

- [ 1 ] Approve
- [ 2 ] Reject

**BOARD RESOLUTION NO. 2023-09-01**  
**A Resolution to Ratify the 2024 Budget**

*Subject to Approval by the Membership at the Annual General Meeting November 4, 2023*

**WHEREAS**, according to the Amended Protective Covenants of the Clearwood Community Association, the Board of Directors is responsible for the enforcement of same; and,

**WHEREAS**, the Board of Directors has designated November 4, 2023 as the date of the Annual General Meeting of the membership to consider ratification of the 2024 Budget and 2024 major reserve projects; and,

**WHEREAS**, we are voting on the budget in accordance with the Revised Code of Washington (RCW) 64.90.525, the result of the vote of this measure provides that the budget is ratified if not rejected by owners holding a majority of votes in the Association.

**THEREFORE, BE IT RESOLVED** that the Board approved 2024 Budget be ratified by the membership.

Board adopted the following 2024 Budget on **September 16, 2023**. If this resolution does not pass, then the budget and assessments noted therein ratified at the November 5, 2022 Annual General Meeting, will control.

Assessments are billed on January 1 and due January 30<sup>th</sup>. Per Article IV Section 4 of the Bylaws "Payment shall be due within thirty (30) days after notice of assessment. Thereafter, unpaid assessments shall bear interest at a rate to be established annually by the Board in December for the upcoming calendar year, provided that such rate *shall not exceed* twelve percent (12%) per annum until paid." During the last several years the interest rate has been 0% for unpaid assessments and the Board plans to have the interest rate in **2024 be 0%**

**Commented [JS1]:** Updated with language from the Bylaws on the website: **12-05-22-Update-By-Laws-Master-edit-for-2022-AGM-AMFINAL-RP-12.15.2022-PDF.p**

<b>2024 Consolidated Budget</b>		
<b>2024 Proposed Annual Assessment Summary</b>		
<i>*which is 92% Collections based on 1355 lots</i>		
	<b>Per Lot</b>	<b>Total Revenue</b>
General Operations Assessment*	\$ 764.16	\$ 952,568
General Reserves Assessment	715.20	969,096
Future Reserves Assessment	16.32	22,114
Water Reserves Assessment	481.44	652,351
<b>Total Proposed 2024 Assessments</b>	<b>\$ 1,977.12</b>	<b>\$ 2,596,130</b>
	<i>Per Lot</i>	<i>Total Revenue</i>
<i>Dollar change from 2023 Assessments</i>	\$ 49.92	
<i>Percent Change from 2023 Assessments</i>	3%	

### 2024 Proposed Water Rates & NEW Tiers Summary

#### 2024 Proposed Water Base Rate & Consumption (Invoiced Quarterly)

Water Base Rate & Consumption	From Cubic Feet (CF)	2024 Cost
Tier 1 - Base Rate (Quarterly)	0 - 1,800 cu.ft.	\$74.07 / quarter
Tier 2	1,801 - 3,000 cu.ft.	\$3.75 / 100 cu.ft.
Tier 3	above 3,001 cu.ft.	\$5.00 / 100 cu.ft.
Water Service Fee	included in "Tier 1-Base Rate"	\$0.00

- Starting in 2024, the Quarterly Water Service Fee will be replaced with a Water Base Rate included in Tier 1, of \$74.07. Tier 1- Base Rate includes the Water Service Fee (aka. Base Rate) and Water Consumption up to 1,800 cu.ft..
- The 2024 Proposed Budget includes an adjustment to the water consumption rate usage structure in alignment with 2023 Water Rate Study by NWS.

### Historical Information Regarding Assessments & Water Tiers

	Historical Annual Per Lot Assessments/ Dues								PROPOSED
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operations	\$ 310.00	\$ 310.00	\$ 395.00	\$ 395.00	\$ 562.88	\$ 676.10	\$ 727.74	\$ 749.40	\$ 764.16
Ops Special Assmt	-	-	-	-	159.00	-	-	-	-
General Reserves	145.00	145.00	145.00	145.00	25.00	25.00	655.00	694.32	715.20
Future Reserves	15.00	15.00	15.00	15.00	-	15.00	15.00	15.96	16.32
Water Reserves	185.00	185.00	185.00	185.00	185.00	215.78	441.00	467.52	481.44
<b>Total</b>	<b>\$ 655.00</b>	<b>\$ 655.00</b>	<b>\$ 740.00</b>	<b>\$ 740.00</b>	<b>\$ 931.88</b>	<b>\$ 931.88</b>	<b>\$ 1,838.74</b>	<b>\$ 1,927.20</b>	<b>\$ 1,977.12</b>

