive a copy). (Code 17.1)
  - Not less than 10 working days (2 weeks) after the budget documents become available, the Administering Body must hold a meeting of all residents to consider the budgets. (Code 26.1(b))
  - The “budget documents” are:
    1. (a) the proposed operating budget for the next financial year.
    2. (b) the proposed reserve fund budget for the next financial year (if there is a reserve fund to which residents or former residents are contractually required to contribute).
    3. (c) the information used to prepare the budgets including:
      1. (i) actual expenditure to date in the current year.
      2. (ii) an explanation of fee changes and any changes to amenities or services.
  - The budgets must be in a consistent format from year to year and must include (at least) the line items prescribed in the Code. (Code 17.3 and 17.4) These line items are included on the sample budget attached although the titles might be slightly different.
  - Additional line items, headings and sub-totals may be added to help in understanding the budgets. (Code 17.5)
  - Notes to the operating budget must explain (Code 17.6):
    1. (a) how the recurrent charge and any contribution to the reserve fund is calculated.
    2. (b) how contributions payable by the Administering Body in lieu of residents who have permanently vacated (Act section 23.5) are calculated.
    3. (c) auditor’s costs separated into audit and non-audit services to the Village.
    4. (d) how costs shared with another village or entity (including the management company) have been apportioned.
    5. (e) how management fees have been calculated.
    6. (f) and any other information relevant to assist in understanding the budgets.
3. Here’s what a complying budget could look like (this is fictional, drawing on a format used by several village management groups but using numbers from old budgets or included to illustrate the budget format)

Note that the figures for the current year (budget, year to date and forecast end of year) are included and provide information to assist in creating the budget for the year to come. Notes are provided as well. And all on one page!

NAME OF VILLAGE  
Village Operating Budget 20xx/xx

Item	Budget Current Year	Actual Current Year (9 months)	Forecast Current Full Year	Budget Coming Year	Notes/Comments/Explanations
<b>INCOME</b>					
<b>Service Fees</b>					
Recurrent Charges – Singles	201,000	159,000	212,000	217,000	Based on 54 Units
Recurrent Charges - Doubles	475,000	347,000	463,500	482,000	Based on 96 Units, single rate plus 25%
Recurrent Charges – Vacated	0	0	0	0	Paid by Operator in lieu of permanently vacated units
<b>Other Income</b>					
Interest	3,000	2,581	3,450	3,000	Estimate – interest rates falling
Rentals – Sales & Guest Suite	12,850	12,890	14,000	14,800	Sales office rent based on a single unit fee
Any other income	0	0	0		
<b>TOTAL INCOME</b>	<b>691,850</b>	<b>521,471</b>	<b>692,950</b>	<b>716,800</b>	
<b>EXPENSES</b>					
<b>Administration</b>					
Bank Charges	500	440	580	600	Estimate
Photocopier	3,600	1,200	2,800	2,900	Copier lease and supplies – shared 50/50 with management
Printing and Stationery	1,000	620	830	1,000	Estimate
Telephone	7,500	7,000	7,360	7,410	Includes mobile phones, internet, lift and gate phones
Insurance	32,100	24,100	32,100	33,750	Estimate 5% increase, includes villas and Clubhouse
Medical Supplies	300	57	80	300	First Aid Supplies
Subscriptions	300	300	300	300	WARVRA subscription at \$2 per villa
<b>Total Administration</b>	<b>45,300</b>	<b>33,110</b>	<b>44,050</b>	<b>46,260</b>	
<b>Management Costs</b>					
Accreditation Fees			550	550	Accreditation Membership under Lifemark Scheme – shared 50/50 as per RV Regulation 11(3)(o)
Audit Fees	3,230	1,770	2,520	3,150	Estimate 5% increase. No non-audit charges.
Income Tax & Preparation	700	2,170	3,180	3,100	Tax on non-mutual income plus preparing tax return
Management Fees	71,040	53,280	71,040	71,540	Increase by CPI as per residency contract
<b>Total Management</b>	<b>74,970</b>	<b>57,220</b>	<b>76,740</b>	<b>78,340</b>	
<b>Utilities</b>					
Electricity	23,100	18,650	24,750	26,490	Estimate 7% increase (Synergy)
Gas	3,370	2,290	3,050	3,200	Estimate 5% increase (Kleenheat)
Council Rates and Charges	1,710	1,670	1,670	1,750	Estimate 5% increase (pool inspection and extra bins)
Water Rates and Charges	42,650	20,520	43,290	47,600	Estimate 10% increase on forecast result
<b>Total Utilities</b>	<b>70,830</b>	<b>43,130</b>	<b>72,760</b>	<b>79,040</b>	
<b>Salaries and Wages</b>					
Manager and Office Staff	134,000	103,800	138,400	124,990	Forecast market rates provided by Employers Federation
Resident Service Staff	109,750	93,110	124,150	112,010	ditto
Cleaners	22,270	16,220	21,900	25,020	ditto, includes contract, windows and ad hoc
Superannuation	23,450	18,690	24,920	24,950	9.5% of wages
Annual Leave Provision	22,610	9,670	12,900	24,010	4 weeks cover plus 15% premium
Long Service Leave Provision	2,300	510	680	2,300	
Other On-costs	11,170	6,290	9,390	12,060	Work Cover \$x, Travel \$x, Training \$x, Uniforms \$x
<b>Total Staff Salaries &amp; Wages</b>	<b>325,500</b>	<b>248,290</b>	<b>332,340</b>	<b>325,340</b>	
<b>Lawns and Gardens</b>					
Contractor	102,930	84,440	102,930	102,930	Based on three year fixed price contract
Garden Requisites	7,000	3,180	4,230	7,000	Includes plants, mulch, tree pruning
Reticulation	2,000	1,100	1,460	2,000	Repairs and parts
<b>Total Lawns and Gardens</b>	<b>111,930</b>	<b>88,720</b>	<b>108,620</b>	<b>111,930</b>	
<b>Repairs and Maintenance</b>					
Air Conditioning	1,750	1,180	1,570	1,580	CPI increase - servicing
Electrical	8,400	8,100	10,790	10,860	CPI increase – includes tagging, thermostatic & RCD checks
Emergency Call System	2,000	730	970	2,000	Estimate – inc. replacement batteries and servicing
Fire Service	8,520	8,020	10,690	10,000	Estimate – inc. inspections, compliance audits
General	17,000	7,350	8,300	10,000	Estimate – minor (handyman) repairs
Lifts and Service Elevators	5,580	3,400	5,470	5,500	Lift - 6 monthly service. Service elevators call outs only
Pest Control	1,000	610	990	1,000	Estimate
Plumbing	8,000	1,200	1,600	4,000	Estimate
Pool	8,000	7,150	9,540	9,600	CPI increase
Roads and Gates	5,000	3,940	4,270	5,000	Estimate – most gate costs maintenance
<b>Total Repairs &amp; Maintenance</b>	<b>65,250</b>	<b>42,680</b>	<b>54,130</b>	<b>59,540</b>	
<b>TOTAL EXPENSES</b>	<b>693,780</b>	<b>513,150</b>	<b>688,640</b>	<b>700,450</b>	
<b>SURPLUS / DEFICIT</b>	<b>(-1,930)</b>	<b>8,321</b>	<b>4,310</b>	<b>16,350</b>	Aim for \$15,000 surplus to allow for contingencies