

CCPOA Budget and Increased Assessments for 2023

Introduction

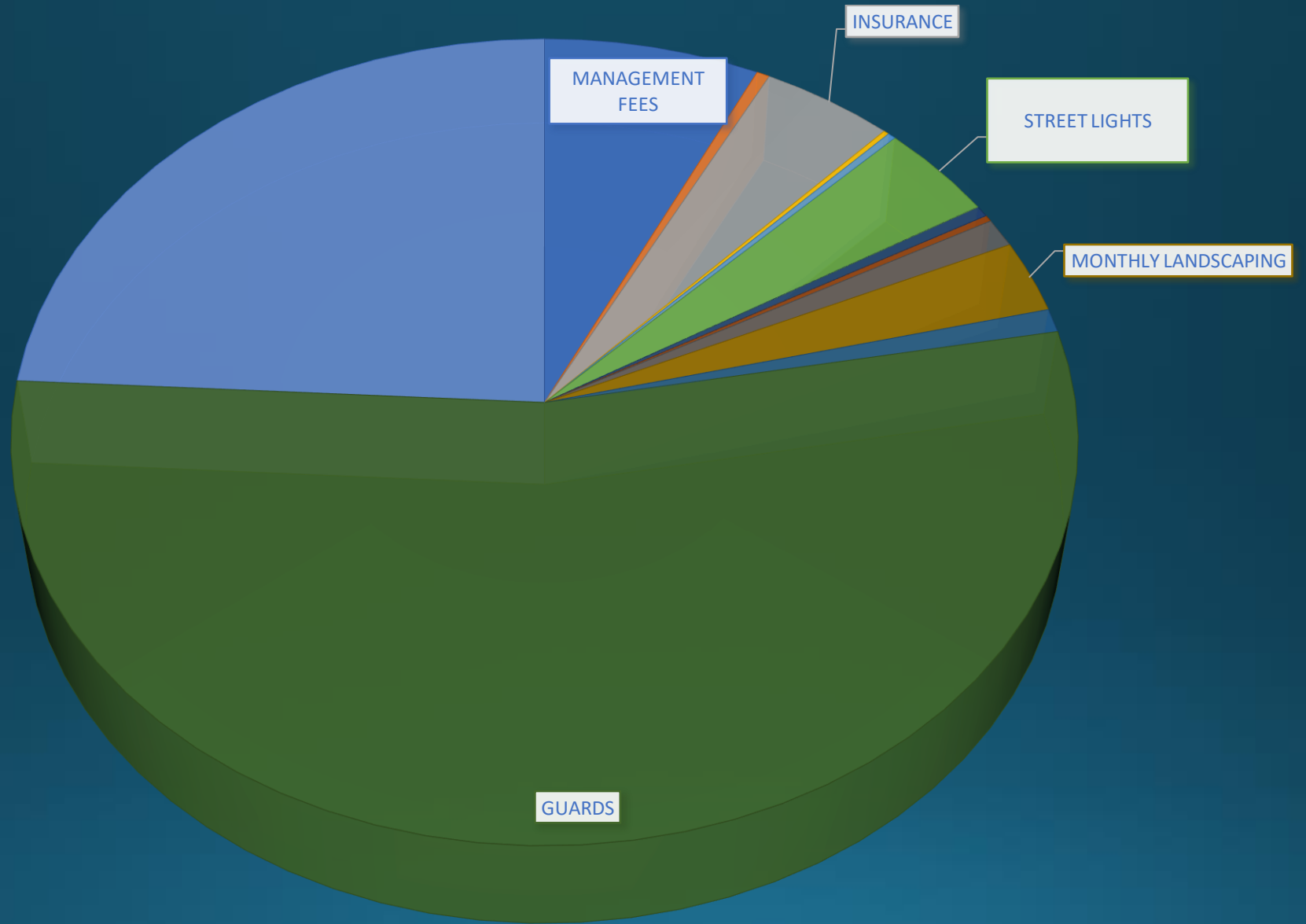
- In 2013, the members voted to cap annual assessments at \$1,400 a year (\$350 a quarter).
 - As a result, your annual assessments have not increased in years.
 - **Could you run your household today based on your 2013 income? – Probably not, nor can the Association.**
- Projected 2023 income for the Association is \$566,541.