Water Base Rate & Consumption	2023 Cost
Tier 1 (0 – 2,500 cubic feet)	\$2.37/100 cu-ft
Tier 2 (2,501 – 3,500 cubic feet)	\$3.56/100 cu-ft
Tier 3 (3,501 + cubic feet)	\$4.69/100 cu-ft
Water Service Charge – base rate	\$36.05 / quarter

**Clearwood Community Association**  
**2024 Proposed Consolidated Budget**

	General Operations	Water System Operations	Projected Expenditures from Excess Operations Funds
<b>CCA Revenues</b>			
HOA Operations Dues/Assessments	\$ 952,568	\$ -	\$ -
Water Consumption & Base Rate Income	-	416,942	-
Water Service Fee Income	-	-	-
Fines & Fees (Liens/ Renters/ Transfer)	81,973	-	-
Credit Card Income	17,200	-	-
Other Income	27,300	-	-
Allocated Water Income	-	-	-
Cash from Assessments collected in 2024 but billed in prior years	-	-	22,000
<b>Total CCA Revenues</b>	<b>\$ 1,079,041</b>	<b>\$ 416,942</b>	<b>\$ 22,000</b>
<b>CCA Expenditures</b>			
TOTAL Administration Expenses	\$ 38,446	\$ 7,344	\$ -
TOTAL Other Professional Fees	47,455	-	-
TOTAL Deputy Sherrif Stipend	60,000	-	-
TOTAL Credit Card & Bank Fees	18,200	-	-
TOTAL Utilities Expense	56,051	14,868	-
TOTAL Business Insurance Expense	55,153	55,153	-
TOTAL Supplies	45,042	1,721	-
TOTAL Chemical Supplies	5,729	33,832	-
TOTAL Payroll Expense	695,498	59,531	-
TOTAL Repairs, Maintenance, & Grounds	134,709	10,406	-
TOTAL Community Support	9,480	-	-
TOTAL Business Taxes	6,702	6,445	-
TOTAL Regulatory Compliance	23,000	17,453	-
TOTAL CCRs & Mandates	61,125	32,640	-
TOTAL Allocated Expenses	(177,549)	177,549	-
TOTAL Projected Legal Expenditures from Excess Operations Funds	-	-	22,000
<b>TOTAL CCA Expenditures</b>	<b>\$ 1,079,041</b>	<b>\$ 416,942</b>	<b>\$ 22,000</b>
<b>Net CCA Operating Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

	Proposed 2024 Budget	Fully Funded+	Percent Funded
<b>General Reserves &amp; Impact Fees Funds</b>			
Forecasted Beginning Cash Balance <sup>+</sup>	\$ 887,095	\$ 8,730,945 <sup>++</sup>	10%
Dues Income	969,096		
Impact Fee Income	12,000		
Capital Asset Sale	-		
Anticipated Investment Income	-		
Anticipated Expenditures	(1,452,292)		
Forecasted Ending Cash Balance	<u>\$ 415,899</u>	\$ 9,242,612 <sup>+</sup>	4%
<b>Water System Reserves Fund</b>			
Forecasted Beginning Cash Balance <sup>+</sup>	\$ 535,889	\$ 5,902,261 <sup>++</sup>	9%
Dues Income	652,351		
Anticipated Investment Income	-		
Anticipated Expenditures	(972,593)		
Forecasted Ending Cash Balance	<u>\$ 215,647</u>	\$ 5,734,823 <sup>+</sup>	4%
<b>Future Reserves Fund</b>			
Forecasted Beginning Cash Balance <sup>++</sup>	\$ 65,236	<i>not applicable, Futures is for new</i>	
Dues Income	22,114	<i>asset purchases &amp; reserve studies</i>	
Anticipated Investment Income	-	<i>only include current assets</i>	
Anticipated Expenditures	-		
Forecasted Ending Cash Balance	<u>\$ 87,350</u>		

<sup>+</sup>2024 Level III "Financial Update with No Visual Site Visit" Reserve Study

<sup>++</sup>2023 Level III "Financial Update with No Visual Site Visit" Reserve Study

Go to our website at <http://www.clearwood-yelm.com/>  
for a detailed version of the Proposed 2024 Consolidated Budget.