Where does the money go? – 3 categories

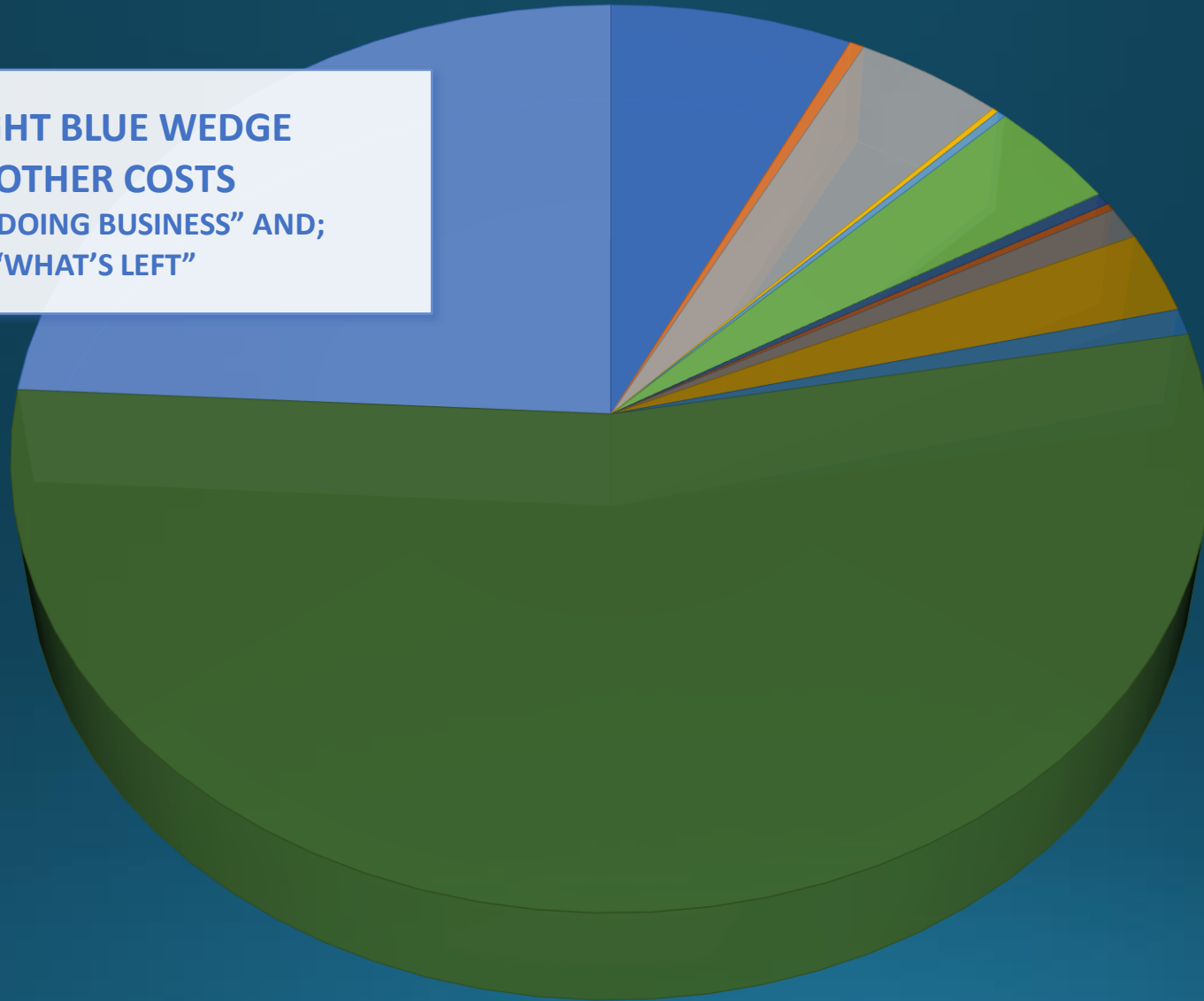
- 1) "Fixed Costs"
- 2) "Cost of Doing Business"
- 3) "What's Left?"

“Fixed Costs”

- **Costs which the Association cannot avoid and are generally contractual in nature.**
- These costs are very predictable but can increase annually.
- These include Management Fees, Audit, Insurance, Storage Locker, Street Lights, Electric, Water, Internet, Landscaping Maintenance, Gate Software, and Guards.
- These costs represent \$437,000, or about 77% of the budget.



**THIS LIGHT BLUE WEDGE
ARE OTHER COSTS**
1: "COST OF DOING BUSINESS" AND;
2) "WHAT'S LEFT"



“Cost of Doing Business”

- **Costs the Association incurs from time to time that are required for operations, but not completely “predictable”.**
- These costs include Maintenance (\$10,000), Supplies, Copying and Mailings (\$9,000), Gate Maintenance (\$25,000), Legal (\$20,000), and Property Owner Delinquencies (\$10,000).
 - Legal expenses include collection efforts, enforcement of documents, creation of election packet, and advice, etc.
- These costs represent \$74,000, or about 13% of the budget.

The Reality...

- 90% of our income (over \$511,000) is really difficult to cut, and these costs are, in fact, rising on an annual basis.
- As the costs of these “must haves” increase, we have less and less money for the “What’s Left” category because of the \$1,400 annual cap.

Our costs are increasing on an annual basis, but the amount of funds we collect remain fixed.

“What’s Left” –\$56,000 or 10%

- These include “discretionary” expenses, such as Tree Trimming (\$4,000), Landscape Planting (\$3,000), Events (\$3,000), Welcome Committee (\$1,000) and Reserves.
- How much is left for Reserves in 2023???
- \$36,820 – 6.5% of the budget
- How much do we need for reserves? We conducted a reserve study to find out.

What is a Reserve Study?

- Reserve study looks at the long-term assets of the Association (e.g., roads, guard houses, gates) and determines:
 - 1) the amount of funding the Association will need to replace these assets (future costs and useful life remaining), and;
 - 2) how much the Association should have in its reserve account and how much it should collect on an annual basis to pay for the replacement of those assets in the future.
- While we may not have amenities like a pool or tennis courts to maintain, we do have several miles of private roads and antiquated drainage systems that we must maintain.

CCPOA Reserves

- In 2020, we hired an engineering firm to conduct a reserve study. This study indicated two significant problems:
 - 1) **Current reserve account was underfunded by about 64%.**
 - January 1, 2021 - had \$211,000 vs. the recommended \$592,352.
 - 2) **Annual contributions to reserves are too low.**
 - Recommended contributions going forward- \$104,000/yr., with at least 3% annual increases.
- In 2021, the Board offered two solutions
 - 1) One time, one year increase of \$50/quarter for 2021 only, which was largely dedicated to funding the reserves for the recommended level for the year.
 - 2) Remove the \$350/quarterly cap, hold assessments at \$400/quarter until 2024, and allow annual increases of no more than 5% annually.
- Neither measure passed.

Conclusion

- The Association can fund its daily operations quite well, but our reserve account is underfunded, the proposed 2023 budget underfunds the reserves by another \$67,000.
- Our recommended annual reserve contribution (+\$104,000) is greater than the total of the “What’s Left” category.
- This reserve deficit will continue to grow until we fully fund the reserves at the annual level of +\$104,000.
- The Board is asking the Association to approve the increase in annual assessment for 2023 by \$150 to fund the reserve account at \$96,820 for 2023.