**Recommendation:** The Board of Directors recommends approval of this resolution.

**The following information from the Reserve Study is required by law to be included in the Budget Measure.**

The 2024 Level III "Financial Update with No Visual Site Visit" Reserve Study issued 09/08/2023, currently meets the requirements of RCW 64.90.550. The 2024 Level III Reserve Study does not include a visual on-site inspection. The Association has two separate Reserve Studies; one (1) for the General Reserve and one (1) for the Water System Reserve Fund. The beginning cash balance in the Reserve Study for the General Reserve Fund includes Impact Fees. There is no reserve study for the Future Reserve Fund as this fund funds items that are not yet assets of the Association, and reserve studies only include assets the Association currently owns.

These Reserve Studies are supplemental to the general operating/ maintenance budget and water system operating/ maintenance budget of the Association and are used to create dues and assessment projections to fund the Reserve Study as well as set the schedule for operational repair and replacement.

The current Level III Reserve Study was performed by Cedcore, LLC a professional Reserve Study Analyst certified by the Association of Professional Reserve Analysts (APRA). Cedcore, LLC is an independent firm not affiliated with Clearwood Community Association.

Per Cedcore General Reserve & Water Reserve Studies Respectively		
<b>Number of Units:</b>	1,355	
<b>Site Visit Date:</b>	n/a	
<b>Projection Period:</b>	2024 - 2053	
	General Reserve Study	Water Reserve Study
Reserve Account Snap Shot	January 1, 2024	
Projected Reserve Balance:	\$887,095	\$535,889
Fully Funded Reserve Balance:	\$9,242,612	\$5,734,823
Percent Funded:	10 %	9 %
Reserve Surplus or (-) Deficit Per Unit:	(\$6,166)	(\$3,837)
Current <b>Monthly</b> Reserve Fund Contribution:	\$78,400	\$52,791
Interest Rate	1.00 %	1.00 %
Inflation Rate	3.00 %	3.00 %
2024 Reserve Contribution Requirements (based on the above position)		
<b>Full Funding</b>		
<b>Monthly</b> Reserve Contribution:	\$90,000	\$55,000
<b>Monthly</b> Reserve Contribution Per Unit (Average):	\$66	\$41
<b>Annual</b> Reserve Contribution Per Unit (Average):	\$792	\$492
Special Assessment Required for this Plan:	\$1,901,000	\$376,000
<b>Baseline Funding</b>		
<b>Monthly</b> Reserve Contribution:	\$70,894	\$45,750
<b>Monthly</b> Reserve Contribution Per Unit (Average):	\$52	\$34
<b>Annual</b> Reserve Contribution Per Unit (Average):	\$624	\$408
Special Assessment Required for this Plan:	\$1,901,000	\$376,000

**Additional Disclosure Per Cedcore General Reserve Study:**

Based upon the budget and maintenance practices of the association we have used a funding threshold of \$2,000. Expenses below \$2,000 are not funded within this report and best treated as a maintenance expense. We have included comments within the Component Analysis Section of this report.

The projected reserve fund balance is estimated based on the current reserve fund balance adding any remaining budgeted contributions and subtracting any planned projects to be completed prior to the end of the fiscal year.

The Association will need to increase their contributions by an average of \$8.56 per Unit per month as well as 2 Special Assessments between 2024 & 2025 totaling an average of \$1,402.95 per Unit in order to get on the path to Full Funding.

**Additional Disclosure Per Cedcore Water Reserve Study:**

Based upon the budget and maintenance practices of the association we have used a funding threshold of \$8,424. Expenses below \$8,424 are not funded within this report and best treated as a

maintenance expense. We have included comments within the Component Analysis Section of this report.

The projected reserve fund balance is estimated based on the current reserve fund balance adding any remaining budgeted contributions and subtracting any planned projects to be completed prior to the end of the fiscal year.

The Association will need to increase their contributions by an average of \$1.63 per Unit per month as well as a Special Assessment in 2024 of \$277.49 average per Unit in order to get on the path to Full Funding.